



# Keeping London moving for 25 years

Annual Report and Statement of Accounts  
2024/25 – 25 September 2025

MAYOR OF LONDON

# Contents

|           |   |            |   |
|-----------|---|------------|---|
| <b>3</b>  | <b>Mayor's foreword</b>                   | <b>49</b>  | <b>Healthy Streets and healthy people</b>     |
|           |   | 50         | Cleaning the air                              |
| <b>5</b>  | <b>Commissioner's foreword</b>            | 52         | Pedal power                                   |
| <b>7</b>  | <b>Background to this report</b>          | 54         | Creating a sustainable future                 |
| <b>8</b>  | <b>Highlights of the year</b>             | 56         | Adapting for the future                       |
| <b>9</b>  | <b>Keeping London moving</b>              | 58         | Growing on success                            |
| <b>11</b> | <b>Financial overview</b>                 | <b>59</b>  | <b>New homes and jobs</b>                     |
| 12        | Chief Finance Officer foreword            | 60         | Delivering for London                         |
| 13        | Our scorecard                             | 62         | Spaces for businesses                         |
| 15        | Operational performance data              | 64         | Delivering for the future                     |
| <b>16</b> | <b>Safety</b>                             | <b>66</b>  | <b>Statement of Accounts 2024/25</b>          |
| 17        | Making London's roads safer               | <b>231</b> | <b>Annual Governance Statement</b>            |
| 20        | Ensuring our services are safe            | <b>235</b> | <b>TfL Board, committee and panel members</b> |
| 22        | Safety for all                            | <b>243</b> | <b>Remuneration report 2024/25</b>            |
| <b>24</b> | <b>Our people</b>                         |            |   |
| 25        | Delivering for our colleagues             |            |   |
| 28        | Culture of collaboration                  |            |   |
| 30        | A workplace for the future                |            |   |
| 32        | Creating a lasting legacy                 |            |   |
| <b>34</b> | <b>A good public transport experience</b> |            |   |
| 35        | All change on the London Overground       |            |   |
| 37        | A network for all                         |            |   |
| 40        | Developing our network                    |            |   |
| 42        | Successful services                       |            |   |
| 44        | Driving ahead                             |            |   |
| 46        | Cultural capital                          |            |   |
| 47        | London for everyone                       |            |   |



# Improving London's transport for all

We are improving services and making sure every Londoner can enjoy a safe, green, affordable and reliable transport network

Over the last year, we have continued to expand and improve London's transport network – making our city safer, greener and more accessible for everyone who lives in, works in, and visits the capital.

By the end of 2024/25, the Elizabeth line reached 570 million passenger journeys, meaning it has become the busiest single railway service in the UK, transforming travel across central London. It has proved a catalyst for new jobs, homes and regeneration – demonstrating the power of well-connected, reliable public transport.

One of my most exciting moments this year was officially launching the new names for the London Overground lines in November 2024. With the network's growing popularity, giving each line a distinct colour and identity not only makes it easier for Londoners and visitors to navigate, but also celebrates the unique history and culture of our communities.

I was proud to announce a freeze on bus and tram fares for a record sixth time since 2016. London continues to offer some of the lowest bus fares in the UK, directly benefiting lower-income and disabled Londoners who are most likely to rely on these vital services. Thanks to the freeze, fares are just 25p higher than when I first became Mayor in 2016, which is 23 per cent lower than they would be if they had risen with inflation.

We also marked the first anniversary of the Superloop express bus network, which is improving connectivity across outer London and proving hugely popular with Londoners. We are now consulting on plans to extend the Superloop further, helping us realise our ambition of maintaining a truly first-class bus network.

Our Healthy Streets programme continues to promote active travel. Working closely with the boroughs, we have delivered 18 new Cycleway routes this year – most of them in outer London – and rolled out 20mph speed limits across more of our road network to make our streets safer for everyone.



The Mayor launched the new London Overground line names

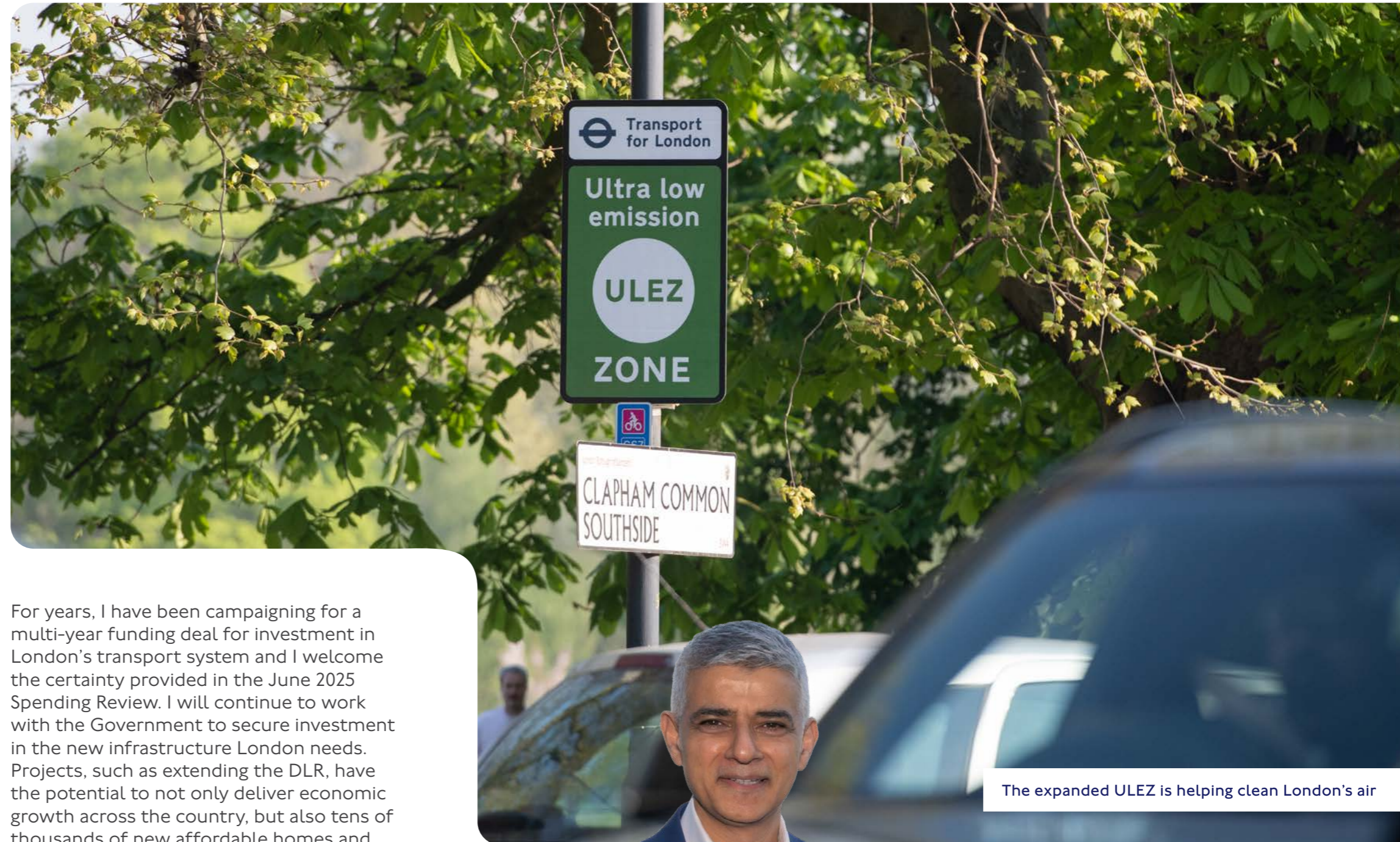
August 2024 marked one year since the expansion of the Ultra Low Emission Zone (ULEZ), the world's largest clean air zone, to cover all London boroughs. Today, around 97 per cent of vehicles seen on London's roads are ULEZ compliant. Since the ULEZ was introduced and expanded, there have been substantial improvements in air quality in outer London and across the capital. Roadside levels of nitrogen dioxide, a toxic gas linked to a host of debilitating health conditions, have decreased by a record 27 per cent across London. Emissions of harmful roadside nitrogen oxides in outer London have also fallen by an estimated 14 per cent thanks to the expansion, when compared with estimates if there was no ULEZ. This represents huge progress in our mission to improve public health and clean up London's air.

We're also continuing to grow London's electric vehicle charging infrastructure and expand what is now the largest zero-emission bus fleet in western Europe – with more than 2,000 buses helping to drive us towards a cleaner, greener future.

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**'For years, I have been campaigning for a multi-year funding deal for investment in London's transport system and I welcome the certainty provided in the June 2025 Spending Review'**

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For years, I have been campaigning for a multi-year funding deal for investment in London's transport system and I welcome the certainty provided in the June 2025 Spending Review. I will continue to work with the Government to secure investment in the new infrastructure London needs. Projects, such as extending the DLR, have the potential to not only deliver economic growth across the country, but also tens of thousands of new affordable homes and jobs for Londoners.

I look forward to continuing to work with TfL Commissioner Andy Lord as we deliver a world-class transport system and make London a fairer, greener, and more prosperous city for all.

The expanded ULEZ is helping clean London's air

**Sir Sadiq Khan**  
Mayor of London



Our services continue to open up more of London for more people

# Celebrating our achievements

This year, we have celebrated 25 years of keeping London moving while also looking to the future

We mark a significant milestone in 2025 as we celebrate 25 years since TfL was formed. This gives us a moment to celebrate the journey so far and reaffirm our commitment to delivering a world-class transport network for the capital.

Over the past quarter of a century, we have continuously worked to enhance life in London, constantly innovating to give our customers the best service and to play our part in ensuring the city's success. The recent expansion of the Superloop express bus network illustrates this ongoing commitment, connecting outer London boroughs more efficiently and supporting improved access and opportunity across the city.

The Elizabeth line continues to exceed expectations, with around 570 million journeys made by the end of the financial year, making it the busiest railway in the country. It stands as a testament to the transformative economic and social impact that transport investment can bring.

## Keeping customers safe

Safety remains our highest priority. The Vision Zero ambition to eliminate all deaths and serious injuries from the transport network by 2041 continues to guide our safety programmes and initiatives. This commitment is reflected in our close working relationships with London's boroughs to redesign roads and enhance safety, alongside strengthened Direct Vision Standards for heavy goods vehicles.

To ensure all customers feel confident while travelling we installed new CCTV at 20 bus shelters across London, in partnership with the police. In addition, our swift and effective response to a cyber security incident in September 2024 ensured the integrity of our systems and helped protect customer data.

## Building a greener London

Sustainability is embedded into our long-term vision. Over the past year, we launched 18 new Cycleways, adding 35km to the strategic cycle network, alongside the introduction of 900 new e-bikes to the Santander Cycles fleet to support active and sustainable travel.

We have doubled the amount of wildflower verges on our road network, helping to boost biodiversity across the capital. We also have a range of initiatives to help transform our buildings. This includes phasing out fossil fuels, installing heat pumps and solar panels, and using smart sensors to regulate energy use based on the number of people in a building.

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**'We are grateful that the Government has agreed a much-needed multi-year capital funding agreement'**

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#### Empowering our people

Our people are our greatest asset. As part of our Action on Inclusion strategy, we're making our reasonable adjustments process easier and more accessible to support everyone in performing at their best. We have enhanced our Viewpoint annual staff survey by bringing it in-house. This year, participation rose by three points to 61 per cent and total engagement increased by six points to 66 per cent.

This year, 175 new apprenticeships were introduced across the organisation, offering qualifications in areas such as engineering, technology and sustainability. We launched a refreshed staff uniform to be more inclusive and sustainable, with improved visibility to better support our visually impaired customers. Our people also proudly took part in major cultural events including Notting Hill Carnival and the London Pride Parade, celebrating the diversity and vibrancy of the city we serve.

#### Looking to the future

This year, a range of macroeconomic factors subdued ridership growth. However, ridership did grow year on year and we are focused on attracting more customers in the year ahead. We also remain committed to reducing fare evasion and we are strengthening our capability to deter fare evaders.

There is much to look forward to. The first consultation on the potential expansion of the DLR took place this year, as well as a consultation on the proposed Bakerloop bus route. Our contactless payment system continues to expand beyond London. All these initiatives will help shape London's transport landscape in the years ahead.

We are grateful that the Government has agreed a much-needed multi-year capital funding agreement. This settlement will ensure that London's transport network can continue to support new homes, jobs and economic growth in the capital, as well as boost jobs, skills, growth and opportunities across the UK. It will enable us to deliver a programme of sustainable investment, aligning our suppliers around a longer-term programme. It means that we can complete the introduction of new trains on the Piccadilly line and DLR, and new signalling on 40 per cent of the Tube. We can procure a new tram fleet, progress discussions on new Bakerloo line trains and get to work on renewing some of London's critical roads, tunnels and flyovers.

I want to sincerely thank all of our colleagues, partners and customers. With continued collaboration, we remain committed to delivering a transport network that is safe, sustainable and inclusive for everyone.



New trains will help shape the future of transport



**Andy Lord**  
London's Transport Commissioner

# Background to this report

Our projects and investments are focused on achieving the Mayor's ambitions for London

## Our values

We have a mission to be the strong, green heartbeat for London. To achieve this, we developed our strategy, which sets out our targets and ambitions over the years to 2030. It explains what we are doing to help turn the Mayor's Transport Strategy from an ambitious plan into London's reality. Our strategy is underpinned by three key values that we are focused on to ensure that Every Journey Matters.



### Caring

This means that we care about our colleagues, our customers and our work.



### Open

This means that we are open to each other, and we are open to new ideas and ways of working.



### Adaptable

We will adapt to the diverse needs of the organisation and we are willing to innovate.

Our Annual Report details our achievements and updates from the last financial year, which runs from 1 April 2024 to 31 March 2025.

As a publicly funded organisation, it is important that we are transparent with our finances, our investments and the work we are doing to help shape our city. This report outlines our achievements under a number of areas. Safety is our number one priority as we aim to get everybody home safely, every day. We have a focus on our people, and how we work to ensure that TfL is a great place to work for everybody. Sustainability and our environmental impact are at the heart of our decisions and a key thread throughout everything we do.

Our reporting also addresses the ambitions of the Mayor's Transport Strategy, which acknowledges the key role transport plays in shaping London and making it a world leader for sustainable transport. It also emphasises the way that effective and well-planned transport projects and improvements can play a vital part in improving the health, opportunities and quality of life of those who live and work in our city. The central aim of the strategy is to create a place that is not only home to more people but is a better space for them to live, work and visit. This means a safer, healthier, cleaner, greener, more inclusive and better-connected city. It also means economic growth that benefits not just London but the UK as a whole.

## Achieving the Mayor's vision

All our work, from running our services to our major investment programmes, follows the key themes of the Mayor's Transport Strategy. These are a good public transport experience, Healthy Streets and healthy people, and new homes and jobs.

Throughout this report, we have showcased our achievements from throughout 2024/25 as well as the various project milestones against these key areas. We have reported on the progress we are making towards achieving the Mayor's vision for the future of London.

### A good public transport experience

We will ensure public transport is an increasingly attractive alternative to the car, through whole journey planning to help integrate public transport in our schemes and projects.



### Healthy Streets and healthy people

We aim to improve the experience of being in the places where people live, work, spend time and travel. We will reduce traffic dominance and encourage people to walk, cycle and use public transport.



### New homes and jobs

Transport is vital for creating the new homes and jobs London needs. This includes creating communities where amenities are within walking and cycling distance.



# Highlights of the year

A look back at some of our biggest achievements from 2024/25



**10**  
new Cycleways launched across London

## Enhancing safety standards



Our Direct Vision Standard for HGVs was strengthened to further improve safety

## Safety at bus shelters

We launched a trial of CCTV in bus shelters to improve safety for all customers



**900**  
e-bikes were added to our fleet of Santander Cycles

## Flower power

We doubled the amount of wildflower verges on our road network



**1.2m**  
people regularly using our TfL Go app

## Protecting London's cabs



We set out our plans to ensure the future of the taxi and private hire industry

## Celebrating our culture

We supported major events in London, such as Pride and Notting Hill Carnival



## Colours of the future

The six new names for the London Overground lines were launched



## Building on success

Places for London reached a milestone of completing its 1,000th new home



**12%**  
saving on total energy used at our Stratford office through a trial of smart sensors



**1,400**  
new homes have been completed, 54 per cent of which are affordable

# Marking our special anniversary year

Celebrating our achievements over 25 years of transforming the capital's transport network

This year marks the 25th anniversary since TfL was formed as London's transport authority, bringing together various different transport agencies under one organisation to support jobs, homes and economic growth, and connecting Londoners to education, employment and leisure.

We kicked off a year of celebration with a special event at Liverpool Street station that saw Commissioner Andy Lord joined by 25 talented buskers for a day of performances, where we also unveiled a new silver roundel.

The celebrations have also been marked with a new series of posters across the transport network that showcase a selection of our notable achievements during the past 25 years.

Some of our flagship improvements include the launch of the Elizabeth line, which launched in 2022 and is now the busiest railway service in the country. The London Underground has seen a number of modernisations, with new services such as the Night Tube and Night Overground supporting London's nighttime economy.

We have also improved accessibility on our services, with more than 200 step-free stations on our network, while our ever growing network of cycle routes and our cycle hire scheme is helping even more people to be able to enjoy the benefits of cycling. We have also made significant improvements to the bus network, with cleaner vehicles, including 1,900 electric and hydrogen buses now in service. Our Hopper fare has also helped make travel more affordable for all Londoners.

**'Since 2000, we have delivered momentous positive change across the city and on our services'**



**Andy Lord**  
London's Transport  
Commissioner



We have achieved a great deal in the 25 years since TfL was formed

Some of our more notable achievements from the past 25 years



Financial overview

# Securing our finances to improve services

Chief Finance Officer foreword

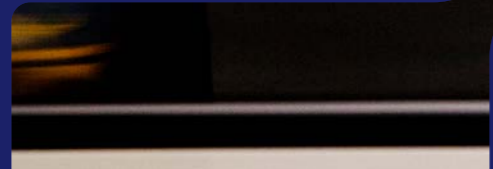
12

Our scorecard

13

Operational performance data

15



# Ensuring our financial security

We continue to make progress on our finances despite the challenges that we have faced during the year

In 2024/25, we delivered our second successive operating surplus, after we achieved this for the first time in 2023/24. Our operating surplus has grown year-on-year and is exceeding our budget surplus by £5m. Every penny of that surplus goes to support our investment programme, in which we spent £1.9bn on major capital projects including the Silvertown Tunnel, expanding our cycleway network and delivering vital station improvements at Kentish Town and Colindale.

Our success means we can support achievements across the whole of the UK. London's annual net contribution to the national exchequer is at a record £43.6bn. We spent more than £12bn with more than 3,000 UK suppliers during 2022/23 and 2023/24, which has helped generate more than £11bn in gross value added to the UK economy.

Since the pandemic, we have been making the case for a multi-year funding settlement. I am extremely grateful and pleased that the Government has recognised the contribution we make to London and the national economy by announcing a much-needed £2.2bn investment in London's transport network over four years in the 2025 Spending Review. This is similar to those in place with Network Rail and National Highways.

This funding enables us to deliver vital improvements to our transport network and ensure we can continue to be the strong, green heartbeat for London.

There were some significant challenges during 2024/25. Our passenger journey growth of 0.9 per cent fell short of the six per cent year-on-year increase anticipated in our Budget, which aimed to build on the nine per cent growth seen in 2023/24. The slower growth is attributed to a combination of economic factors, including weaker retail sales and a softening employment market. We are exploring ways to better influence travel behaviour across our network.

In 2024/25, we achieved one-off savings of £135m to specifically mitigate the significant headwinds we experienced and made £155m in recurring savings from a variety of initiatives, including reducing our employer pension contributions with no changes to employee pension arrangements, implementing plans to reduce non-permanent labour and use of consultants, and converting traditional fluorescent lighting to LEDs in our stations.

We are continuing to build more diverse income sources and reduce reliance on passenger income. Places for London, our wholly owned commercial property

company, has completed 1,454 homes and started on sites that are delivering almost 3,000 more. The revenue generated by Places for London increased by 13 per cent in 2024/25 to £102m, with more than 30 new retailers joining the estate. We will also go further on targeting fare evasion, building on existing success and the increasing use of data driven techniques to target persistent fare evaders.

Over the last year, we extensively reviewed our procurement and commercial function and started implementing a new category-led operating model that aligns to key markets and suppliers. This will help us unlock value and savings with our supply chain partners, while building market confidence by having stable, longer-term pipelines of work as a result of our multi-year funding settlement.

We are one of the few transport authorities that does not rely on central Government for revenue support. As we celebrate our 25th anniversary, I look forward to building more financial progress in the future for the benefit of our customers, colleagues and partners.



A handwritten signature in black ink that reads "Rachel McLean". The signature is fluid and cursive, written over a white background.

**Rachel McLean**  
Chief Finance Officer

# Our scorecard

We assess our achievements against a range of measures to ensure we track our progress and stay on track to deliver for London

The TfL scorecard is our primary tool for tracking progress against our strategic objectives and is structured around our vision and values. It provides a clear line of sight between the Mayor’s Transport Strategy, our Business Plan and our Budget, and helps drive our in-year performance. The metrics are designed to be stretching and realistic.

Sadly, 3,802 people were killed or seriously injured on London’s roads, which is a four per cent increase from 2023/24, meaning we missed our ambitious target. There were fewer people killed in 2024/25, with 98 deaths recorded. We continue to work to reduce road risk, and overall casualty numbers fell to the lowest level on record outside of the pandemic years.

The number of serious injuries sustained by our customers has increased since 2020/21, in line with rising demand. This means more customers have been killed or seriously injured (from 204 to 215) compared to the previous year. Despite this, there was a 24 per cent reduction in serious injuries on the London Underground this year.

Colleague safety has been challenging, with a rise in serious injuries and one colleague was tragically killed following an assault. This rise in serious injuries brings figures to a similar level to 2021/22 and 2022/23. We have launched a comprehensive colleague safety plan and continue to target the main causes of harm, which are slips, trips and falls, and workplace violence.

Our colleague metrics show significant improvement, with a considerable year-on-year increase in our staff survey engagement score, demonstrating that we are committed to retaining and attracting the best people. We continue to improve representation at senior levels, meaning TfL is looking more like the city we serve.

Service levels expanded in 2024/25, including new Superloop bus routes. New timetables were introduced on the Tube from 13 January 2025 as part of our Four Lines Modernisation programme, taking advantage of the signalling upgrades that have already been completed on the District and Hammersmith & City lines between Stepney Green and Upminster.

It means customers on this section will experience quicker journey times. Although we had operational challenges on the Central line, we still surpassed our floor target for journey time on buses and achieved our target for journey time on rail.

We have made further strides towards our green future by exceeding our target on sustainable drainage across London, and removing all cars from our fleet that are not zero-emission capable. We reduced carbon emissions from our assets by more than expected, which is great for our decarbonisation journey, especially given our key role in driving the UK towards net zero.

On our finances, we exceeded our recurring operating cost savings target, demonstrating that we are committed to driving value across the organisation. While total income was below expectations, we continue to see growth in passenger demand.

35m



more passenger journeys on the Tube in 2024/25 than the previous year



89

customer satisfaction score on London Dial-a-Ride, the highest of any of our services

1,842m



journeys made on London buses, making them our most used service

| Measure  | Results | Target | Floor target |
|--|---------|--------|--------------|
| <b>Safety and security</b>   |         |        |              |
| People killed or seriously injured on our roads (absolutes)                              | 3,802   | 3,671  | 3,893        |
| Customers killed or seriously injured (absolutes)  | 215     | 194    | 206          |
| Colleagues killed or seriously injured (absolutes)                                       | 29      | 17     | 21           |
| <b>Colleague</b>   |         |        |              |
| Total engagement (%)   | 66      | 62     | 60           |
| Attendance (%)   | 93.78   | 94.25  | 93.75        |
| Women represented at senior leadership (%)   | 34.6    | 35.3   | 34           |
| Black, Asian or minority ethnic people represented at senior leadership (%)              | 20.9    | 20.4   | 19.2         |
| Disabled people represented at senior leadership (%)                                     | 6.6     | 6.9    | 5.8          |
| People from minority faiths or beliefs represented at senior leadership (%)              | 12.3    | 13.1   | 12.6         |
| Lesbian, gay and bisexual people represented at senior leadership (%)                    | 5.8     | 6.1    | 5.5          |
| <b>Customer</b>  |         |        |              |
| Percentage of Londoners who agree we care about our customers (%)                        | 60      | 56     | 54           |
| Investment programme milestone delivery (%) *  | 79      | 90     | 75           |
| Customer journey time on London Underground (minutes)                                    | 26.9    | 26.6   | 28.5         |
| Customer journey time on buses (minutes)   | 34.3    | 34.1   | 35.5         |
| Customer journey time on rail (minutes)  | 27.1    | 27.1   | 28           |
| <b>Green</b>   |         |        |              |
| Carbon dioxide emissions from our operations and buildings (ktonnes CO <sub>2</sub> e) * | 784     | 773    | 812          |
| Sustainable drainage systems delivered   | 17,426  | 9,000  | 5,000        |
| Green milestone delivery (%)   | 73      | 90     | 70           |
| <b>Finance</b>   |         |        |              |
| Total operating income versus budget (£m)  | 9,279   | 9,467  | 9,372        |
| Recurring operating cost savings (£m)  | 155     | 126    | 81           |
| Capital renewals (£m) *  | 770     | 795    | 2% + or -    |

■ Achieved
 ■ Partially achieved
 ■ Not achieved

\* Measure adjusted or mitigated as agreed by Audit and Assurance Committee

# Operational performance data

## Overview of our operational performance data across our public transport modes

| Buses                                    | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 |
|--|---------|---------|---------|---------|---------|
| Passenger journeys (millions)            | 1,842   | 1,867   | 1,782   | 1,486   | 865     |
| Customer satisfaction (score out of 100) | 78      | 77      | 78      | 78      | 77      |

| London Underground                       | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 |
|--|---------|---------|---------|---------|---------|
| Passenger journeys (millions)            | 1,216   | 1,181   | 1,063   | 748     | 296     |
| Customer satisfaction (score out of 100) | 76      | 75      | 75      | 76      | 75      |

| DLR  | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 |
|--|---------|---------|---------|---------|---------|
| Passenger journeys (millions)                  | 98      | 99      | 92      | 77      | 40      |
| Customer satisfaction score (score out of 100) | 78      | 78      | 78      | 78      | 77      |

| London Trams                             | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 |
|--|---------|---------|---------|---------|---------|
| Passenger journeys (millions)            | 18      | 20      | 21      | 19      | 12      |
| Customer satisfaction (score out of 100) | 80      | 78      | 76      | 76      | 76      |

| London Overground                        | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 |
|--|---------|---------|---------|---------|---------|
| Passenger journeys (millions)            | 183     | 181     | 157     | 112     | 54      |
| Customer satisfaction (score out of 100) | 78      | 77      | 76      | 76      | 76      |

| Elizabeth line                           | 2024/25 | 2023/24 | 2022/23 <sup>1</sup> | 2021/22 <sup>2</sup> | 2020/21 <sup>3</sup> |
|--|---------|---------|----------------------|----------------------|----------------------|
| Passenger journeys (millions)            | 231     | 210     | 139                  | 40                   | 20                   |
| Customer satisfaction (score out of 100) | 81      | 82      | 82                   | 78                   | 75                   |

| London Dial-a-Ride                       | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 |
|--|---------|---------|---------|---------|---------|
| Passenger journeys (thousands)           | 514.8   | 542.1   | 503.0   | 375.0   | 144.9   |
| Customer satisfaction (score out of 100) | 89      | 90      | 91      | 92      | 93      |

| IFS Cloud Cable Car                       | 2024/25 | 2023/24 | 2022/23 | 2021/22              | 2020/21            |
|---|---------|---------|---------|----------------------|--------------------|
| Passenger journeys (thousands)            | 1,480.0 | 1,444.4 | 1,520.2 | 1,365.0 <sup>4</sup> | 428.6 <sup>4</sup> |
| Customer satisfaction (score out of 100)* | n/a     | n/a     | n/a     | n/a                  | n/a                |

| River Services                            | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 |
|---|---------|---------|---------|---------|---------|
| Passenger journeys (millions)             | 10.5    | 9.6     | 8.5     | 5.3     | 1.6     |
| Customer satisfaction (score out of 100)* | n/a     | n/a     | n/a     | n/a     | n/a     |

| Santander Cycles                          | 2024/25 | 2023/24 | 2022/23 | 2021/22 | 2020/21 |
|---|---------|---------|---------|---------|---------|
| Passenger journeys (millions)             | 8.9     | 8.5     | 10.8    | 11.8    | 10.2    |
| Customer satisfaction (score out of 100)* | n/a     | n/a     | n/a     | n/a     | n/a     |

Note: passenger journeys are the number of individual trips made  
\* Customer satisfaction score not surveyed

<sup>1</sup> Opened for passenger service on 24 May 2022  
<sup>2</sup> Operating as TFL Rail

<sup>3</sup> Reporting started on Elizabeth line in Q4 2022/23, this represents that quarter  
<sup>4</sup> Operating as Emirates Air Line

Safety

# Creating a safer London for all

Making London's roads safer

17

Ensuring our services are safe

20

Safety for all

22



# Making London's roads safer

Reviewing our work to make our roads safer as we target our Vision Zero ambition

## Improving safety on London's roads

Helping all Londoners to travel safely on London's roads as we work towards achieving the Mayor's Vision Zero ambition

In September 2024, we published figures that show the number of people killed on our roads between January and December 2023 reduced by 30 per cent in London, compared with the 2010-14 baseline.

The number of people that were seriously injured also fell by 24 per cent, from 4,734 to 3,615. However, 95 people were tragically killed on London's roads, with devastating consequences for their families, friends and communities. Compared to the 2010-14 baseline,

nearly all London boroughs saw a decrease in the number of people killed or seriously injured.

Together with the London boroughs and National Highways, we are responsible for London's roads. We must continue to work together and take the urgent actions needed to address this and we remain committed to working closely with boroughs, the police and other partners to carry out this work so that we can reduce danger on London's roads for everyone.



'It's encouraging to see that we're making real progress in London to achieve our Vision Zero goal of eliminating death and serious injury from the transport network'

**Lilli Matson**  
Chief Safety, Health and Environment Officer



We are working to make our roads safer for all

## Our Vision Zero ambition

We believe that it is neither inevitable nor acceptable that anyone should be killed or seriously injured when travelling in London. This is why we have set out our Vision Zero goal that all deaths and serious injuries should be eliminated from London's transport network by 2041.

Our Vision Zero action plan sets out how we will achieve this and demonstrates our commitment and that of the Mayor, London boroughs, the police and other partners to put our Vision Zero ambition at the heart of everything we do.



We are making the area safer for all road users

## Safer junctions in Hackney

In December 2024, we launched a three-month public consultation on plans to improve road safety at the junction of Shoreditch High Street and Great Eastern Street.

In collaboration with Hackney Council, the plans would see the creation of new, high-quality crossings for both cyclists and pedestrians, alongside more footway space to help people travel sustainably and cut road danger.

In the three years to June 2024, there were 14 collisions at the junction of Great Eastern Street with Curtain Road. Tragically, this included a fatal collision involving a pedestrian in 2022.

In October 2024, we also delivered a new pedestrian and cycle crossing on Kingsland High Street at the junction with Sandringham Road to create a safe place to cross on this busy high street.

## Road improvements at Gallows Corner

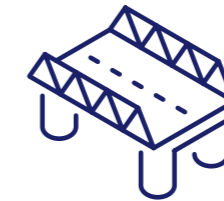
We are working on a major project in Havering to ensure this key structure will be operational for years to come

In March 2025, work started on a major project to refurbish Gallows Corner Flyover in Havering to completely renew and strengthen the aging structure.

The flyover was built in the 1970s and there have been speed and weight restrictions in place for a number of years to enable the structure to continue to operate safely.

The project to renew the structure will improve journey time reliability for thousands of people travelling through the area. We are also installing new pedestrian and cycle crossings to make it easier and safer for people walking and cycling, while better

road markings and resurfacing will improve journeys for people driving. The work is being done in phases and we have worked closely with our partners to minimise disruption as much as possible, including working with Essex and Suffolk Water to renew the water mains in the area.



# 50+

years since Gallows Corner Flyover was built as a temporary structure

## Tackling speeding on the A10

We are working with Enfield Council and the Metropolitan Police Service on a range of measures to reduce road danger and road-related antisocial behaviour on the A10 in north London. Action includes extending the existing average-speed camera system, new lane markings, and an interim injunction obtained by Enfield Council that prohibited 'car cruising'

Since the average-speed safety camera system in the northern part of the A10 was introduced in 2020, collisions involving death and serious injury have reduced from seven in 2019 to none in 2023 and 2024. The system will now be extended to the southern part of the road.



We are tackling anti-social behaviour in the area

## Improvement works at Lambeth Bridge

Our essential work at London’s most dangerous junction will help to improve safety for everyone that travels in this area

In February 2025, we started construction to install important new safety measures at Lambeth Bridge, including replacing the roundabouts at either end of the bridge with signal-controlled junctions.

Other improvements include the addition of a cycle lane on the bridge itself and new signalised pedestrian crossings to improve safety and access.

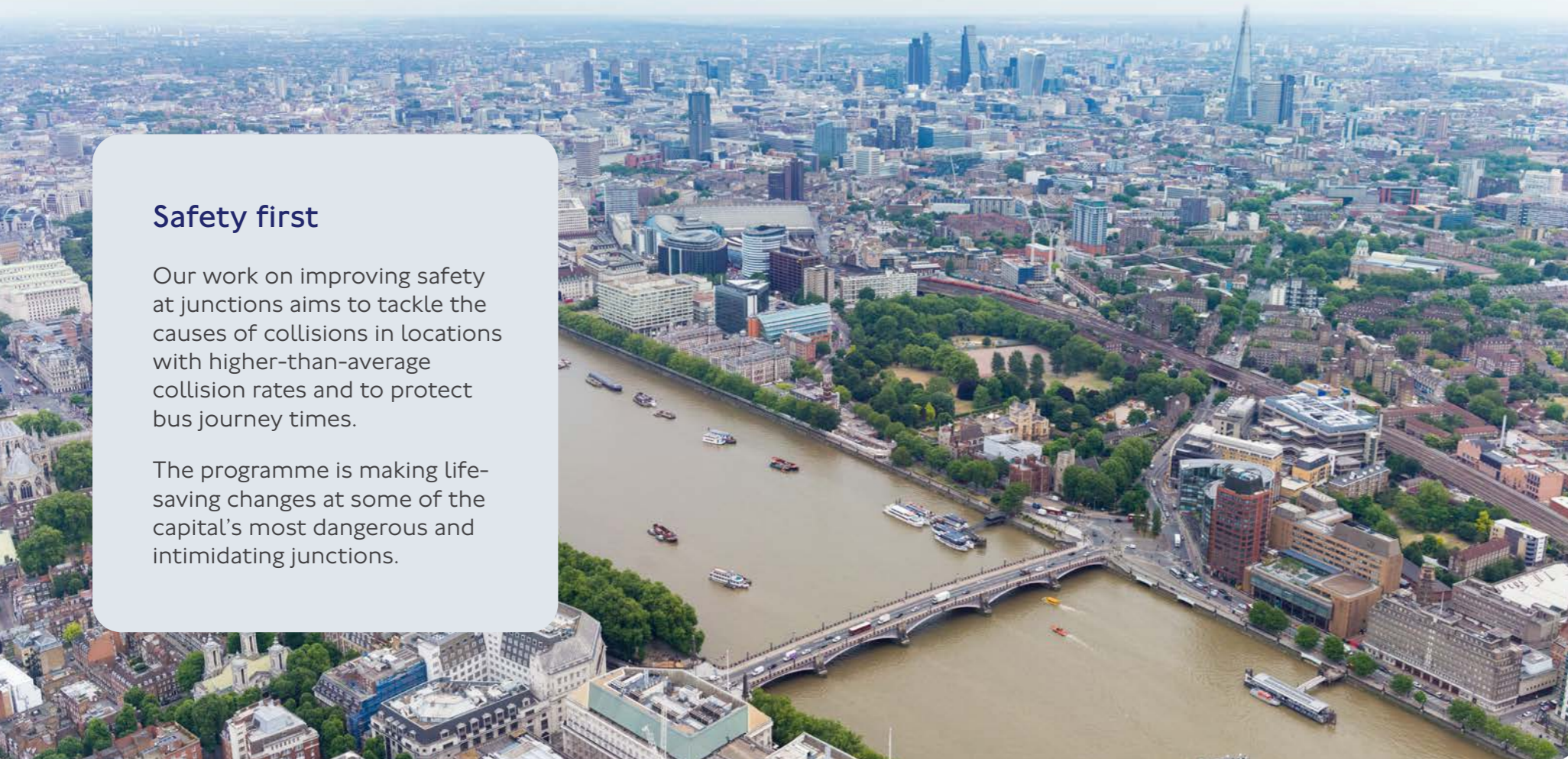
Work also involved urgent maintenance to the Grade II listed structure. This included waterproofing the structure and repairing the bridge deck.

We also made temporary security measures permanent to ensure they continue to protect pedestrians and cyclists.

### Safety first

Our work on improving safety at junctions aims to tackle the causes of collisions in locations with higher-than-average collision rates and to protect bus journey times.

The programme is making life-saving changes at some of the capital’s most dangerous and intimidating junctions.



We are improving safety across the bridge

## Making Battersea Bridge safer

Construction began in November 2024 on the next phase of plans to reduce road danger for people walking and cycling on or near Battersea Bridge.

The 11-month programme of improvements includes 11 new pedestrian crossings, new sections of bus lane, cycle signals and a new cycle lane.

Plans to improve safety of Battersea Bridge were brought forward following the tragic death of Jack Ryan on the bridge on 13 January 2021.

The first phase of work on the north side of the bridge, completed in November 2021, included a new pedestrian crossing, wider pavements and a lower speed limit of 20mph.

# Ensuring our services are safe

We are working to improve the safety standards for all Londoners and those who use the roads



We continue to make improve heavy goods vehicle safety

## Improving our lorry safety standard

We have strengthened the requirements for our world-leading Direct Vision Standard (DVS) for heavy goods vehicles. The minimum star rating threshold has increased from one to three star, and there is a new Progressive Safe System, which is now compulsory for zero, one and two-star rated vehicles. These new safe systems harness the latest technology to eliminate the most common causes of fatal collisions between an HGV and people cycling or walking.

The standard is helping to save the lives of road users by objectively measuring how much an HGV driver can see directly through their cab windows and setting minimum standards to help reduce collisions.

The new requirements, which came into force in October 2024, are a legal requirement for HGVs weighing more than 12 tonnes operating in Greater London. We ran a comprehensive communications campaign to ensure everyone was aware of the changes.



3 star rating now needed for HGVs over 12 tonnes driving in Greater London

## People behind the project

Project Manager Ka Chun Liu is pleased to be working on such a safety-critical project that is benefiting all road users

Working on the improvements to the Direct Vision standard has been very rewarding for me.

This project is about a policy and compliance that saves lives, reducing fatalities and serious injuries on London's roads, as well as supporting lorry drivers by enhancing their visibility and awareness from the cab, which also makes their job safer.

Seeing that impact is what makes this project so important.

**Ka Chun Liu**  
Project Manager





We want to make pedicabs safer for all road users

## Regulating pedicabs in the capital

Londoners were invited to have their say on plans to make pedicabs as safe as possible as part of a consultation that ran between January and March 2025.

A now-familiar sight in London's West End, pedicabs can provide a unique and green way to explore these areas of the capital. However, as the only form of unregulated transport in the capital, there are inconsistencies in the way services operate, with some customers being overcharged on fares, concerns about vehicles safety and complaints about loud music and poor driving.

We will publish a consultation report that outlines the next steps on proposals to regulate pedicabs, improving safety for passengers and pedestrians, and ensuring pedicabs are driven, maintained and operated professionally.



## Banning non-folding e-bikes on our network

Following consultation with the London Fire Brigade, we have banned non-foldable e-bikes to help ensure everyone's safety

We announced a ban on all non-foldable e-bikes on most of our services from 31 March 2025. This followed safety concerns after some non-foldable e-bikes caught fire while on the London transport system.

The ban means that non-foldable e-bikes are no longer permitted on the Tube, London Overground, Elizabeth line and DLR. The ban also includes standard cycles that have been converted to e-bikes using conversion kits. We worked closely with the London Fire Brigade and our other partners to carry out a comprehensive review of e-bike safety and their suitability for being taken on our transport network.

Cycles that have been adapted using electronic conversion kits pose a greater fire risk than purpose-built e-bikes, but it can be hard to differentiate between them. Until improved product safety measures are in place for converted cycles, batteries and chargers, it is necessary to ban all non-folding e-bikes. We continue to engage with Government on these matters.

Non-foldable bikes were already banned on buses and trams, and all e-bikes are banned on the IFS Cloud Cable Car. Non-foldable e-bikes can be used on the Woolwich Ferry, some river and coach services, and the Silvertown Tunnel cycle shuttle.

# Safety for all

We continue our work to keep our customers and colleagues safe and secure while in our offices and on the network

## Installing CCTV in our bus stops



In November 2024, we launched a 12-month trial of CCTV at 20 bus shelters across London, together with the Metropolitan Police Service.

The trial is designed to improve passenger safety, especially for women and girls, and ensure they can travel with confidence 24 hours a day.

The technology was tested at five bus shelters in March, and a further 15 bus shelter locations were fitted with CCTV across Brent, Croydon, Hackney, Hammersmith and Fulham, Hillingdon, Lambeth, Newham, Redbridge, Tower Hamlets, Waltham Forest and Westminster.

The locations were chosen to provide broad coverage across London and to understand the effectiveness of CCTV in different areas. These include busy locations with high footfall, quieter locations with less-frequent bus services, higher crime areas, or locations where women and girls have reported feeling more unsafe.

## Responding to the cyber security incident

We worked around the clock to ensure our services were safe and could continue to operate following a cyber attack in autumn 2024

An unauthorised attempt to access our online systems in September 2024 caused inconvenience for our customers as new photocard applications, contactless journey histories and live travel data had to be temporarily suspended.

Following the cyber incident, we took immediate action to secure our network, ensuring all safety-critical systems and processes were maintained.

For security reasons, we had to suspend access to travel concessions including the 11-15+ Zip Oyster photocard, 16+ Zip Oyster photocard, 18+ Student Oyster photocard and the 60+ London Oyster photocard.

The photocard system reopened in a phased approach at the start of November, with applications opened for all concessions schemes later in the month. There was a dedicated webpage and emails sent out to keep customers informed. Refunds were given to customers who had paid more for their travel than they should have during the suspension period.

By December, more than 33,000 Zip Oyster photocards, around 40,000 18+ Student Oyster photocards and more than 13,000 60+ London Oyster photocards had been processed and dispatched.

Access to both Oyster and contactless journey histories was also restored in December, so that customers could correct incomplete journeys and process service delay refunds if required.



# 85,000

photocards dispatched by December 2024 since online systems reopened



We worked to keep data safe during the attack

## People behind the project

Manager Hannah Burnett is impressed by the care and commitment to safety messaging

There is fantastic teamwork and dedication across TfL to help tackle hate crime, sexual harassment and workplace violence. We work with a wide range of teams to raise awareness of our zero-tolerance stance and encourage active bystanders.

Using advertising, press, social media, stakeholder and employee engagement, as well as our operational teams, helps us land our messaging as effectively as possible. The bystander training has proved really effective in helping to get our message out there, even being picked up by the BBC.

Having joined TfL last year, I've been really impressed by the teamwork, care and commitment to land such important messaging.

**Hannah Burnett**  
Customer Marketing and Behaviour Change Manager



We work closely with our policing partners

## Encouraging customers to become active bystanders

We offer training to help educate people in ways to safely support people being harassed

We offered hundreds of free places to active bystander training sessions to our customers during the year, as part of our ongoing campaigns to tackle hate crime.

We partnered with charity Protection Approaches to run the three-hour online training sessions, aimed at helping people know what to do if they witness any form of harassment on the public transport network.

Participants explored different scenarios of hate crime and harassment, discussed the meaning of being an 'active bystander' and looked at how to support their fellow passengers on the network in a safe way.

## Tackling violence and aggression

Incidents of violence and aggression towards our staff increased by five per cent in 2023/24, compared to 2022/23. In a bid to tackle this, we launched a hard-hitting new campaign in August 2024.

It sends a strong message to offenders that violence and aggression against colleagues is not tolerated and makes it clear that both physical and verbal abuse is a criminal offence with consequences.

The campaign uses examples of prosecutions to make it clear that such abuse has serious consequences, including highlighting the case of one offender who received a 38-week prison sentence.

'Over the last year, physical incidents against our staff fell by 12 per cent. Ongoing efforts include awareness, prevention, training, support and offender management'



**Siwan Hayward**  
Director of Security, Policing and Enforcement

Our people

# Ensuring our people can be their best

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|                               |    |
|-------------------------------|----|
| Delivering for our colleagues | 25 |
| Culture of collaboration      | 28 |
| A workplace for the future    | 30 |
| Creating a lasting legacy     | 32 |

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# Delivering for our colleagues

We must ensure we are as diverse as the city that we serve to ensure we represent all Londoners



‘By ensuring our organisation reflects the diversity of the city we serve, we aim to make everyone feel included and empowered to reach their career aspirations’

Fiona Brunskill  
Chief People Officer

## Delivering disability awareness training

We are working to ensure our people leaders have the knowledge to help remove barriers for disabled people in the workplace

We have collaborated with our partner, Business Disability Forum, to pilot and begin rolling out Disability Awareness training sessions for all our people leaders.

This training aims to go beyond our regular eLearning course and empower and upskill our line managers with the knowledge, skills and confidence to recognise and remove barriers for our disabled colleagues.

We are committed to offering the disability awareness training to 90 per cent of our people leaders by March 2026.

Our disability eLearning, which is a prerequisite for taking part on this course, is available to all colleagues. Since it launched, 64.1 per cent of our colleagues and 90.1 per cent of all our people leaders have completed the eLearning.



It is important that our people are aware of disability issues



# 90.1%

of our leaders have completed Disability Awareness training

## Supporting our colleagues

We continued to work on the three key commitments from our Colleague Strategy, which we launched in 2023. These are creating an inclusive culture, providing a fair and attractive employee offer and supporting everyone to achieve their work ambitions.

Ultimately, we want to be recognised as one of the best companies to work for in the UK, with employee engagement better than the UK-wide benchmark, while also ensuring that our organisation is reflective of the diverse population of London.

London is one of the most diverse cities in the world and we need to do all we can to reflect that in our own workforce representation. We are determined in our efforts to ensure that we attract, develop, retain and learn from the widest, most diverse pool of talent that London has to offer.

### Diverse leaders

Based on those that shared their declaration data, this is how our senior leadership team looks in 2024/25



We want TfL to be a great place for all people

## Learning from our people

Gathering feedback from our colleagues is essential to ensure that we can strive to be a great place to work

Our annual staff engagement survey, Viewpoint, was open from 28 January to 28 February 2025. This survey plays a vital role in shaping the future of our organisation and making sure it is the best it can be for everyone.

This year, 61 per cent of colleagues completed the survey, giving us nearly 16,700 responses, up from 58 per cent last year. Our engagement score was 66 per cent, an increase of six per cent from last year.

The responses will feed into our Colleague Roadmap for 2025/26, as well as local people plans and wider projects. The management of Viewpoint was brought in-house this year using a new platform that offers greater flexibility in the questions and provides quicker results.



## Looking after colleague health and wellbeing

Our occupational health referrals in 2024/25 covered a range of medical issues, including musculoskeletal disorders, mental health support, including trauma-related symptoms and cardiovascular disease. We carried out a number of health checks through our well@tfl service. These checks resulted in 40 per cent of cases being referred for onward support. Working with the London boroughs, we also provided NHS health checks for colleagues at work.

Throughout March 2025, some of our colleagues were given access to automated health checks as part of a trial, which has helped identify potential health problems. Following the success of the trial, we will be investing in a mobile version of the kiosk that can be taken out to colleagues across the organisation.



# 40%

of well@tfl checks result in onward support



# 700

health checks carried out at our well@tfl venues in 2024/25

## Making workplace adjustments easier

We want to ensure everyone can perform at their best by removing barriers

Our Action on Inclusion strategy committed to making our reasonable adjustments process more accessible and user-friendly for colleagues, people leaders and stakeholder teams, and remove barriers colleagues face in the workplace.

In April 2024, we implemented a new centralised budget for adjustments, ensuring that adjustments would not be delayed by budget constraints and to reflect a best practice approach. Centralising this support has improved the support and given greater transparency of advice and guidance.

To support this, we appointed a new specialist adjustments team in October 2024. This team is also part of a cross-industry adjustments working group with other travel industry partners, which means they can share learning and best practices.



We are making our reasonable adjustment process simpler

## People behind the project

Helping our people is rewarding for Workplace Adjustments Specialist Amrita Singh

People are at the heart of any successful organisation. Supporting colleagues and people leaders with adjustments is essential because it breaks down barriers, fosters inclusion and ensures everyone can contribute.

My team works closely with colleagues and their people leaders to listen, understand and respond to needs, delivering tailored solutions – from assistive software and specialised equipment to coaching.

By improving our approach to workplace adjustments, we help to build a culture where every colleague feels valued, confident, engaged and supported, and never has to face obstacles alone.

**Amrita Singh**  
Workplace Adjustments Specialist



# Culture of collaboration

We are continually developing and looking at our practices to ensure we are a great place to work

## Group mentoring hub

We continue to maximise the benefit of the Greater London Authority (GLA) group mentoring hub, with more than 150 mentors and 230 mentees signed up to our online platform. In collaboration with other organisations in the GLA group, we launched a Talent platform to facilitate the sharing of secondments and permanent opportunities. We have posted 38 permanent roles, four secondments and two fixed-term contract opportunities.



# 150

mentors have signed up to the GLA mentoring hub

## Creating job families across our organisation

We have been working to ensure everyone receives fair and balanced rewards for their work

As part of our commitment to provide a fair and attractive employee offer, we consulted on how to improve the way we manage pay. This included feedback from colleagues and discussions with our trade unions.

Throughout 2024/25, we worked to develop and implement a pay structure based around job families within our pay for performance and our senior manager reward frameworks,

The job families pay structure will enable closer market alignment, more accurate pay positioning and reduce disparity in pay across the organisation. This represents an important first step in improving pay management.

Future developments will seek to improve how we manage individual pay positioning and progression to drive even greater consistency, fairness and transparency.





Our collaborative approach is helping Londoners

## Anchors away

Continuing to tackle inequalities through collaboration

We continued our work with the London Anchor Institutions' Network (LAIN), which is a collaborative group of some of the capital's biggest organisations that aims to tackle inequalities through a range of measures, including procurement and mentoring.

We attended several small and medium-sized enterprise supplier events, as well as supplier diversity sessions. We have reserved contracts for under-threshold spend for small and medium-sized enterprises, as well as social enterprises.

We updated our supplier and bidders guidance for tendering projects to help small and medium-sized enterprises engage with the process more easily. We have also reviewed the ways we can support small and medium-sized enterprises through changes in the Procurement Act 2023.

Through the LAIN hiring and skills working group, we have continued to support best practice in the workplace, which this year included a focus on childcare. We have pledged to transfer up to £1m in unspent apprentice levy funds to small and medium-sized enterprises and organisations that support inclusivity and sustainability. We have so far pledged £410,000, including £127,000 for childcare providers.

The lessons we learnt from our internal sustainability training now informs the development of the LAIN climate literacy e-zone course. We also contributed to a best practice publication in the use of diversity and inclusion data for LAIN organisations as we work to further improve inclusion.

## Working with our trade unions

We continue to build and maintain positive and constructive relationships with our trade union colleagues, recognising them as key stakeholders in ensuring that TfL remains a great place to work.

We actively engage with trade unions, using our well-established collective bargaining frameworks to ensure that open lines of communication are maintained. This helps to foster an environment where concerns are heard and addressed, leading to a more engaged and motivated workforce.

By working with representatives, who form the collective voices of our workforce, we can tap into their knowledge to provide more efficient services.

## Supporting our people leaders

In 2024/25, we continued to support the development of our managers and leaders

We launched a new People Leader Foundation site, bringing together all the training and resources into a more accessible, one-stop shop with toolkits to help managers understand key topics.

Our Leading the Future group coaching programme supported more than 700 managers with the leadership skills and confidence they need to do their roles. We also launched a getting ready for senior leadership development programme for 26 leaders looking to progress into senior leadership and director roles. The majority of places were offered to individuals from protected characteristics, ensuring a diverse and inclusive leadership pipeline.



# 700+

managers supported by our coaching programme



# 26

people were trained in leadership development

# A workplace for the future

We are supporting the next generation of people to forge careers in the transport industry across all levels

## Awards for our programmes

This year, we re-entered the Times Top 100 Graduate Employers list at 84, won the Times Transport and Logistics Employer of Choice award and also climbed from 70 to 54 in the top 100 Rate My Apprenticeship rankings.

We welcomed 88 graduates and 21 Interns across various development programmes. Our new cohort reflects London's diversity, encompassing a wide range of ethnicities, faiths and sexual orientations.



# 53%

of our new apprentices were from an ethnic minority

## New apprenticeships build skills for the future

In February 2025, we celebrated National Apprenticeship Week with the launch of 175 new apprenticeships, offering people of all ages the chance to gain new skills for future careers while in employment.

These apprenticeships, starting in September 2025, lead to industry-recognised qualifications in areas such as track and asset maintenance, technology and data, sustainability and river services. They cover our major engineering projects that help to shape London, like the Silvertown Tunnel.

Opportunities span from Level 2 to Level 6, with Level 2 being the equivalent of five GCSEs and Level 6 equivalent to a degree. This year, we introduced new qualifications, including Level 3 Boatmaster and Level 3 Marine Engineer.

We are continually working to improve diversity across the transport industry at all levels. The proportion of women in our apprenticeships has increased from 20 per cent in 2018 to 28 per cent in 2024. Additionally, the number of apprentices declaring a disability has risen from four per cent to eight per cent.

## People behind the project

Intern Danielle Adelaja is enjoying the opportunity to develop her interests and skills while at work

One of the best parts of working at TfL is the supportive culture. Regardless of role or team, everyone I've worked with has been approachable and genuinely invested in my development.

During my placements in marketing and corporate communications, my line managers have encouraged me to build new skills and take on work that aligns with my interests. A highlight has been drafting

communications plans focused on safety. These plans have helped shape consistent and coordinated messaging across internal teams and external channels – raising awareness and aligning messaging across the organisation.

**Danielle Adelaja**  
Stuart Ross Communications  
Internship





We have programmes to support people into work

## Supporting people into work

Our programmes are helping open career opportunities and experiences for all

We welcomed 61 participants to our three employability programmes: Steps into Work for neurodivergent individuals; Activate for those with little to no work experience; and Reactivate for people returning to work or needing UK experience.

Progression into employment for these programmes ranges from 50-64 per cent, with the 2024 starters receiving support for a year after completing their programmes.

## A fresh new look for our staff

Our new uniforms are helping to make it easier for our customers to identify our staff when they need assistance

In December 2024, we launched a refresh of staff uniforms across the network to help make staff more easily identifiable for customers, especially in busier stations.

The new uniforms feature larger, brighter roundels with better contrast and visibility, making them easier to see for visually impaired customers. With many of the items shared across different services, the updated uniform brings everyone working under the roundel closer together while retaining the modal identities and colours on the accessories.

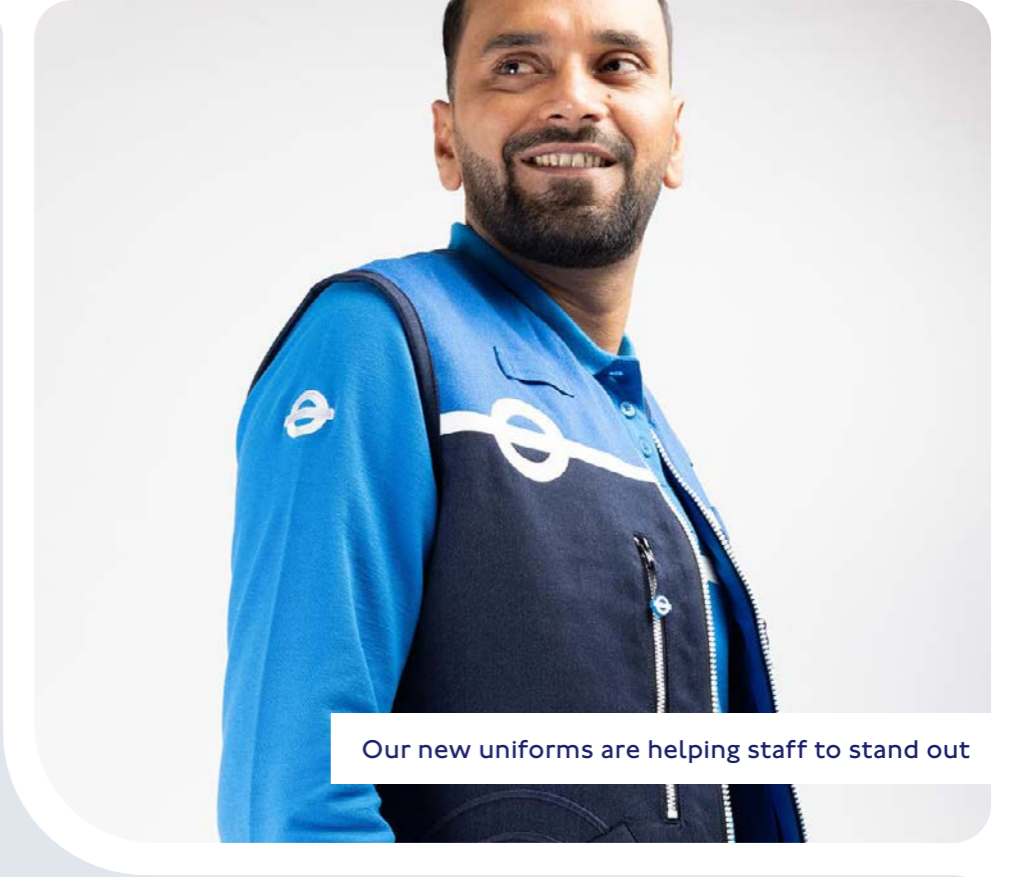
The garments are made in soft yet durable fabrics, chosen for their breathable qualities, and have additional loops for carrying essential kit, with the introduction of a range of new items to ensure the uniform is as inclusive as possible including being our first menopause-friendly uniform.

Sustainability is a priority and the new uniforms are delivered in larger batches by zero-emission vehicles while we phase out the old ones, helping to cut our environmental impact.



# 51%

of the materials used in the new jackets are recycled



Our new uniforms are helping staff to stand out

‘Thoughtfully designed for improved functionality across the entire range and enhanced visibility for our customers, this uniform embodies both community and innovation’



Jenney De Sousa  
Brand Manager

# Creating a lasting legacy

London Transport Museum has continued to educate, inspire and entertain a range of Londoners and guests throughout the year



London Transport Museum showcases our rich transport heritage



# 430k

people and schools visited London Transport Museum in 2024/25

## Creating a lasting legacy

The museum has clear aims around protecting and enhancing our heritage

London Transport Museum is a wholly owned subsidiary group within TfL Group and a registered charity. Its aims are to advance the heritage of transport in London and to educate people about the role of transport in the life and work of the capital in the past, present and future.

The museum is governed by an independent Board of Trustees.

## Our new brand and vision for London Transport Museum

As major London attraction, it is important that the museum continues to evolve and develop to engage new and existing audiences

In July 2024, London Transport Museum’s CEO and Director Elizabeth McKay unveiled a new brand and vision for the museum. This includes a new roundel that reimagines Edward Johnston’s 100-year-old marque for a modern museum. Inspired by the vibrant surrounds of the West End, the new vision outlines how the museum will bring more art, culture and design into its programming to engage new audiences with its collection.

As part of the new vision, the museum has plans to develop and scale up its community engagement, learning and participation programming. These programmes include the range of skills and employability offers for secondary school pupils, its industry-backed Enjoyment to Employment and the sell-out Skills Late events that enable young Londoners to learn more about some of the opportunities that are available.



## Beck in time

Putting on a show to explore the life and works of map designer Harry Beck

In September 2024, London Transport Museum launched its first play, *The Truth About Harry Beck*, at the onsite Cubic Theatre.

The play tells the story of the man who designed the imaginatively simple London Tube map back in 1933.

This was followed by the launch of classical and jazz music in the museum in February – with visitors able to enjoy live performances from rising stars against the unique backdrop of the historic vehicle collection.



The Hidden London tours are hugely successful

## Supporting charitable work

In 2024/25, London Transport Museum sold 41,878 tickets for its Hidden London tours, where guests can access disused parts of the Underground network. Profits for these tours are reinvested into the museum's charitable work.

As an education and heritage charity, the museum delivers a range of learning, skills and employment programmes on site and across London. In 2024/25, 13,999 primary school children and teachers took part in the learning programmes at Covent Garden. Every purchase made at London Transport Museum's shop or online helps support its work to conserve London's historic transport icons and charitable activity.

## Delivering social impact

In January 2025, London Transport Museum held its annual 'Skills Late: Talent Transported' event, giving young people the chance to meet recruiting employers. The free event was supported by a number of industry partners and charities.

The museum also held its Interchange event, a thought leadership programme. In 2024/25, roundtable discussions and workshops brought leading thinkers and decision makers together from across the transport industry to talk about how long-term planning can meet passengers' needs and make it easier for them to choose green travel. These ideas were summarised in a new report called *Making Transport Fit for the Future*.



The Skills Late events are always well attended

A good public transport experience

# Creating a network for everyone

All change on the London Overground 35

A network for all 37

Developing our network 40

Successful services 42

Driving ahead 44

Cultural captial 46

London for everyone 47



# All change on the London Overground

Celebrating the launch of the new names and colours for the London Overground lines



'We're making the London Overground easier to use, while also celebrating the rich history and diverse cultures of the communities along its routes'

**Alex Williams**  
Chief Customer and Strategy Officer

## A successful launch

Following an extensive project, the new names for the London Overground were officially launched at a special event

Having expanded over the years since its launch, our customers were finding it increasingly difficult to navigate the London Overground. After completing extensive customer and stakeholder engagement to give each line a unique name and colour, in November 2024, we launched the six new line names for the London Overground at a special event at Dalston Junction.

The event was an opportunity to celebrate London's incredible communities and to honour the groups and the people that inspired each of the six new names.

It was attended by Mayor Sadiq Khan along with representatives of each of the lines, including entrepreneur and chef Levi Roots, singer Mica Paris and Arthur Torrington CBE, co-founder and Director of Windrush Foundation.

The event marked the culmination of one of our largest ever customer-focused projects, which involved many teams across the organisation. The new lines have helped to make the network easier to navigate for millions of customers every year.



The names were launched by the Mayor at a ceremony in Dalston

## Preparing for launch

We spent many months preparing for the launch to ensure the new names and colours would benefit all customers

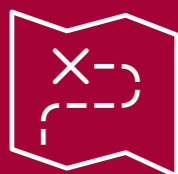
There was an unprecedented amount of activity in the build-up to the launch of the new London Overground line names, with new signs unveiled across Tube stations, digital screens and onboard information on trains. We also had to update the audio and visual announcements on London Overground trains and stations, as well as making the changes to the TfL website and TfL Go app.

We ran an extensive customer engagement campaign throughout the summer to help customers familiarise themselves with the new names and colours. This included special episodes of our 'Mind the Gap' podcast series featuring interviews with representatives of each line.

We also launched six walking tours with Go Jauntly along the routes of each of the lines, organised a free community weaving event that created a Weaver line roundel and ran a football festival in Regents Park as part of the Lioness line celebrations.

6,000

new signs, maps and digital screens were updated



Representatives of each line attended the launch event in Dalston

## The new names

There are now six names and colours for the London Overground lines:



### Liberty

Romford to Upminster



### Lioness

Watford Junction to Euston



### Mildmay

Richmond and Clapham Junction to Stratford



### Suffragette

Gospel Oak to Barking Riverside



### Weaver

Liverpool Street to Enfield Town, Cheshunt and Chingford



### Windrush

Highbury & Islington to New Cross, Clapham Junction, Crystal Palace and West Croydon

# A network for all

We are working to ensure that all of our customers can make the most of London's public transport network

## Freezing bus and tram fares for another year

In December 2024, Mayor Sadiq Khan announced that bus and tram fares would be frozen for an historic sixth time until March 2026.

The move means that Londoners have been paying the same fares since March 2023, keeping them among the lowest in the UK and helping to boost ridership on the bus network.

The freeze on bus and tram fares helps support lower-income and disabled Londoners, who are more likely to use bus and tram services as they are the most accessible way to get around London.

All concessions, including Zip photocard, the 18+ Student photocard, the 18-25 Care Leavers photocard and the 60+ London photocard also remained unchanged, providing free or discounted transport for millions of people.



We want to ensure everyone can access our services

## Improving access at our stations

Our work to improve step-free access continues to help even more Londoners to travel in London

We continued our programme of work to improve step-free access on the Underground network, with construction work starting at a number of key stations.

In December 2024, we partially re-opened Colindale station following a six-month closure to complete the heavy construction. When the next stage of work is complete, customers will be able to enjoy a new landmark station building with a larger ticket hall and lift, giving the station step-free access for the first time.

We also started step-free access work at Northolt and Leyton stations in February 2025. Once complete, customers will benefit from a new, larger ticket hall at Leyton and a new bridge at Northolt.

We also set out our plans for the next 12 stations that will be prioritised for step-free access in August 2024, which includes North Acton, West Hampstead, Alperton, Arnos Grove and Eastcote. A further seven Tube stations are being assessed for step-free access feasibility, including Colliers Wood and Tooting Broadway.

Our step-free access works at Tube stations are subject to deliverability and funding, with schemes being prioritised where third party funding is available.

On the London Overground, we have been working to upgrade Surrey Quays station, which includes a new station entrance and step-free access. We installed a new bridge at the start of 2025 and the project is on schedule to be completed by summer 2026.

## Paddington boost

We completed a major project to provide step-free access to the Tube lines at Paddington station as part of a major overhaul

We opened a new ticket hall at Paddington Tube station in September, which gave customers direct step-free access to the Bakerloo line for the first time via two new lifts.

At more than three times the size of the previous Bakerloo line ticket hall, the new entrance has transformed the experience for customers.

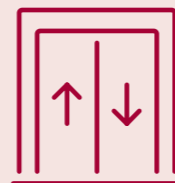
The number of ticket gates has more than doubled, from five to 11, while new and improved signs have

made it quicker and easier to navigate the station. Built as part of the Paddington Square development, we collaborated with our development partners to improve the overall customer experience in the new ticket hall.

‘I am incredibly proud of the work we have achieved to make Paddington station and many others more accessible for our customers’



**Stuart Harvey**  
Chief Capital Officer



2

new lifts enable step-free access to the Bakerloo line



We are making Paddington more accessible



The trial enabled more Londoners to travel safely

## Assisting passengers on the DLR

In May, we launched a trial of pre-booked assistance services on the DLR. It enabled customers who may not otherwise choose to travel to book assistance ahead of their journeys by phone or online.

The service was available seven days a week between 07:00 and 19:00, with slots available to book up to two hours ahead of journeys.

Customers were met at the start of their DLR journey, or other requested location on the network, by Access DLR staff, who would accompany them throughout their DLR journey.

The Access DLR trial was open to anyone aged 18 and over who need assistance, covering a wide range of needs including mobility, visual impairments and mental health.

## Improving toilet provision on our network

In October 2024, we outlined the first phase of our bold plan to introduce new free-to-use and accessible toilets, alongside continued refurbishment of existing toilets across the network.

The plan outlined our commitment to make toilets more accessible for everyone and closing the gap in existing toilet provision so that Tube, London Overground and Elizabeth line customers are always within 20 minutes of a toilet without having to change train.

As part of the plans, we announced a shortlist of locations that will get new toilets in the first round of works. We also updated the Toilet Tube map, which shows all the toilet facilities across our network, including baby changing facilities and those which are wheelchair accessible. This information was also added to the TfL Go app.



# 146

toilets available on the network at sites that we manage



# £3m

per year over five years from the Mayor for toilet provision, the biggest investment ever

## Promoting priority seating

We marked Priority Seating Week at the end of September with a number of promotions to encourage customers to look up and offer their seat to anyone who needs it more than them. We ran a competition for children to create artworks that show or explain why it is important to offer seats to people who need them. Three lucky children won tickets to one of Merlin Entertainments attractions in London.

We also marked the week by announcing plans to trial new signs and designs on DLR trains to highlight priority seat locations and encourage people to look up and offer their seat.

Priority seating is designed to help customers who are less able to stand, including those with non-visible conditions, pregnant customers and those with small children and older people.



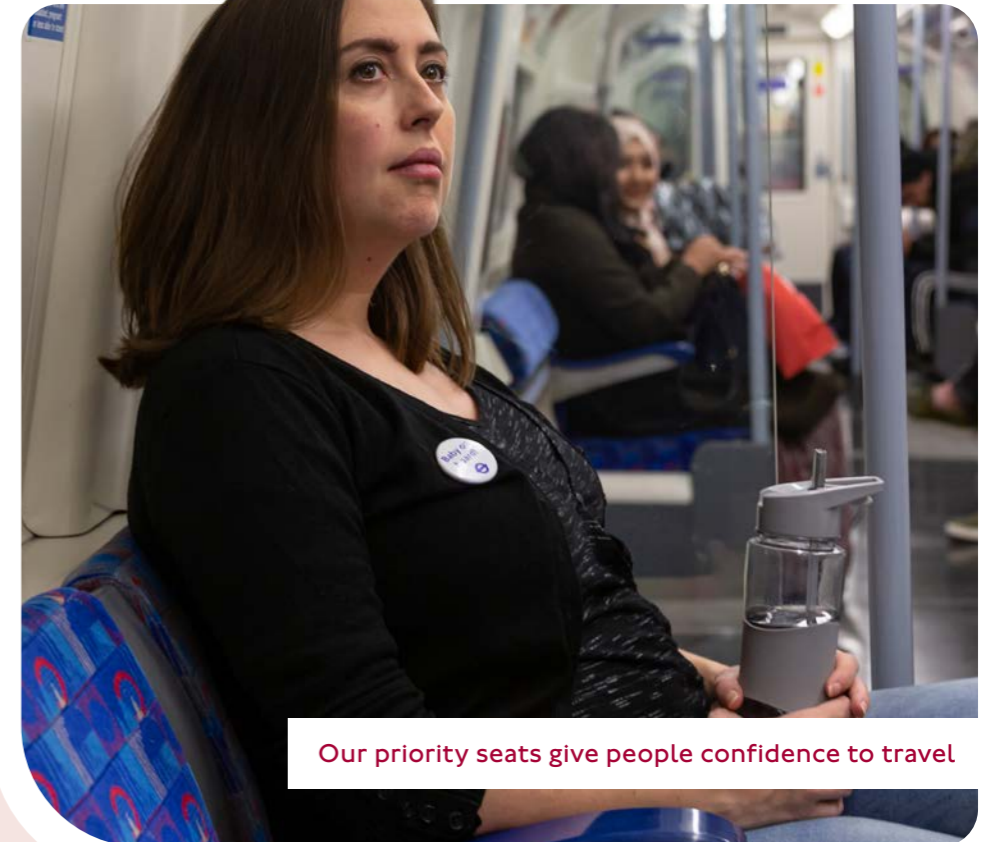
# 152,000

Please offer me a seat badges have been issued since they launched in 2017



# 880,000

Baby on board badges issued in the last eight years



Our priority seats give people confidence to travel

‘Making the public transport network accessible for all is a top priority for the Mayor, and Londoners can play their part by being aware of who’s around them and offering their seat to those who need it more’



**Seb Dance**  
Deputy Mayor for Transport

# Developing our network

We are working to create a public transport network that delivers for our customers now and into the future



Our Superloop routes are proving popular

## Staying in the loop

The Superloop network of express bus routes is improving journeys and opening up more areas of London for even more customers

In July 2024, we celebrated the first anniversary of the Superloop express bus network. The network connects people across outer London using it with 310 other bus routes, 49 rail stations and 23 rail lines, improving outer London's connectivity.

There was an average increase in passengers on all Superloop corridors, including parallel routes, since the June 2023 baseline of 11 per cent, which is nine per cent higher than the network average.

The SL8 route, which runs between Uxbridge and White City, was the first route to be branded as the Superloop service and has the highest average

weekday demand of all Superloop routes, with an 18 per cent increase between June 2023 and May 2024.

We have consulted on plans to expand the Superloop service. This included a consultation on proposals for a new bus service called the Bakerloop, which would follow the same route as the proposed Bakerloo line Tube extension from Elephant & Castle to Lewisham.

We also consulted on proposals for the SL11 services, which would run between North Greenwich and Abbey Wood, via Woolwich and Thamesmead, and on the SL12 route, a new express service between Gants Hill and Rainham, via Romford.

## People behind the project

Transport Planner Dermot Hanney believes the BL1 bus route will be a flagship service

I worked on developing our proposals for the Bakerloop express bus route, linking Lewisham, Old Kent Road, Elephant and Castle and Waterloo. This involved defining the preferred route option, working with other teams and local authorities, and then launching a public consultation to engage with Londoners and other key stakeholders.

Working closely with colleagues, we have been able to shape a bus service that will deliver faster journey times and support growth.

It's been a privilege to help deliver such an important route that will improve accessibility and enable growth.



**Dermot Hanney**  
Transport Planner

## Train tests on the Piccadilly line

We welcomed the first new Piccadilly line test train into London in autumn 2024 for a programme of intensive testing.

The new trains will transform journeys for millions of customers on the Piccadilly line. The nine-carriage trains will increase capacity by around 10 per cent and feature walk-through, air-conditioned carriages, wider all-double doorways, enhanced digital display screens and on-train CCTV cameras. The trains are lighter than existing designs which means they are more energy efficient and provide a smoother ride for customers, consuming 20 per cent less energy.

The test train was the first of a fleet of 94 new trains that are being built by Siemens Mobility to replace the existing fleet, which is nearly 50 years old. Around 80 per cent of the new trains will be built at Siemens Mobility's new factory in Goole, East Yorkshire, which was officially opened in October 2024. This is an example of how our investment in transport is helping to support growth in the wider UK economy.

Once all of the new Piccadilly trains are in service, the frequency of trains will increase from the current 24 trains per hour to 27 trains per hour.



# 20%

less energy used by the new Piccadilly line trains

## Progress at Pontoon Dock

Boosting accessibility and improving services on the DLR network

Our project to improve accessibility and increase capacity at Pontoon Dock DLR station moved a step closer in March 2025 when we secured £12m in funding from Homes England. We are in the final stages of securing a further £21m from other partners.

The developments at the station, which include new escalators to the platforms, will help unlock around 6,000 new homes. We awarded a detailed design and build contract to Morgan Sindall in April 2025.

Elsewhere on the DLR, we continue our work to introduce 54 new trains to replace the 33 oldest trains in the fleet, with a further 21 helping to boost overall capacity by 50 per cent. We are on track to deliver these trains by the end of 2026.



## Staying connected on our services

In 2024/25, we continued working with our partners Boldyn Networks to introduce high-speed mobile coverage across the Elizabeth line and the Tube, with mobile coverage introduced on all underground areas of the Elizabeth line.

The work on the Elizabeth line was completed just in time for Christmas, meaning customers could stay connected as they enjoyed all the festive events and shopping that London has to offer.

We also expanded coverage along the Northern line towards Embankment, as well as on the southern section of the line between Kennington and Balham.

We also made progress on the Bakerloo, Piccadilly and Victoria lines, with a number of stations getting coverage, including Hyde Park Corner, Piccadilly Circus, Charing Cross, Covent Garden and Russell Square. Further tunnelled sections across central London were also completed, including to the Bakerloo line for the first time between Oxford Circus and Embankment.

The four mobile network operators – Three UK, EE, Vodafone, and Virgin Media O2 (VMO2) – are taking part in the rollout.

# 41%

of stations in the mobile coverage project have been completed



# Successful services

We celebrated a number of notable landmarks and anniversaries across a range of services throughout the year

## Assessing the success of the Elizabeth line

The Elizabeth line celebrated its second anniversary with figures showing that it has become the busiest railway in the UK

We celebrated the two-year anniversary of the opening of the Elizabeth line in May 2024, with data showing that it has become the single busiest railway service in the UK as it transformed travel through central London.

The success of the line, as outlined in our report 'Evidencing the value of the Elizabeth line', has seen it help in the creation of jobs, homes and other forms of regeneration across the capital. The evaluation study found that there was an 11 per cent increase in

access to employment around Abbey Wood and a six per cent uplift in job accessibility along the Heathrow terminals branch. Overall, 62 per cent of customers surveyed say that the opening of the railway has had a positive impact on their access to employment opportunities.

The line has also helped boost housing, with an increase in housing growth within one kilometre of an Elizabeth line station.

## People behind the project

Customer Experience Manager Hayley Ingle has seen how the Elizabeth line is helping to improve all of London

Witnessing the continued growth and success of the Elizabeth line over the past year has been truly inspiring.

I get to work closely with our operator to ensure we continue to enhance the customer experience, not just in central London, but across communities to the west and east too.

It's rewarding to see how our efforts are not only improving daily journeys but also shaping a more connected and accessible future for everyone who relies on the Elizabeth line.

**Hayley Ingle**  
Customer Experience Manager



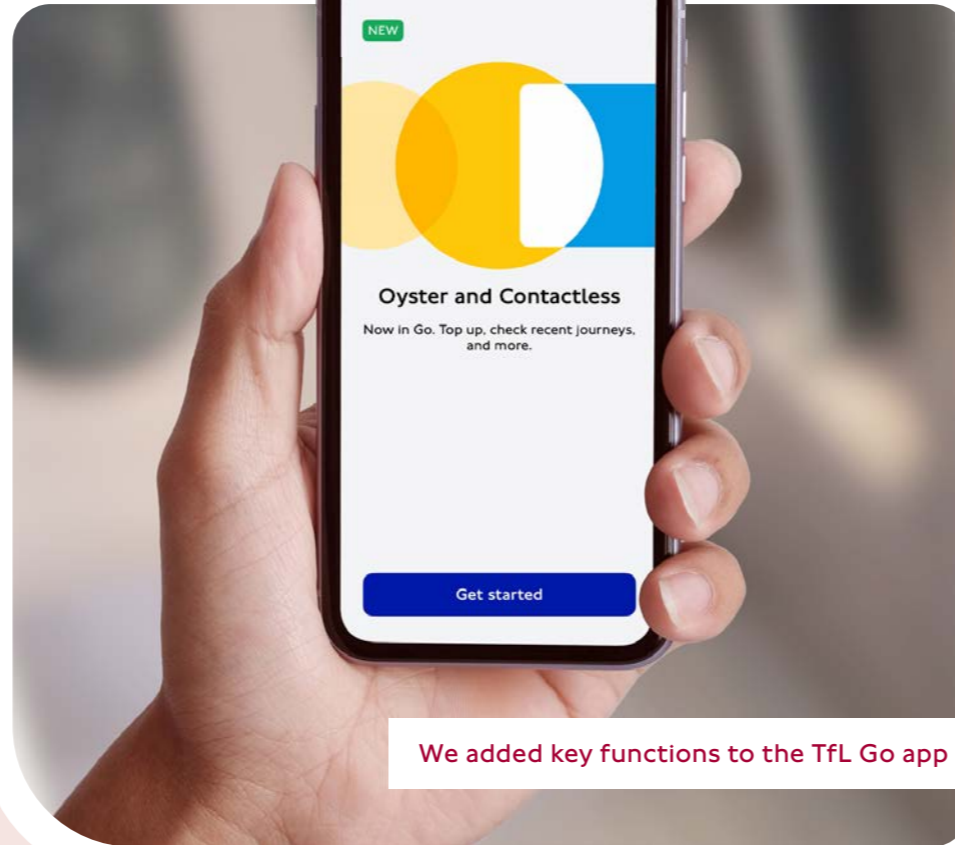
The Elizabeth line has transformed travel in London

## Fares history on TfL Go

We are always looking for ways to improve our journey planning app and give our customers even better functions

We upgraded our free TfL Go journey planning app in January to enable customers to check their contactless and Oyster accounts while on the move, without having to do so via the TfL website or Oyster and contactless app.

Customers can also check and apply for a refund for any incomplete journeys, top up pay as you go credit and buy adult-rate season tickets for their Oyster card via the app.



We added key functions to the TfL Go app

‘By providing up-to-date information on their journeys, as well as detailed real-time accessibility information, we can help make it easier for customers to move around the city’



Emma Strain  
Customer Director



1.2m  
regular TfL Go users



9m  
times that the TfL Go app has  
been downloaded

## Celebrating a special Jubilee

The transformational Jubilee line extension reached a significant milestone this year

We marked the 25th anniversary of the Jubilee line extension in May 2024 with a series of special ‘Jubilee 25’ posters that were displayed along the length of the line.

The extension, which began in May 1999, saw 11 new stations created. Each station was designed by different architects under the guidance of Roland Paoletti, with futuristic styles to ring in the new millennium.

Each of the new stations also offers step-free access from the street to the platforms, with lifts, ramps and level surfaces enabling people with accessibility needs to travel more easily.

The Jubilee line is the only line that provides interchanges with every Tube line and the DLR, as well as six national rail stations, London Overground stations and the Elizabeth line.



118  
escalators across the Jubilee  
line, as well as 34 lifts

# Driving ahead

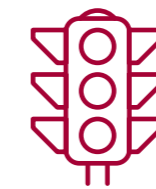
We are responsible for keeping the traffic moving throughout London's road network as effectively as possible

## Keeping traffic flowing smoothly across the capital

In June 2024, we completed a switch over of our ageing traffic signal system to a new cloud-based real-time optimiser system, with our partner Yunex Traffic Limited.

This world-leading upgrade to London's road network management has improved journey times, traffic flows and responses to incidents, as well as improving data on journey demand and road network patterns, which will help inform our work to optimise the road network.

Almost 4,000 junctions, 1,500 pedestrian crossings, and more than 16,000 traffic detectors across Greater London were seamlessly migrated to a new system without any impact on London's road network over a two-week period.



**6,400**  
signal sites that we manage across London

## Extended hours on the Woolwich Ferry

In May, we introduced a new and enhanced timetable on the Woolwich Ferry, with services operating for longer across the week.

The new two-vessel service operates longer hours on weekdays and weekends, with services running every 15 minutes from 05:00 to 21:00, seven days a week. The improved timetable was introduced following customer research that showed a demand for longer operating hours.

The Woolwich Ferry is a free service that provides an important link from Woolwich to North Woolwich for thousands of passengers every day, carrying pedestrians, cyclists, cars, vans and lorries.



We want to ensure the future of London's taxis

## Supporting the taxi and private hire industries

In March 2025, we published a new Taxi and private hire action plan, which sets out our vision for these services. We have developed actions that set out how we will make being a taxi or private hire driver an attractive career option, ensuring everyone feels safe while travelling, maintaining high standards of service, and reducing the environmental impact of the industry.

We engaged with stakeholders, the wider industry and customers, and will work with the taxi and private hire industries, boroughs and passenger groups to deliver the plan over the next five years. In February 2025, we launched a new licensing system. Unfortunately, the launch and our recovery from the cyber incident affected processing times for some licensees and we apologise to anyone affected.

## Silvertown and Blackwall Tunnels user charging consultation

The Silvertown Tunnel is a major project that will help us to alleviate congestion in other parts of London and help us better manage demand

In November 2024, we set out our recommendation for the package of discounts, exemptions and charges for the Silvertown and Blackwall tunnels, ahead of the new Silvertown Tunnel opening in April 2025. The charges are to cover the construction costs and help deliver the benefits of the tunnel.

The charging sees a user charge introduced for those using the Silvertown and Blackwall tunnels between 06:00 and 22:00, seven days a week.

It followed a public consultation during summer 2024, which proposed an off-peak rate of £1.50 for cars, motorcycles and small vans using Autopay, with peak charges being £1 more than standard off-peak charges for motorcycles and an extra £2.50 for cars and small vans.

To help residents and businesses, and to support people to use new public transport connections, we outlined a wide range of concessions and discounts, including a 50 per cent discount for low-income residents in I2 east and southeast London boroughs and the City of London.

### People behind the project

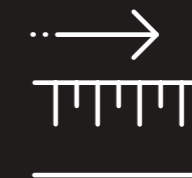
Delivering the benefits of the tunnel for Londoners was the driving force for Local Engagement Manager Maresa Donagh

I worked on the Silvertown Tunnel user charge consultation, engaging with local residents and businesses to ensure they understood the benefits that the new tunnel will bring to Londoners, such as cutting congestion, improving air quality and making journeys more reliable.

Through the consultation, we shaped a fair and balanced charging structure that

will help us manage traffic. We also aligned the scheme with new public transport options to encourage people to use these exciting new cross river connections. It's been a privilege to help deliver a major new infrastructure scheme that supports equity and sustainability.

**Maresa Donagh**  
Local Engagement Manager



# 1.4km

is the overall length of the Silvertown Tunnel



# Cultural capital

We have supported a number of creative projects that bring the arts to our customers as they travel through London



Ahmet Ögüt's work explores the power of art

## Poetry in motion

We continued to showcase the best in poetry as part of our Poems on the Underground series, which this year included live performances at Covent Garden in June from writer and poet Nii Ayikwei Parkes and Imtiaz Dharker, co-director of Poems on the Underground, along with staff from the station. In autumn 2024, our poems explored themes of memory, loss and alternate lives, with poetry from Fleur Adcock, Gabeba Baderoon, and Osip Mandelstam.

In February 2025, we also launched poems on the Tube, London Overground and Elizabeth line from Bei Dao, George Herbert, Li-Young Lee and Sujata Bhatt. This followed live performances from Niall Campbell, Imtiaz Dharker and Foyle Young Poet Lewis Corry, at Covent Garden station.

## Artistic licence

In January 2025, we announced the latest commissions from Art on the Underground, as part of the 25th anniversary of the scheme.

The series launched with a piece by Ahmet Ögüt that called on Londoners to share moments when art has saved them. We also announced a new sound installation at Waterloo station by Rory Pilgrim and a new pocket Tube map by Agnes Denes.

The 2025 programme followed a series of works introduced in 2024, including the permanent mosaic 'Angels of History' by Quinlan and Hastings at St James's Park; 'Three Women', a mural at Brixton Tube station by Turner Prize nominee Claudette Johnson; and 'A Taste of Home', a series of artworks in the rotunda at Heathrow Terminal 4 Underground station

by British artist and photographer Joy Gregory. Recruitment company Reed continues to sponsor the programme into 2025.

**'Art on the Underground has been bringing leading international artists to the spaces of the Tube for 25 years'**



**Eleanor Pinfield**  
Head of Art on the Underground

# London for everyone

We continued to ensure customers could enjoy all the great events in the capital by travelling on public transport



## Getting into the carnival spirit

Notting Hill Carnival is a massive cultural event in London that we were proud to support again this year

We took part in the celebrations for Notting Hill Carnival in August, teaming up with Windrush Generation Legacy Association to appear in Mas band Masology's float. The theme was Return to the Motherland, which celebrated Caribbean culture and heritage.

Bus operators Go Ahead London decorated a bus in special carnival-inspired designs, which featured in the main parade.

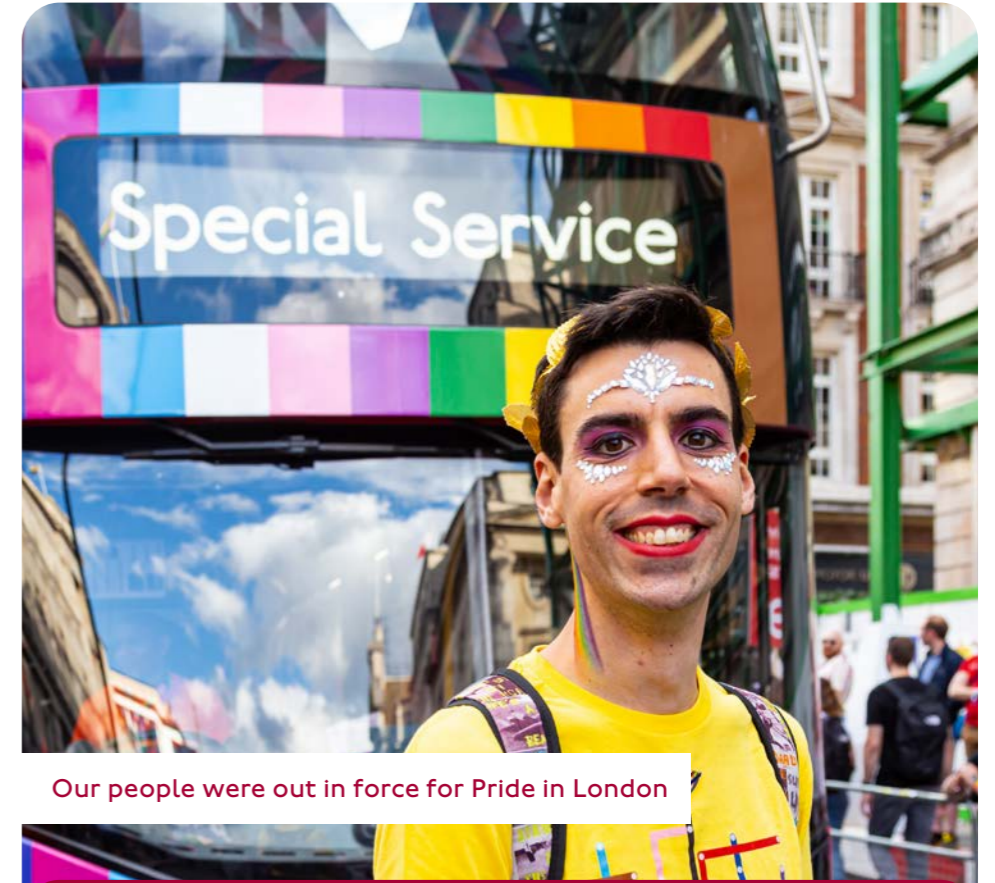
We also teamed up with Anthony Nolan, the stem cell transplant charity and our staff donated proceeds from the sale of Notting Hill Carnival 2024 pin badges.

We issued travel advice for the weekend to ensure customers could travel to the carnival safely, advising them of alternative stations and quieter times to travel.



# 1966

was the first year Notting Hill Carnival took place



Our people were out in force for Pride in London

## Showing our Pride

As part of our celebrations for Pride, we launched a series of photographic portraits at Vauxhall and Victoria Tube stations showcasing the impact volunteering has on the LGBTQ+ community in London.

Our staff, along with seven grassroots LGBTQ+ groups including Pink Singers and Skate Gals & Pals, were recognised for their work through the portraits.

We also worked with the London College of Fashion to develop a dress for the figurehead of our float for the Pride parade.

## Positive partnerships

We continued to work with some of London’s biggest destinations as part of our partnerships programme, giving customers discounted entry to some of London’s most popular attractions.

Among the highlights were partnerships with HMS Belfast, one of the most famous sights on the Thames. Customers could enjoy two-for-one entry to this floating museum when they travelled there using the TfL network.

We also partnered with the Old Royal Naval College to offer customers a 30 per cent discount on entry to the Painted Hall at this UNESCO World Heritage Site.

Customers could also enjoy discounted entry at five of Merlin Entertainments biggest attractions – Madame Tussauds London, SEA LIFE London Aquarium, Lastminute.com London Eye, the London Dungeon and Shrek’s Adventure! London.

Plus, customers could travel back in time and enjoy two-for-one entry at three of London’s historic royal palaces when using public transport to travel there. Customers could visit the home of Henry VIII at Hampton Court Palace, and get lost in the history of the Tower of London and Kensington Palace.



# 2 for 1

entry at London’s major attractions when customers use our network to travel there

## Supporting London Poppy Day

We again supported the fundraising efforts as part of London Poppy Day

Customers on our Tube and rail services were treated to a specially recorded message from comedian and musician Bill Bailey as part of our work to support London Poppy Day in October.

Elsewhere, actor, author, presenter and the Royal British Legion’s Ambassador Ross Kemp was on hand to support the collections at Charing Cross Underground station.

We wrapped buses in special poppy designs, as well as displaying poppy roundels on Tube and rail services and at stations. The gondolas on the IFS Cloud Cable Car were wrapped with poppy designs, and the Woolwich Ferry and other river services flew flags in support of the appeal. Victoria Coach Station featured poppy-themed roundels.



Stars of The Play That Goes Wrong took on the Tube

## All the world’s a stage

We offered Londoners the chance to enjoy some live theatre over Christmas

In December, we partnered with The Play That Goes Wrong to launch a 10 per cent discount on Theatre Tokens.

The cast from The Play That Goes Wrong attempted to navigate their way around our network to find their way to the West End, with characteristically hilarious outcomes. Luckily, our staff were on hand to guide them through the process.

This was the third festive season that we have partnered with Official London Theatre to offer discounts on Theatre Tokens ahead of Christmas.

Healthy Streets and healthy people

# Encouraging greener and active travel

---

Cleaning the air 50

---

Pedal power 52

---

Creating a sustainable future 54

---

Adapting for the future 56

---

Growing on success 58

---



# Cleaning the air

Our Ultra Low Emission Zone, which was expanded across London, is helping more people to breathe clean air

## Assessing the impact of the ULEZ

We have seen huge improvements in air quality since the Ultra Low Emission Zone was first introduced

In March 2025, the GLA published a report that showed a huge majority of vehicles driving in the expanded London-wide Ultra Low Emission Zone (ULEZ) were compliant with the requirements.

As well as helping to reduce nitrogen dioxide levels within the zone, areas outside London are also seeing the impacts of the ULEZ, with concentrations of roadside nitrogen dioxide within five kilometres of

the Greater London boundary 14 per cent lower on average in 2024, when compared with estimates if there was no ULEZ. Importantly, London's more deprived communities are seeing greater benefits from ULEZ. Nitrogen oxide emissions are estimated to be between nine and 15 per cent lower across all boroughs than would have been expected without the London-wide ULEZ expansion.



'I am grateful that more Londoners are able to breathe cleaner air and schemes like the expanded ULEZ are helping to achieve this by removing older, more polluting cars from our roads.'

Claire Mann  
Chief Operating Officer



All vehicles in London should be as green as possible

## Making construction cleaner

In February 2025, we launched the UK's first trial of mobile charging for zero-emission construction vehicles.

Working with the construction industry, this pioneering trial included an excavator and wheel loader, equipment that is traditionally powered by fossil fuels. The trial was a first of its kind for us. The method of recharging enables real-time updates on the machines' charging levels when on-site, which feeds into a team who can then send a charging van to the site, with vehicles being recharged in an hour. The trial took place across three sites over an 11-week period.

## Enforcement against persistent ULEZ penalty charge evaders

In October 2024, we stepped up our enforcement against drivers who persistently evade penalty charge notices for ULEZ contraventions.

We tripled the number of people in our investigations team to boost the work with enforcement agents to target those in polluting vehicles that refuse to pay the daily charges.

Our staff work proactively with the registered keeper to reach a solution, including setting up payment plans where appropriate, to make fines more manageable.



**97%**

of vehicles seen driving in the ULEZ comply with the emissions standards



**£700k**

recouped by sale of vehicles belonging to persistent non-payers in a year



## Decarbonising our buses

We continue to make our fleet of buses even cleaner and greener

In November 2024, we launched new tram-like buses to one of London's longest bus routes, number 358, which runs between Crystal Palace and Orpington.

The new buses are powered by pantograph technology, which enables fast, high-power charging at each end of the 15-mile journey through an arm-like structure attached to the bus roof. Charging takes as little as six minutes, which means drivers do not need to return to garages to recharge. Our fleet of 9,000 buses is 100 per cent low emission, of which 1,900 are fully zero-emission, and we continue to work with operators to transition the entire fleet and all the supporting infrastructure, such as garages, to zero-emission at tailpipe.

## Winding down the ULEZ scrappage scheme

In September 2024, our scrappage scheme for non-compliant ULEZ vehicles was closed to new applicants, with more than 54,000 applications approved to help people switch to cleaner, greener modes of transport. The scheme opened in January 2023 and was expanded to cover all Londoners with eligible non-compliant vehicles ahead of the launch of the London-wide ULEZ.

From March 2024, we also supported the option for people wishing to donate their vehicle to Ukraine in return for the same level of grant payment as scrapping their vehicle. More than 600 vehicles have been donated through the scheme by the end of March 2025.



**£188m+**

committed to supporting the scrappage scheme



**36,000+**

Londoners had their application approved to scrap or donate their non-compliant car or motorcycle

# Pedal power

We have a range of projects that are designed to encourage even more Londoners to enjoy the benefits of cycling

## Free riding on Sundays

We encouraged Londoners to make the most of our Santander Cycles scheme with free and unlimited rides every Sunday in June 2024.

The offer gave people the chance to make an unlimited number of 30-minute rides for free as part of our TfL Cycle Sundays promotion.

The scheme was developed in collaboration with leading cycling organisations and aimed to offer beginner-friendly routes in London, backed up by a range of support to make it even easier to try out cycling for the first time. This included park rides in Greenwich and Battersea, and an accessible cycle tour of Queen Elizabeth Olympic Park.

900 

e-bikes were added to our Santander Cycles scheme in July 2024

## Community grants to further boost walking and cycling

We want to encourage more groups to be able to enjoy the benefits of walking and cycling in the capital

In July, we opened applications for our Walking and Cycling Grants London scheme. Together with the London Marathon Foundation, we made more than £580,000 available to fund walking, cycling and community ideas to help increase participation among traditionally underrepresented groups.

The 55 successful new projects were unveiled in December 2024 and included projects that improve participants' confidence in walking and cycling in London, while enabling people to connect with their local communities, learn new skills, and improve their physical and mental health.

More than £328,000 of the funding was awarded to 134 existing projects, to continue their important work in the community. Among the schemes to receive funding were the London Hand Cycling Club, Positive Black Hikers, Babes on Bikes, Silver Cycling and BAME Women's Bicycling Initiative.



1.3m

daily cycle journeys took place in 2024



We want more people to have the confidence to cycle

'Local community organisations can play a vital role in enabling more people to choose walking and cycle for shorter journeys, particularly from groups that have historically been under-represented'



**Will Norman**  
Walking and Cycling  
Commissioner

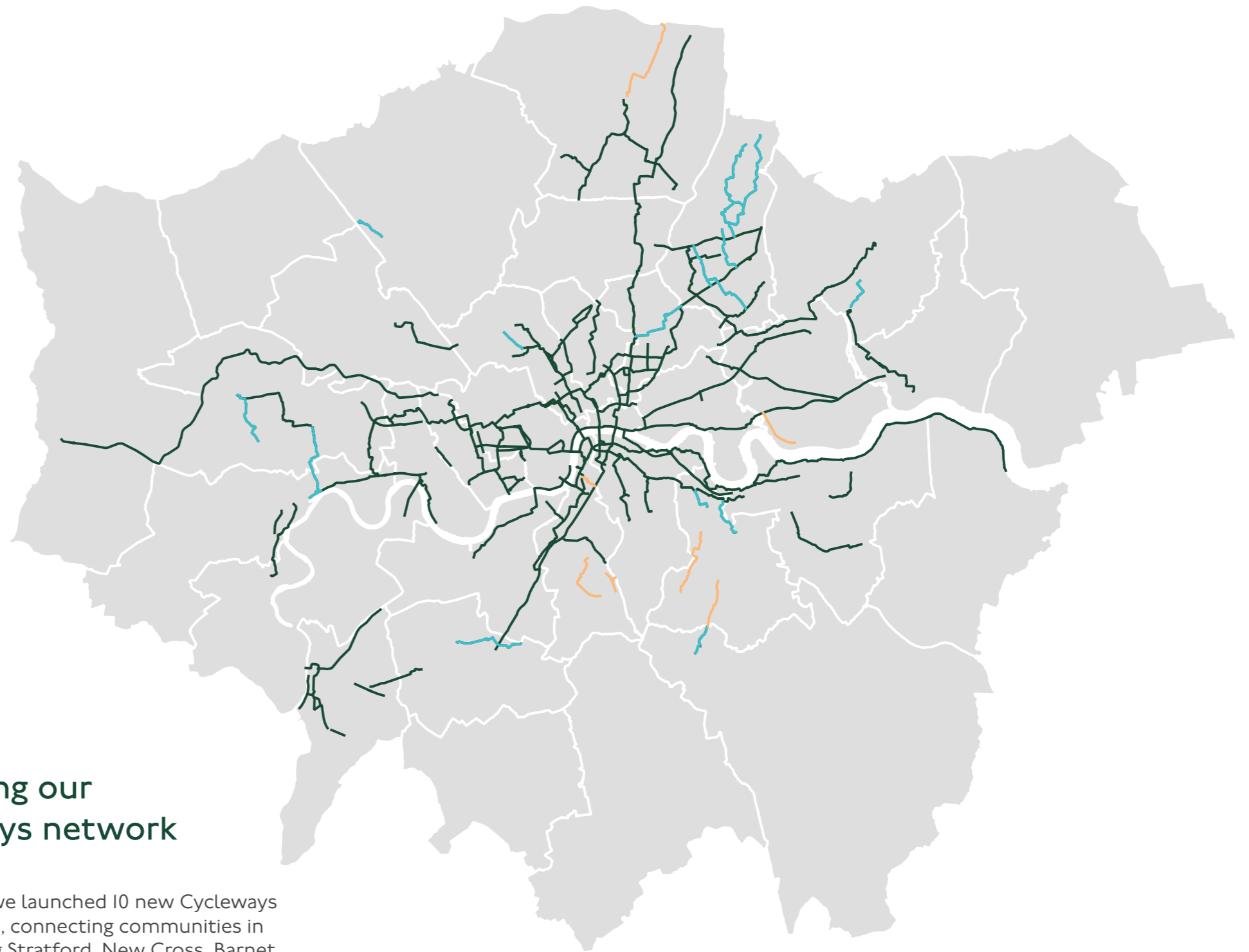
## People behind the project

Encouraging people to cycle is a huge motivation for Strategy and Policy Manager Jenny Nguyen

My favourite thing about working in the cycling team is the people I get to work with. From my own team, other teams within TfL, to working with borough officers, everyone is passionate about delivering safe and inclusive cycling infrastructure.

It has been great to see not only the uptake in cycling, but also the expansion of the Cycleways network. This has helped to create sustainable attractive places in London where people want to live, work and visit.

**Jenny Nguyen**  
Strategy and  
Policy Manager



## Expanding our Cycleways network

In June 2024, we launched 10 new Cycleways across London, connecting communities in areas including Stratford, New Cross, Barnet, Walthamstow and Ealing. This was followed up in October with eight new or expanded Cycleways across the capital.

The new Cycleways enable Londoners to travel more easily and safely around the capital and contribute to our target of having 40 per cent of Londoners living within 400 metres of the strategic cycle network by 2030.



# 35km

added to our strategic cycle network through the new Cycleways

Key:

— Strategic cycle network as of March 2024

— New Cycleways completed in 2024/25

— New Cycleways expected to be completed by Autumn 2025

# Creating a sustainable future

We are working to reduce our carbon footprint across all our transport modes and in our major development projects

## Climate risk assessment

In December 2024, we submitted our Adaptation Reporting Power to the Department for Environment, Food and Rural Affairs. This process happens every five years and helps inform the UK's national climate risk assessment.

Our submission outlined our climate risk governance, as well as our own climate risk assessment and adaptation actions. It built on our 2021 report to include new business areas, additional climate risks and interdependencies.

We disclose our work against the Task Force on Climate-related Financial Disclosures framework, which outlines our work to address climate-related risks and opportunities. Our overview can be found in our 2024/25 Statement of Accounts.

## Validating our carbon targets

We are always looking for the best-practice approaches to help us actively measure our carbon footprint

Our near and long-term targets to reduce greenhouse gases and reach net zero were validated by the Science Based Target initiative in 2024/25.

It is the first time we have set near and long-term emissions reduction targets across all areas of our business, extending beyond our own vehicle fleet and buildings to include contracted services, construction projects and our supply chain.

Our net-zero target is in line with limiting global warming to 1.5 degrees above pre-industrial levels, which meets the goals of the Paris Agreement.

The Science Based Target initiative is a climate-action organisation that provides a number of validated standards, tools and guidance that are designed to help companies and organisations to reduce their carbon emissions.



# 2040

is our target to achieve net-zero for greenhouse gas emissions



## Shining a light on solar farm development

In October 2024, we invited bidders to become our delivery partner to work collaboratively with us to develop purpose-built solar farms for our transport network.

The delivery partner will design and deliver proposals for solar developments and explore ways of developing and connecting solar infrastructure near our network. This will contribute to our wider ambition of using 100 per cent renewable source electricity across our operations by 2030.



# 64mw

of clean energy could be produced from our solar farm

## Decarbonising our estate

We are always looking for ways to improve the sustainability of our buildings and have trialled innovative approaches to reduce our carbon

As part of our work to improve energy efficiency across all our buildings, we signed up to the Better Buildings Partnership's climate change commitment, enabling us to work with our peers to improve our buildings and their energy suppliers, while being transparent on our progress.

During 2024, we trialled a groundbreaking project at our Stratford office that uses smart sensors to adjust ventilation, cooling and heating based on the number of people in the building. The initiative is being extended to other sites across our estate after the year-long pilot. It is predicted this innovation will save the equivalent of 140 tonnes of carbon dioxide emissions annually, which is about 20 car journeys around the Earth.

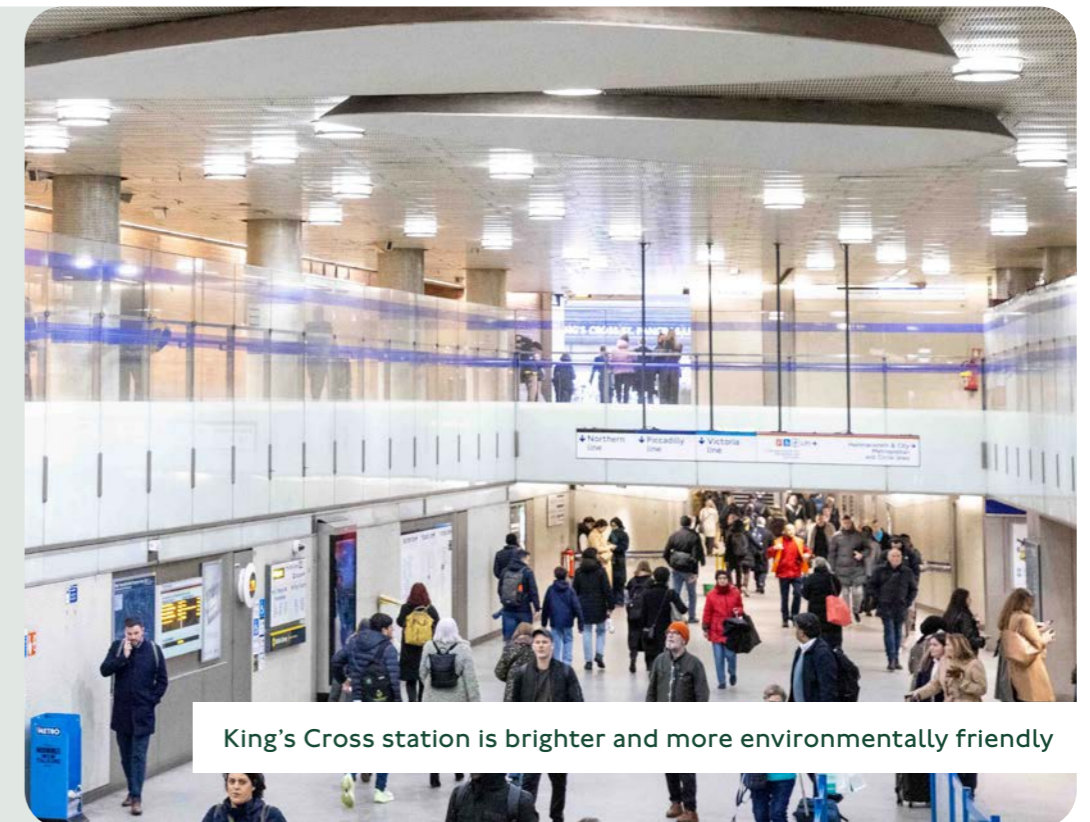
In the long term, this will extend the lifespan of our equipment and generate even greater savings with less need for maintenance and repair.

With support from the Department for Energy Security and Net Zero's Public Sector Decarbonisation Scheme, we are transforming some buildings on our estate. This includes the London Trams depot at Therapia Lane, where we are removing the use of fossil fuels wherever feasible. This project includes installing a mix of low-carbon heating systems, such as heat pumps and infrared panel heaters instead of inefficient fossil fuel gas boilers. There are also south-facing roof solar panels, improved insulation and LED lighting.

## Lighting up King's Cross

In February 2025, we completed the installation of 6,000 light emitting diode (LED) bulbs at King's Cross St Pancras Underground station, giving customers brighter journeys through the station and using up to 60 per cent less energy.

It was the latest in 120 stations that we have designated for upgraded lighting and is expected to save 1400MWh per year, which is equivalent to powering 500 homes a year. It is also expected to save almost 300 tonnes of CO<sub>2</sub>e and up to £455,000 annually.



King's Cross station is brighter and more environmentally friendly

# Adapting for the future

Ensuring our network can support Londoners now and in future years



## New look for Old Street

In October 2024, we completed the transformation of Old Street roundabout and station, with a new road layout, public spaces, safer walking and cycling routes and new station entrances.

We created segregated cycle lanes, wider footways and new pedestrian crossings, which have improved access to the station and made it easier to walk in the area. The new public space includes seating areas, picnic benches, rain gardens, planting, cycle parking and security bollards.



10%

increase in schools receiving our highest Gold accreditation in 2024 from 2023

## Supporting greener Travel for Life

We work with many London schools to encourage and reward active and low-carbon travel options

In May 2024, we held our Travel for Life Top Schools Awards event to recognise the schools that have gone the extra mile to champion active and safe travel.

Our Travel for Life programme supports the next generation of Londoners to travel towards a brighter, safer and more sustainable future. By completing activities that promote walking and cycling to school and the safe use of public transport, primary and secondary schools can become Bronze, Silver or Gold accredited.

This year saw entries from 200 schools, with the winning schools in seven categories being presented at a special ceremony at Kia Oval.

As well as the category winners, 20 other schools were recognised at the ceremony for their impressive achievements towards increasing active and sustainable travel to and from their schools. The programme is delivered by London Transport Museum in partnership with London's Borough Officers.

## Improving drainage across our network

Our drainage systems are helping to make our roads network more resilient to an ever-changing climate

We continued our programme of work to install sustainable drainage systems (SuDS) at key locations across London throughout the year to help reduce the risk of flooding and improve climate resilience.

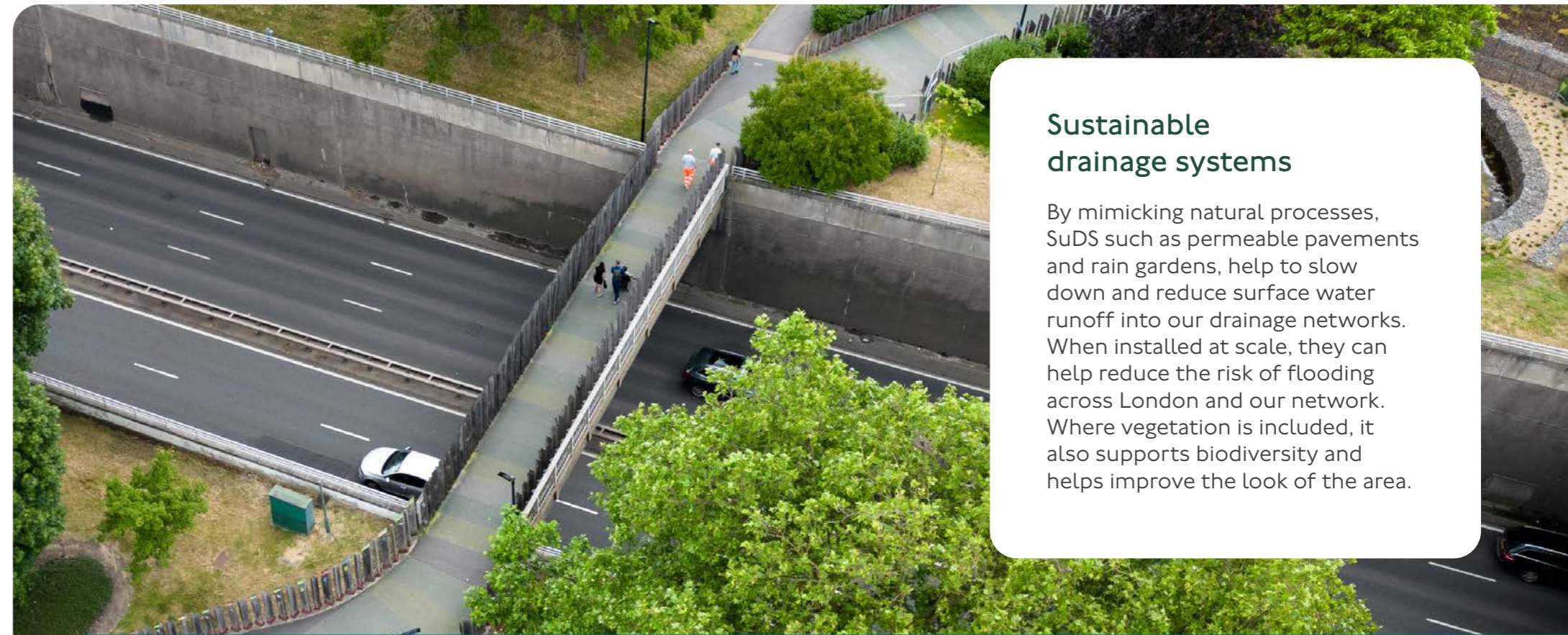
In October 2024, we completed work on the Marylebone Flyover raingarden, with more than 3,500 square metres of water collection area, making it the largest SuDS in central London.

The porous rain garden, which is on the site of the Joe Strummer Subway where the late punk star was known to busk before he found fame with The Clash, is the size of 10 New Routemaster buses and also boasts trees, shrubs and perennial plants.

Work is under way on the London Road Roundabout in Twickenham, which includes installing almost 1,400 square meters of SuDS catchment.

We also installed SuDS as part of our work to refurbish Cromwell Road bus station in Kingston, which opened in November 2024.

As well as the improved drainage, the energy efficient building boasts enhanced LED lighting, CCTV and a new canopy in the waiting area to keep customers warm and dry.



### Sustainable drainage systems

By mimicking natural processes, SuDS such as permeable pavements and rain gardens, help to slow down and reduce surface water runoff into our drainage networks. When installed at scale, they can help reduce the risk of flooding across London and our network. Where vegetation is included, it also supports biodiversity and helps improve the look of the area.

## People behind the project

Senior Engineer Gabriel Cooke is excited to see how the raingarden projects develop across our network

I saw the potential to create a raingarden in the disused subway in Marylebone and, with support from colleagues, we overcame several technical barriers and made it happen.

The raingarden brings greenery to the area and provides a practical purpose, easing pressure on the sewer network by holding rainwater at surface level, which

is increasingly important as rainstorms get more intense. I'm now building a portfolio of raingardens, proving what's possible and paving the way for future sustainable projects. Momentum is growing and I'm excited to see where it leads.

**Gabriel Cooke**  
Senior Engineer,  
Highways and Traffic



# Growing on success

We are developing our estate of wildflowers and blooms to help boost biodiversity in London

## Blooming marvels

We announced the winners of our annual 'In Bloom' competition in September, which encourages green-fingered staff across our transport network to transform parts of stations, offices and depots into colourful gardens of flowers, fruits, vegetables and air-purifying plants.

There were awards in a range of categories, from indoor gardens and hanging baskets to larger cultivated gardens. Northwick Park Underground station won the theme 'Gardens of The Future' award by planting adaptable, sustainable and edible plants. The planting provides a model for maximising small green spaces across the transport network. Upminster depot won the 'Best in Show' award. The In Bloom competition started in 1910 by the District Railway, and we have kept the tradition alive, often working with local residents and businesses. This year saw more than 60 entries from across the city.

## Wildflower power

We continue to increase our wildflower verge coverage as we look to boost biodiversity across the capital

For the second year running, we doubled the size of our wildflower verges to more than 260,000 square metres in 2024 as part of our pledge to increase biodiversity, mitigate against climate change and become resilient.

Wildflower verges encourage biodiversity and boosts the number of plants and wildlife, leading to greater amounts of carbon being stored in the soil, as well as supporting pollinators such as bees and butterflies.

We reduce mowing at our wildflower verge sites to enable the flowers to grow, but we continue to regularly mow the edges to ensure the streets are well maintained and safe.

We have wildflower verges across the network, including Gants Hill Roundabout in Redbridge, Clockhouse Roundabout in Feltham and the A21 Sevenoaks Road in Bromley.



Our wildflower verges are home to a wealth of wildlife



# 700

plant species are supported across our estate

New homes and jobs

# Supporting business and creating homes

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Delivering for London 60

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Spaces for businesses 62

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Delivering for the future 64

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# Delivering for London

Our property company Places for London has continued to support the development of new homes and jobs across the capital

## Pushing ahead with Places for London

Our commercial property company continues to develop and is helping create the spaces that London needs

Since we established Places for London, our wholly owned commercial property company, we have been able to invest record amounts in upgrading and expanding our estate without diverting any funds away from the transport network.

As well as building vital new homes, Places for London's construction skills programme has helped thousands of people take their first steps into the built environment or start writing their next career chapter.

Places for London's revenue generation increased by 13 per cent in 2024/25 to £102m, with more than 30 new retailers joining the estate. These results demonstrate the strong demand there is for quality spaces in well-connected locations.

Places for London continues to evolve, and by upgrading its systems and identifying the right partners, it will continue to provide positive changes that Londoners need.



'We are improving people's lives, including through building affordable homes, training in construction skills and supporting hundreds of small businesses'

**Graeme Craig**  
Places for London Chief Executive and Director



We provide space for retailers in key positions across London



30

new retailers and businesses joined our estate in 2024/25

## Homebuilding milestone

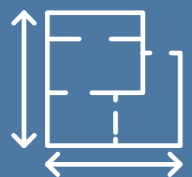
In September 2024, Places for London completed its 1,000th home. It reached the milestone at Kidbrooke, Greenwich in partnership with Notting Hill Genesis. Since then, it has gone on to complete 1,454 homes and it has started on sites that are delivering almost 3,000 more homes.

Many of the homes are already occupied, including 350 homes at Blackhorse View, which was the first joint venture with Barratt London.



900

new homes being delivered at Bollo Lane, in partnership with Barratt London



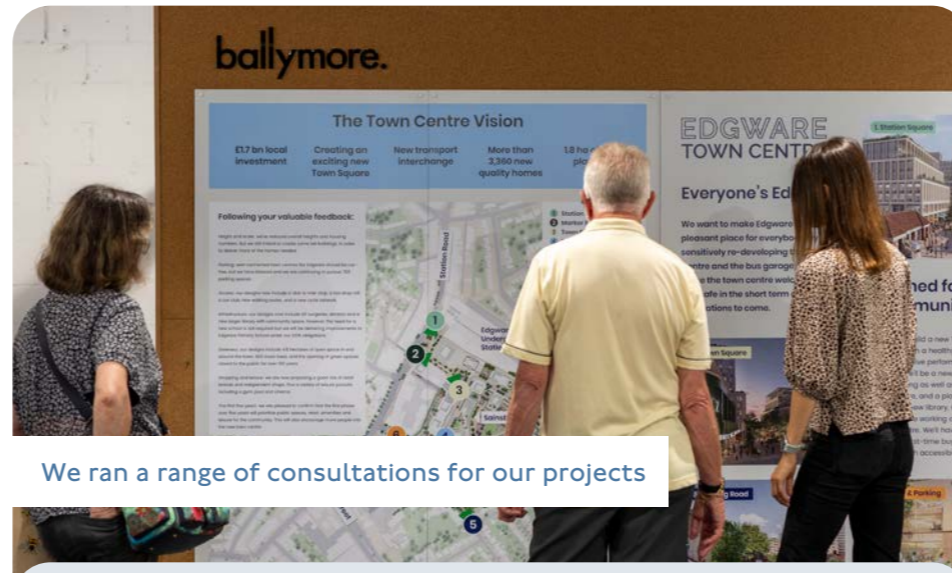
1,100+

new homes can be accommodated at our initial East London Partnership site on the Limmo Peninsula



44

social rent homes to be built next to Southwark Tube station



## Planning ahead to create more homes and jobs

Our proposals could unlock even more spaces across the capital

In 2024, Places for London submitted planning applications for two projects that could provide more than 7,250 new homes, with both applications being determined in 2025. This includes proposals that would deliver around 4,000 new homes as part of a new district for Earls Court. This is the biggest underused site in central London and the submission follows extensive engagement with the local community, as well as the boroughs of Hammersmith & Fulham and Kensington & Chelsea.

Places for London worked with Ballymore to submit plans for a new town centre in Edgware that will provide around 3,365 homes, of which 1,150 will be affordable, and improved transport facilities and public spaces.

## Proposed DLR extension

In August 2024, we published the outcomes of the first consultation on our proposal to extend the DLR to Beckton Riverside and Thamesmead.

The consultation asked for views on our preferred option of creating a cross-river extension from Gallions Reach, with two new stations at Beckton Riverside and Thamesmead, as well as other options. We also ran sample polling in locations that would be affected by the extension.

We received more than 1,200 responses, with 75 per cent of respondents saying the extension would make their journeys into the wider east and southeast London quicker.

We are now progressing the plans and preparing for a second consultation.

‘The DLR extension would encourage growth and opportunities for people who live in Thamesmead and Beckton Riverside by linking two major growth areas’



**Katie Jane Moorhouse**  
Consultation Manager

# Spaces for businesses

Our estate is helping to support the needs of the many varied businesses that operate across our spaces in the capital

## Our arches at Wood Lane

At Wood Lane, Places for London is transforming 12 arches beneath the Hammersmith & City line, making them ready for any business to customise and move in.

In 2025, 10 of the arches will be occupied, with businesses covering retail, food and drink, health and fitness, and beauty.



# £500k

expected to be generated from the Wood Lane arches each year when fully occupied

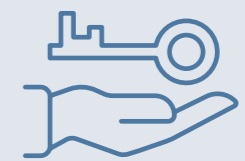


## Supporting business

We are investing in spaces that enable London's businesses to thrive

As one of the capital's largest landowners, Places for London is investing in our assets to unlock the full potential of these spaces.

In 2024/25, we welcomed 23 new retailers to the Places for London estate, from Bonnie's Blooms in north London to Urban Social in south London via Future Stores, an immersive digital and physical experience located in the heart of Westminster on Oxford Street.



# 1,500+

businesses supported across the capital by Places for London

Our spaces are giving London's small business a place to thrive

## Restoring Victoria arcade

We reopened the beautifully restored space at Victoria Arcade in August with new retail spaces

Built in the early 1900s, the Victoria Station Arcade was given a £1.5m restoration, using skilled craftspeople to sensitively restore heritage mouldings, stonework and plasterwork.

The site had new Edwardian-style shopfronts, which replicate the two original remaining shopfronts, and period-style lighting. It was decorated in a historic District Railway colour scheme. There are seven retail units, with incoming businesses offering something for everyone.



We have restored the spaces at Victoria Arcade

## Refurbishing space at Liverpool Street

Places for London has refurbished the historic arcade at Liverpool Street, which first opened in 1912. In partnership with BOXPARK, Places for London delivered BOXHALL City to the arcade, a new concept that brings together the best of London's food scene in a vibrant and dynamic venue.



14

kitchens at BOXHALL City, alongside two bars

## Supporting London's start ups

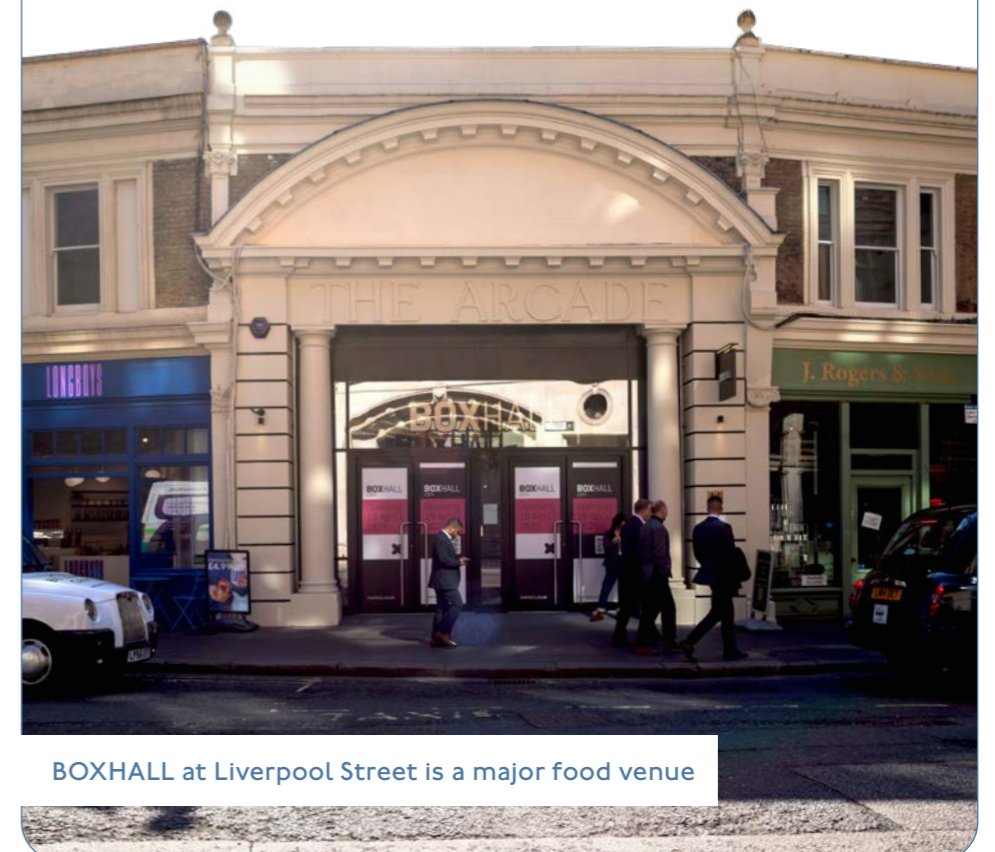
We worked with Westminster City Council's Meanwhile On project, which is a supportive platform for emerging brands, entrepreneurs and creatives to launch new stores.

In 2024/25, Places for London welcomed two start-ups on Oxford Street – bespoke sneaker artist shop CANVSS – and chocolatier Love Cocoa, which was founded by the great-great-great grandson of John Cadbury on South Molton Street.

The two businesses showed a strong commitment to innovation, creativity and sustainability, which can positively impact the high streets.



We offer spaces for a range of start-up businesses



BOXHALL at Liverpool Street is a major food venue

# Delivering for the future

We are working together with our partners to support opportunities and create innovative spaces for all

## Expanding electric vehicle charging



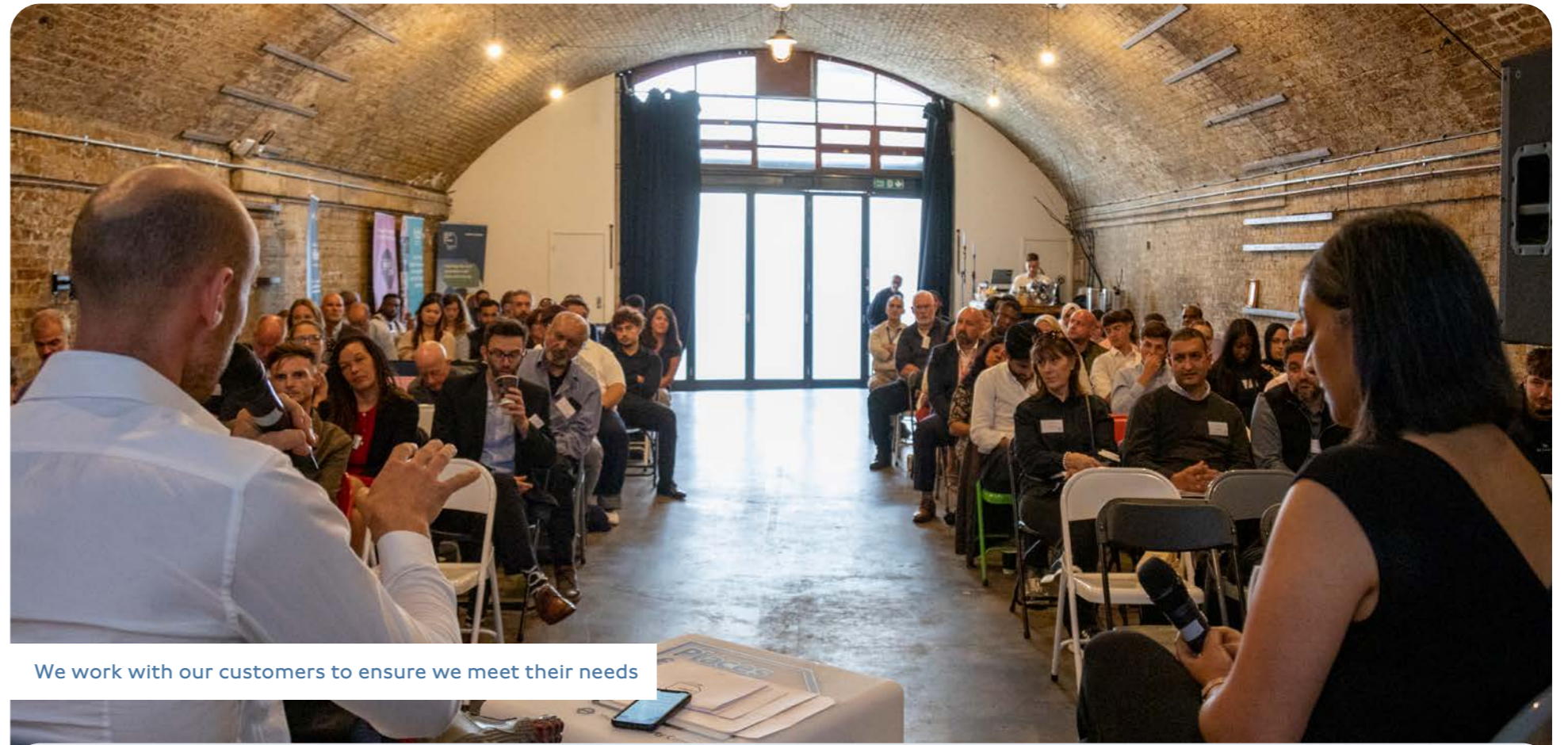
Places for London identified five sites across London that could accommodate ultra-rapid electric vehicle (EV) charging hubs. These would complement the rapidly growing network of EV chargers across London.

In 2024/25, Places for London made significant progress on its EV hubs programme and selected Fastned as its latest partner. It also received its first planning consent at Hatton Cross.



# 21,600

electric vehicle charging points across London



We work with our customers to ensure we meet their needs

## Engaging with our customers

It is important that we listen to our business customers to get a clearer idea of how we can help them to deliver for London

In September 2024, Places for London held its inaugural Customer Conference and awards at Motel Studios, which operates out of one of the arches beneath the Windrush line.

The event brought together businesses operating across Places for London's estate with guest speakers from the GLA, the Federation of Small Business and Grow London Local.

Businesses spoke about the ways that they have supported their local communities, reduced their impact on the planet and made their industries more open and inclusive.

The event also gave the opportunity to recognise some of the leading businesses on the estate, including Legacy Martial Arts, Lola's Cupcakes, Planque and Plemora Flowers.

## Supporting the next generation

Places for London is helping young people to take their first steps towards a career in the construction industry

Last year, Places for London opened its third construction skills centre in Edgware in partnership with Ballymore, joining those at Earls Court and the original centre at Build East.

The Edgware centre provides a base for local people seeking to embark on a range of rewarding and varied careers in construction and the built environment.

It is designed to offer a diverse range of training opportunities, including pre-employment training, dry-lining apprenticeships, retrofitting and green skills bootcamps.

Places for London has also been working with schools across London to help hundreds of young people understand the vast range of roles available and inspire them to join the industry.

Places for London partnered with Construction Youth Trust last year to help expand its reach. Together, they aim to engage Londoners through a range of inspirational workshops and intensive programmes to support young people progress into built environment careers.

## People behind the project

Construction Skills Manager Abdul Khan enjoys seeing people fulfill their potential

Our newest Skills Centre in Edgware is bringing together terrific partners to help local people take their first steps into the construction industry.

It has been a game-changer for so many, including for one learner who came into the centre when it was being built. He was lacking confidence and looking for a new job opportunity. After completing a work trial, he was offered a role with the refurbishment company.

The Skills Centre is more than training – it’s about discovering hidden talent and showing people what they’re truly capable of. Every day, we see lives transformed, which is what makes this work so rewarding.

**Abdul Khan**  
Construction Skills Manager



10,000

people have taken their first steps into the construction industry through the Skills Programme



12,718

young people have engaged with the schools programme

## Adapting to changing workspace demands

Working patterns and workspaces have changed dramatically in recent years and Places for London is identifying opportunities to upgrade and expand its office portfolio.

Our best-in-class office building above the new Bank station entrance, 10 King William Street, is the first being built by our Platinum Portfolio joint venture with Helical. The partnership aims to create exemplary sustainability performance and an excellent occupier experience.

# Overview of our finances

Narrative Report and Financial Review 67

Statement of Responsibilities for the Accounts 103

Independent Auditor's Report to the Members of Transport for London 104

Group Comprehensive Income and Expenditure Statement 114

Group Balance Sheet 115

Group Movement in Reserves Statement 116

Group Statement of Cash Flows 117

Corporation Comprehensive Income and Expenditure Statement 117

Corporation Balance Sheet 118

Corporation Movement in Reserves Statement 119

Corporation Statement of Cash Flows 120

Accounting Policies 121

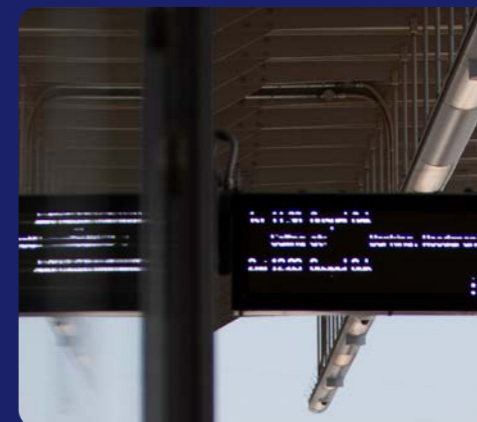
Accounting Judgements and Estimates 135

Notes to the Financial Statements 137

Annual Governance Statement 231

TfL Board, committee and panel members 235

Remuneration report 2024/25 243



# Narrative Report and Financial Review

## Overview

TfL has ended the 2024/25 financial year in a strong position, thanks to the dedication of our teams across the organisation. This enables us to continue to deliver a first-class transport network that supports productivity and economic growth in both London and the wider UK.

Having navigated the challenges of the pandemic, which severely impacted our fares income and necessitated government funding support, we achieved a historic milestone last year by generating an operating surplus. This accomplishment met the Government's target for TfL to become operationally financially sustainable.

Despite facing several external economic challenges this year, including lower-than-expected economic growth, prolonged inflation and higher market interest rates, we built on the success of 2023/24 and ended the year with an operating surplus for the second consecutive year. We achieved a surplus of £166m (excluding Places for London), which is £5m above budget, and all of this is reinvested into maintaining and improving our network.

Various factors, such as the uncertain macro-economic outlook, changing commuting patterns and the cost-of-living crisis, prevented us from achieving our target growth in passenger journeys of six per cent from the end of 2023/24. We are continuously exploring ways to attract more customers to our services, including enhancing accessibility on our Tube network and expanding services like the Superloop bus network, which has been popular with our customers.

Our operating costs were lower than expected, primarily due to the outcome of the triennial TfL Pension Fund valuation as of 31 March 2024. The subsequent agreement with the TfL Pension Trustees allowed us to reduce our employer contributions from 27.3 per cent to 10.5 per cent for the next three years without changing employee pension arrangements. These savings, along with strong cost control, helped offset the lower-than-expected year-on-year growth in passenger journeys.

In addition to our financial achievements, the past financial year has brought notable successes. We launched new London Overground line names, delivered essential station improvements at Colindale and Kentish Town and invested £770m in asset replacement, with a focus on improving outcomes for customers. During 2024/25 construction was substantially completed on the Silvertown Tunnel, the first new road tunnel in London in 45 years, which opened in the first week of April 2025. This tunnel will provide much-needed resilience to cross-river travel in east London and support cleaner, more efficient journeys.

TfL is one of the few transport authorities worldwide that can cover its day-to-day operating costs independently, as well as most of its annual capital investment programme, which is just under £2bn. However, we cannot fund our capital projects entirely on our own and are grateful that the Government has confirmed £2.2bn of capital funding for 2026/27 to 2029/30 in Phase 2 of the Spending Review. This is in addition to the £485m already confirmed for 2025/26.

Looking ahead, 2025/26 will bring continued pressure to grow passenger revenue and diversify our income base to meet rising operational costs. Nevertheless, our commitment to investing in London's infrastructure remains unwavering. This investment is crucial for building a greener, more sustainable city, supporting the UK's economic recovery, and reinforcing London's status as a world-leading global city. TfL will continue to play a vital role in this journey.

## Organisational overview

TfL is a statutory corporation established by section 154 of the Greater London Authority Act 1999 (GLA Act 1999). It is a functional body of the Greater London Authority (GLA) and reports to the Mayor of London.

We are the integrated body responsible for London's transport system. We implement the Mayor of London's Transport Strategy and manage transport services across the capital. We aim to deliver safe, reliable and integrated transport to those who live in, work in or visit London.

## Governance

Our governance and decision-making arrangements ensure we manage the organisation responsibly and effectively and to high standards of business conduct (see TfL's Annual Governance Statement). This includes operating within the requirements of relevant legislation (including local authority legislation), as well as understanding our responsibilities to spend public funds efficiently and manage risks effectively.

We conduct, at least annually, a review of the effectiveness of our governance framework, including the system of internal control, which is reported to the Audit and Assurance Committee. There is also an annual Board Effectiveness Review.

The opinion for the year ending 31 March 2025 concluded that our governance framework was satisfactory for TfL's needs and operated in an effective manner. The opinion highlighted the progress against the 2024/25 improvement plan.

We have established a committee and panel structure to which we delegate detailed scrutiny of key areas of our responsibilities. We have ensured the TfL Board has the right range and depth of knowledge, skills and experiences to run the organisation effectively. We refreshed our Board membership, in line with best practice, so it remains relevant and up to date. At the date of this report 38 per cent of our Board members are women. We understand the benefits of diversity and are continually seeking to improve this across our Board and executive teams.

We also have a series of policies and guidance setting out expected standards of behaviour and conduct. These include the TfL Code of Conduct, anti-fraud and corruption policy and the whistleblowing policy.

In an organisation as large as TfL, we partly fulfil our duties by delegating day-to-day decisions to employees within our governance framework.

## Narrative Report and Financial Review (continued)

### Operating model

We are led by the TfL Executive Committee, which is responsible for setting the strategy and direction for the whole organisation. Members of the committee have clear individual accountabilities and objectives for the parts of the business they run directly and also collective objectives and accountabilities to be delivered by the organisation as a whole.

The TfL Executive team have worked to define the highest-level process that describes what we do and how we do it and create our value chain. Our value chain is:

- Strategise and plan
- Fund and procure
- Build and maintain
- Operate and optimise
- Enable and support

The value chain helps us to make sure work isn't duplicated and that we have clear accountabilities in each part of the business. The TfL Executive Committee is organised around the principles of the value chain, with the following roles:

- TfL Commissioner – Andy Lord
- Chief Capital Officer – Stuart Harvey
- Chief Customer and Strategy Officer – Alex Williams

- Chief Finance Officer – Rachel McLean
- Chief Operating Officer – Claire Mann
- Chief People Officer – Fiona Brunskill
- Chief Safety, Health and Environment Officer – Lilli Matson
- General Counsel – Andrea Clarke
- Director of Communications and Corporate Affairs – Matt Brown

### Strategy and resource allocation

The Mayor's Transport Strategy sets out plans to transform London's streets, improve public transport and create opportunities for new homes and jobs. This strategy is developed in consultation with our stakeholders, to improve the services we provide to our passengers. This includes how we engage and work with suppliers, communities, and our people.

Key priorities in the strategy are: creating Healthy Streets and healthy people, creating a good public transport experience and delivering new homes and jobs.

In 2024/25 TfL did not produce a medium-term Business Plan due to the start of Phase 2 of the Spending Review and the uncertainty over capital funding beyond 2025/26. Instead, our submission to the Mayor's 2025/26 Budget set out the medium-term plan for the organisation, demonstrating how we will achieve the Mayor's Transport Strategy and laid out our plans and investment priorities for 2024/25 to 2027/28.

The first full year of the Mayor's Budget submission was used as the basis for an annual budget, which allocates resource to individual departments and projects for the year ahead. In March 2025, the Board approved the 2025/26 TfL Budget.

### Interests of the Group's employees

At TfL, we are committed to creating a workplace that is safe and secure and fosters an engaged workforce. Our Vision and values – of being caring, open, and adaptable – are shaped by our people, reflecting how we should work together to achieve a better future.

Our Colleague strategy outlines our ambition to make TfL a great place to work, where everyone has the opportunity to thrive. A key priority in this effort is providing a fair and attractive employee offer. We remain dedicated to addressing gender, ethnicity and disability pay gaps, with a particular focus on supporting career development to increase representation at all levels of our organisation.

We already offer a strong, varied colleague reward package and benefits – but we know there's more we can do. We are enhancing our approach to pay management, balancing fairness and affordability while competing for top talent. On 1 April we launched a job family pay ranges concept for non-operational roles, which groups similar roles to ensure pay aligns with market rates and is tailored to different types of work.

Action on Inclusion is our long-term promise to create a truly inclusive organisation that reflects the city we serve. This strategy sets out clear actions and ambitions to address key issues and drive meaningful change. We are committed to fostering a workplace where everyone feels a sense of belonging and can bring their authentic selves to work.

Creating this cultural shift requires collective effort – everyone has a role to play by becoming an active ally. Our leadership team are accountable for role-modelling inclusive behaviours and implementing positive changes within their business areas.

Our Wellbeing for all plan provides clear direction on workplace wellbeing and will guide our approach through to 2030. This plan ensures that colleague wellbeing remains integral to everything we do, helping us educate and communicate our responsibilities across all roles and locations.

We recognise the importance of listening to our employees. Our trade union relationships, through local, functional and company-level meetings, play a vital role in fostering dialogue. Additionally, our Colleague Network Groups provide employees with opportunities to share ideas and support the advancement of our equality agenda across all areas of employment.

## Narrative Report and Financial Review (continued)

### Performance

#### Summary of financial performance for the TfL Group

Total revenues, excluding grant funding, for the year came in at £6,968m, compared with a total of £6,714m for 2023/24, reflecting recovering fares revenues as passengers continue to return to the network.

Gross expenditure of £9,425m has increased from the prior year total of £9,084m primarily from service expansion, higher staff costs following base pay increases and inflationary pressures.

In 2024/25, our net financing and investment expenditure decreased from £537m to £339m, primarily reflecting investment property valuations gains of £62m which increased from prior year losses of £108m, due to ongoing fluctuations in the property market. Net gains on disposals of investment properties also increased from £16m to £28m (See Note 8 and Note 9 to the financial statements).

Grant income at £2,731m, was £774m below the level seen in 2023/24, primarily a result of our extraordinary funding from the Department for Transport (DfT) to protect our passenger income from any demand shocks coming to an end and lower funding for capital expenditure.

These items combined with Corporation tax income of £32m results in an overall Group deficit after tax for the year of £2m compared to a prior year surplus of £393m.

This is mainly due to the timing of capital grant income, which was phased based on our cash requirements and so was higher in the prior year. After reserves transfers, this translated to an increase in usable reserves from £455m as at 31 March 2024 to £513m at 31 March 2025.

There are significant differences in the basis of preparation of the Group Comprehensive Income and Expenditure Statement compared with the management reports, which have resulted in the surplus turning into a deficit of £2m. The most significant of these is that our management accounts incorporates the cost of renewals (£770m) to present the ongoing, full, day-to-day cost of running and maintaining our existing network, whereas the income statement includes depreciation and amortisation of our full asset base (£1,325m).

In addition to £770m (2023/24 £763m) of spend on renewals works, capital spend included new investment of £1,110m (2023/24 £1,366m). Capital projects progressed in the year included the Piccadilly line upgrade, DLR rolling stock and systems integration, Four Lines Modernisation, improving air quality and the environment through safe and healthy streets and transformative developments such as those at Kentish Town and Colindale stations and preparation for the opening of the Silvertown Tunnel.

A detailed segmental analysis is provided in Note 2.

### Reconciliation from management reports to statutory accounts (£m)

| Year ended 31 March   | 2025       |
|---|------------|
| <b>Operating surplus per management reports (including Places for London)</b>                                     | <b>201</b> |
| <b>Adjustments between internal management reports and statutory accounts</b>                                     |            |
| Capital renewals treated as operating expenditure in the management accounts                                      | 770        |
| Depreciation, amortisation and impairments on property, plant & equipment and intangibles                         | (1,325)    |
| Change in fair value on investment properties   | 62         |
| Net gain on disposal of investment properties   | 28         |
| Difference in payments under PFI and lease arrangements and depreciation and interest under IFRS 16               | (18)       |
| Group share of loss from associate and joint ventures   | (7)        |
| Capital grant income excluded from the management accounts operating surplus                                      | 268        |
| Difference in pension payments charged to management accounts and pension service costs and interest under IAS 19 | (50)       |
| Taxation  | 32         |
| All other items   | 36         |
| <b>Group deficit after tax per the Comprehensive Income and Expenditure Statement</b>                             | <b>(2)</b> |

# Narrative Report and Financial Review (continued)

## Funding sources

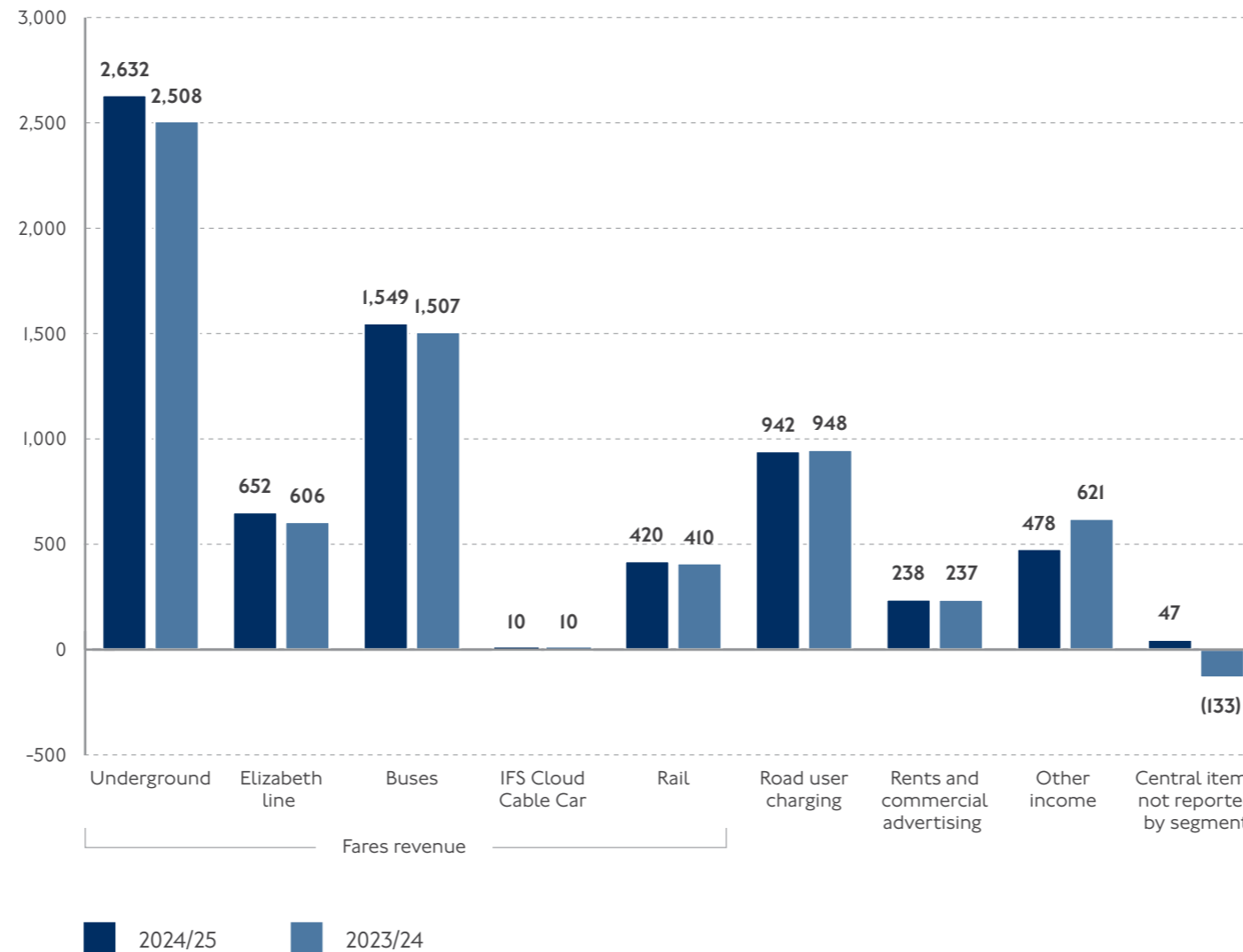
Our activities are funded from four main sources:

- Passenger fares income – the largest single source of our income
- Other income, including commercial activity and income from the Congestion Charge scheme and the Low Emission Zone/Ultra Low Emission Zone schemes
- Grant income, including a share of London business rates and council tax passed down to TfL from the GLA and grants from the DfT
- Prudential borrowing and cash reserves

Our Business Plan is financially balanced over the medium term, with planned funding sources sufficient to meet planned expenditure. Short-term timing differences between expenditure and funding are managed through transfers to or from our cash reserves.

## Gross service income

Gross service income breakdown by type (£m)

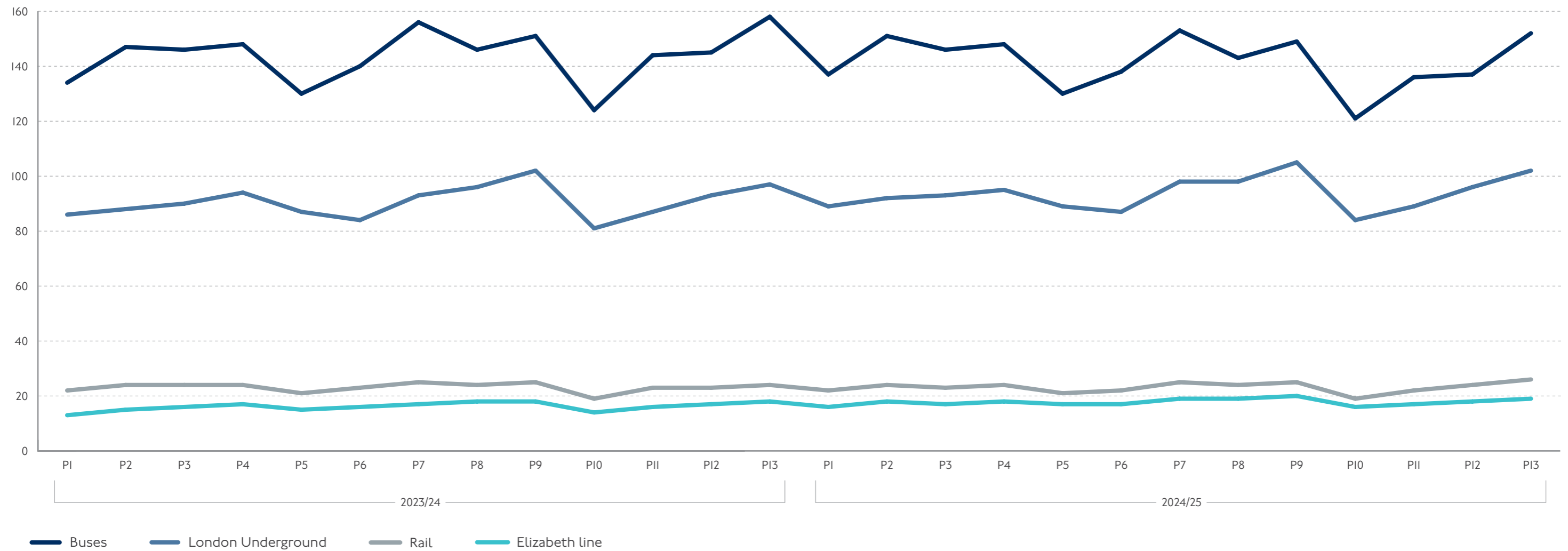


Total gross service income increased by four per cent from £6,714m in 2023/24 to £6,968m in 2024/25, reflecting our commitment to explore new ways of actively growing passenger demand and creating new sources of revenue to reduce our reliance on fares income.

Passenger fares remain our primary source of income and have increased by five per cent from £5,045m in 2023/24 to £5,275m in 2024/25. At the end of 2024/25 total journeys were 3.6 billion, up by 33 million from the previous year, reflecting sustained demand and steady growth across most services.

# Narrative Report and Financial Review (continued)

Passenger journeys per period (in millions)

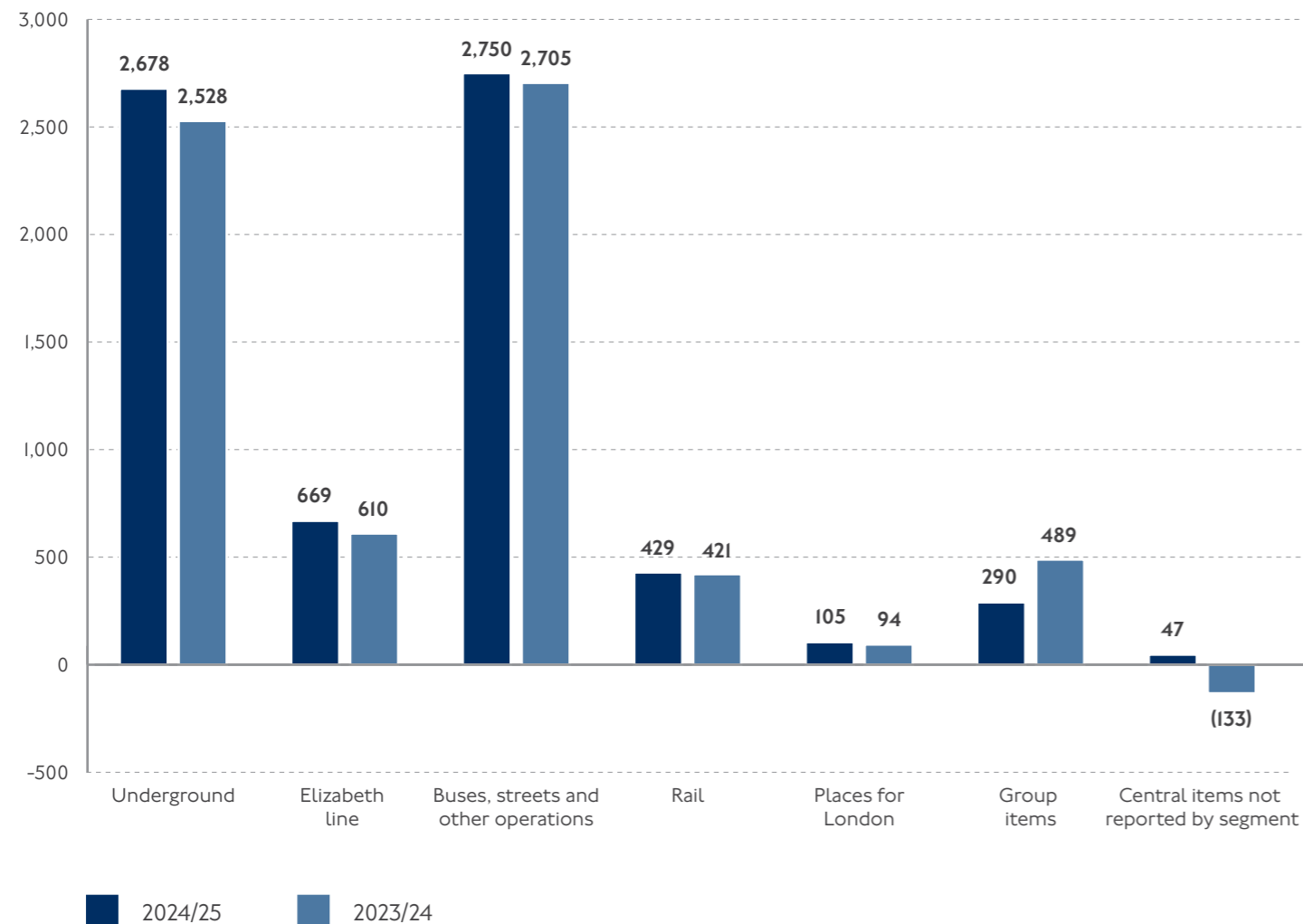


As well as the increase in passenger journeys, passenger revenues also reflect fare levels. TfL fare decisions are made annually by the Mayor. In March 2024, the Mayor announced a freeze on all fares under his control, and in December 2024 confirmed that bus and tram fares would remain frozen until 2026. This ensures

Londoners continue paying the same rates as they have since March 2023, keeping fares among the lowest in the UK and helping to boost bus ridership. Tube and rail fares across London increased by 4.6 per cent from 2 March 2025, in line with national rail fare adjustments.

## Narrative Report and Financial Review (continued)

### Total gross income by operating division (£m)



Total gross service income for the Underground was £2,678m, which is £150m higher than 2023/24. The fares component made up the majority of this increase as a result of the three per cent increase in passenger journeys to 1,216 million in 2024/25.

Gross service income for the Elizabeth line increased by 10 per cent from £610m in 2023/24 to £669m in 2024/25. Within this total, passenger income increased from £606m to £652m. In 2024/25, the Elizabeth line saw 231 million passenger journeys. This is an increase of 21 million over the previous year, demonstrating a continuous increase in demand.

Income from Buses rose three per cent, increasing from £1,519m in 2023/24 to £1,565m in 2024/25. Of this, passenger income contributed for £1,549m, £42m more than the previous year. Total Bus journeys for the year reached 1,842 million. Despite the success of the Superloop express services in outer London, which added extra bus kilometres to the capital's network and helped ridership growth, overall demand was just over one per cent lower than last year.

Streets and other operations income is at £1,185m, which is line with the prior year. Road user charging income has remained steady, at £942m, just £6m lower than 2023/24 levels. Fares income from the IFS Cloud Cable Car, at £10m for the year, was the same as in the prior year.

In the Rail division, income at £429m was two per cent above prior year levels. Within this, passenger income totalled £420m, an increase of £10m compared to 2023/24. Rail journeys, including London Overground, DLR and London Trams, totalled 299 million, just one million below the 2023/24 total and indicating stable demand across the network.

Places for London income has increased by 12 per cent from £94m in 2023/24 to £105m in 2024/25, the majority of which was rental income from the property portfolio.

Income from Group items relates to a variety of activities, including media, estates management and Travelcard administration.

### Government grants and other funding

We are no longer in receipt of grant funding from the DfT to fund operations, while during 2023/24, the DfT contributed grant funding totalling £188m to protect our growing passenger income against any demand shocks. Although we have achieved operating financial sustainability, we still require Government funding for major capital expenditure and over the last two years the DfT has contributed £815m to support our capital programme (£5m in 2024/25 and £810m in 2023/24). In addition, we continue to receive funding from the GLA as part of local authority devolved arrangements. The Mayor retains a share of London's business rates and then allocates a proportion of this to us as a resource grant.

Other sources of grant income included specific capital grant from the GLA for Housing Infrastructure projects, such as DLR train replacement and the East London Line, Levelling-up funding for step-free access at Colindale and Leyton stations, Home Office funding for communication networks on the Underground, and other contributions from third parties.

The total of resource and capital grants receivable by us in 2024/25 amounted to £2,731m (£3,505m in 2023/24).

## Narrative Report and Financial Review (continued)

### Prudential borrowing

#### Movements in borrowing during 2024/25 (£m)

|   |               |
|---|---------------|
| Opening borrowing at 1 April 2024 per the accounts                                  | 12,936        |
| Loan from UK Infrastructure Bank – £300m due in 2061                                | 300           |
| Green Finance Fund loan from GLA – £17m due in 2027, £33m due in 2032               | 50            |
| Issuance of rolling short-term Commercial Paper                                     | 1,031         |
| Repayments on Public Works Loan Board and European Investment Bank loans            | (640)         |
| Repayment of DfT Crossrail loans  | (70)          |
| Fair-value movements, issue premia/discounts, fee adjustments and interest accruals | 112           |
| <b>Closing borrowing at 31 March 2025 per the accounts</b>                          | <b>13,719</b> |

The authorised limit for direct borrowings for the Corporation set by the Mayor for 2024/25 was £14,654.0m.

In addition to these sources of financing, other sources include Private Finance Initiative contracts (PFIs) (Note 28 to the accounts) and other leasing arrangements which are discussed in more detail in Note 14 to the financial statements.

### Gross expenditure

Gross expenditure, which includes day-to-day operating costs as reported to management (see Note 2 to the financial statements) and central items not reported on a segmental basis (including depreciation and amortisation) increased by four per cent from £9,084m in 2023/24 to £9,425m in 2024/25.

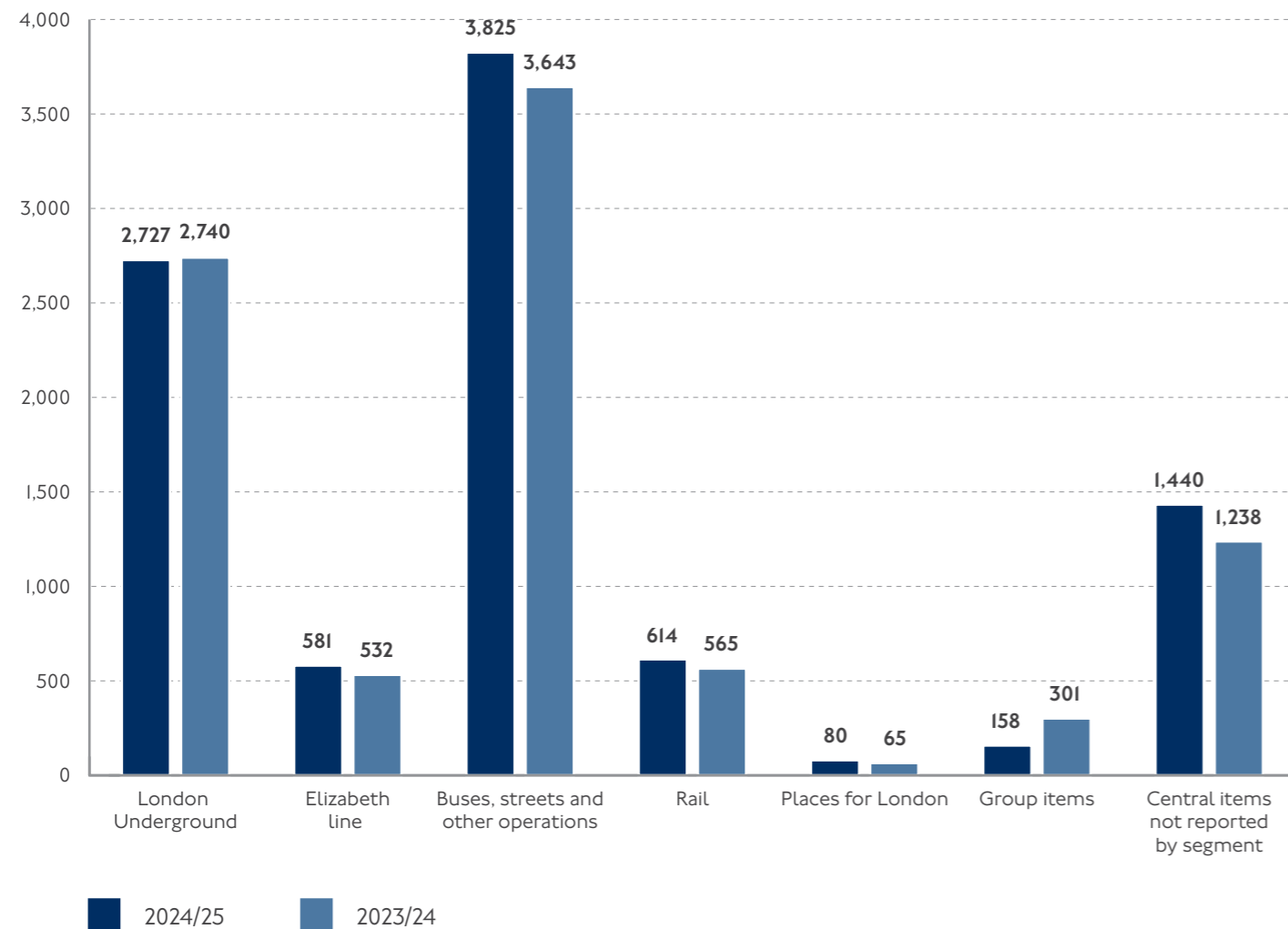
Like-for-like operating costs have reduced from £7,788m in 2023/24 to £7,640m in 2024/25 (in 2023/24 prices). We made £155m of recurring savings in 2024/25, taking total recurring savings delivered since 2016 to £1.5bn. We remain focused on tight control of expenditure and reducing our core costs where possible.

### Year-on-year costs of operations (£m)

|  | 2024/25        | 2023/24        |
|--|----------------|----------------|
| <b>Operating costs as per internal management reports</b>  | <b>(7,913)</b> | <b>(7,788)</b> |
| Adjust for year-on-year change in one-off items including cyber incident costs                           | 29             | -              |
| Adjust for year-on-year change in investment programme operating costs included in operating expenditure | (143)          | -              |
| Adjust for year-on-year change in new services and demand-driven costs in 2024/25                        | 135            | -              |
| <b>Operating costs (like-for-like basis) – nominal prices</b>  | <b>(7,892)</b> | <b>(7,788)</b> |
| Adjust for RPI at 3.3% in 2024/25  | 252            | -              |
| <b>Operating costs (like-for-like basis) – 2023/24 prices</b>  | <b>(7,640)</b> | <b>(7,788)</b> |
| <b>Real terms reduction in like-for-like costs</b>   | <b>148</b>     |                |
| <b>Real terms percentage reduction in like-for-like costs</b>  | <b>-1.9%</b>   |                |

## Narrative Report and Financial Review (continued)

### Gross expenditure by operating division (£m)



Operating costs across the Group were impacted by the outcome of the triennial TfL Pension Fund valuation as at 31 March 2024, and the subsequent agreement with the TfL Pension trustees, to reduce our employer contributions from 27.3 per cent to 10.5 per cent with no changes to employee pension arrangements. The lower pension contributions, helped offset unplanned costs arising from the cyber incident in September 2024, increased bus tender prices, and broader economic pressures including higher inflation and interest rates.

On the Underground, total costs decreased by £13m in the year.

Total operating expenditure on the Elizabeth line at £581m was £49m (nine per cent) higher than the prior year figure of £532m. The increase was driven by higher maintenance costs and continued operational activities to sustain the newly built infrastructure.

The cost of operating the Bus division increased by eight per cent from £2,269m to £2,454m, primarily due to cost pressures from higher bus tender prices and additional expenses related to the expansion of the bus network.

Within Streets and other operations, expenditure decreased from £1,374m in 2023/24 to £1,371m in 2024/25.

Operating expenditure for the Rail division increased by nine per cent from £565m in 2023/24 to £614m in 2024/25.

Property costs increased during the year from £65m to £80m, primarily due to the release of a bad-debt provision and therefore reduced operating cost in the prior year, following the settlement of a long-running dispute with a tenant in 2023/24.

Operating costs included within Group items reflect the fact that the internal management recharge of central overheads to divisions includes elements of income (including amounts for estates management and Travelcard administration). At the total Group level, for management reporting purposes, this income is shown as an element of total income. However, in the divisional analysis of performance, this income is included in the management recharge of net central overheads in the indirect operating cost of individual divisions.

## Narrative Report and Financial Review (continued)

As set out in Note 2, Central items not reported on a segmental basis primarily represent charges not included in internal management reporting. The most significant line item within this balance comprises depreciation, amortisation and impairment charges recognised in relation to property, plant and equipment, right-of-use assets and intangible assets. The total of these charges increased from £1,628m in 2023/24 to £1,650m in 2024/25. This category also absorbs the difference between the accounting methodologies used in the statutory versus the management accounts. The most significant of these relate to the treatment of defined benefit pension schemes, and to the treatment of former operating lease payable arrangements. In our management accounts the costs of these items are recognised within operating expenditure based on cash flows, whereas in the statutory financial statements, as set out in the Accounting Policies notes to the accounts, IFRS 16 Leases and IAS 19 Employee Benefits are applied.

### Net interest and finance income/charges

Gross financing and investment expenditure for the year was £502m, £122m below the prior year.

This decrease was primarily a reflection of valuation gains of £62m recognised in relation to the Group's investment property portfolio. In 2023/24, £108m of valuation losses had been recognised within financing and investment expenditure.

Also within this overall total, interest payable on direct borrowings increased by seven per cent from £466m to £498m.

This increase was primarily due to new borrowing during 2024/25, the prevailing interest rates on borrowing refinanced, and the prevailing interest rates on variable rate borrowing during the year. As at 31 March 2025, TfL had a nominal £13,653m of borrowings, of which around £1.67bn was short-term borrowing under the Commercial Paper programme. The weighted average interest rate was 3.7 per cent and the borrowings had a weighted average remaining life to maturity of 17.3 years.

Interest payable on borrowings was offset, to a degree, by the amount of interest capitalised into the cost of qualifying property, plant and equipment. Interest capitalised in 2024/25 totalled £12m (£12m in 2023/24).

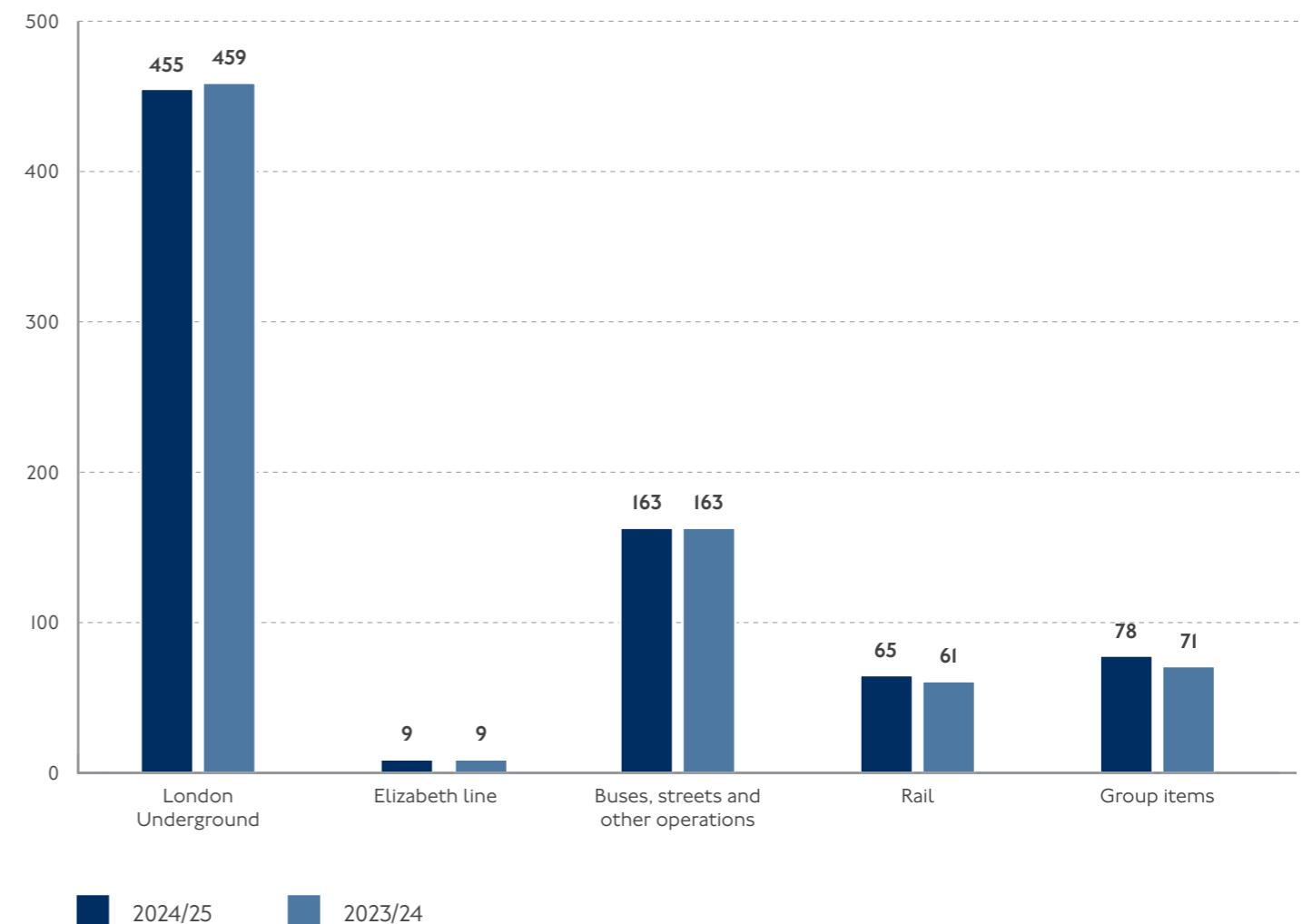
Interest expense on leases, including contingent rentals in respect of PFIs, decreased from £136m in 2023/24 to £134m in 2024/25. The Group's net interest income in respect of its defined benefit pension scheme obligations increased from £80m in 2023/24 to £118m in 2024/25.

Gains from the disposal of investment properties increased from £16m in 2023/24 to £28m in 2024/25.

### Capital expenditure

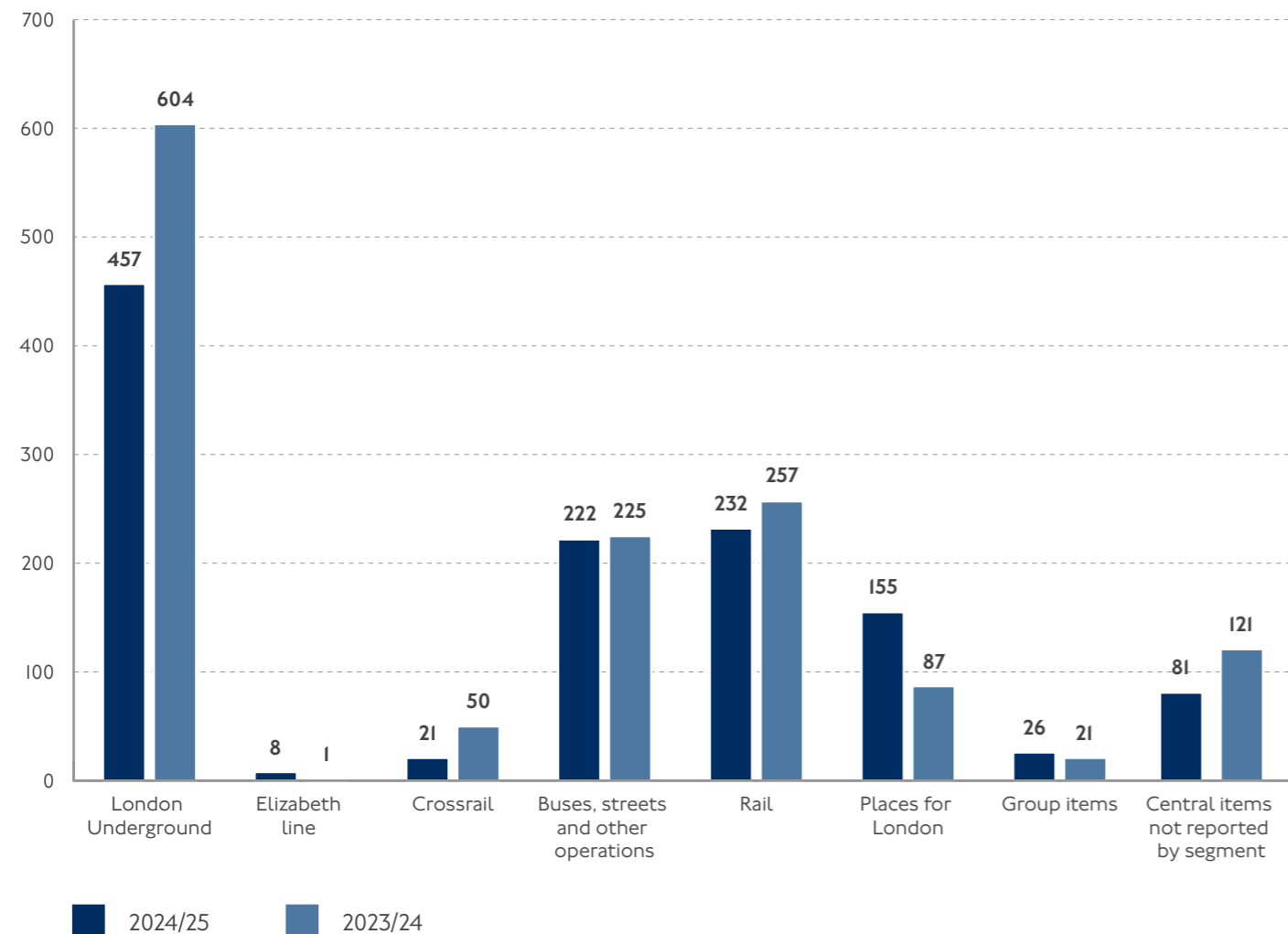
Total Group capital expenditure for the year, including property, plant and equipment intangibles, investment in joint ventures and associates and investment properties totalled £1,972m (£2,129m in 2023/24). Within this total £770m was spent on capital renewals (£763m in 2023/24).

### Capital renewals by business area (£m)



## Narrative Report and Financial Review (continued)

### New capital investment by business area (£m)



On the Underground, capital expenditure amounted to £912m, a reduction of £151m from the previous year's £1,063m. This included £457m for new capital investment and £455m for asset renewals.

The Piccadilly line upgrade continues to advance, with an additional £311m invested this year. The first of the new Piccadilly line trains arrived in London on 14 October 2024 and by mid-December we successfully powered up the train on our infrastructure. These state-of-the-art trains will offer features such as walk-through carriages, wider doorways, digital customer information screens, CCTV cameras, and air-conditioning for the first time on a deep Tube train. The new trains will be more energy-efficient, consuming 20 per cent less energy than the current fleet, and the nine-carriage trains will increase capacity by approximately 10 per cent.

We continue to make significant progress in replacing the aging infrastructure on the Circle, District, Hammersmith & City and Metropolitan lines, with £70m spent on this project in 2024/25. This initiative has provided 192 modern, air-conditioned walk-through trains and is in the process of introducing a new digital signalling system to enhance journey speed and reliability.

Renewals works delivered during 2024/25 included replacing more than 3.5km of track, improving reliability and reducing noise. LED lighting upgrades were carried out at 20 stations, delivering brighter, more energy-efficient lighting, supporting our move towards net zero by 2030. Work progressed on the Central line improvement programme with the full refurbishment of two trains and escalators at both Bank and Liverpool Street stations being replaced. Overhaul work also continued on the Bakerloo and Jubilee lines.

New capital investment on the Elizabeth line increased from £1m in 2023/24 to £8m. We are now investing in 10 new trains for the Elizabeth line, to improve train frequency and capacity. These trains will be funded by the Government and will help to boost our supply chains.

Total capital expenditure within the Buses division was £24m, which is £18m lower than in 2023/24. Within this total, spending on renewals decreased from £36m to £17m, while new capital investment saw a slight increase from £6m to £7m.

Capital expenditure on Streets and other operations rose from £346m in 2023/24 to £361m in 2024/25. We have expanded our cycle highways and completed the Silvertown Tunnel, enhancing travel options for our customers.

## Narrative Report and Financial Review (continued)

Total capital expenditure within the Rail division was £297m, which is £21m lower than in 2023/24. Work on the DLR rolling stock replacement programme continues, with £196m spent this year to introduce 54 new walk-through trains, 33 of which will replace the oldest trains in the fleet, while the remainder will boost capacity to meet growing demand across the DLR network.

On the London Overground, the project to introduce step-free access at Surrey Quays station is making excellent progress, enhancing accessibility and improving journeys for thousands of customers. A significant milestone was achieved in March 2025, when a prefabricated footbridge was safely installed during a planned weekend closure of the Windrush line. Once completed, this new footbridge, featuring stairs to all platforms, will help alleviate congestion on the existing narrow staircases, particularly during peak times.

Our property company, Places for London, continues to create the spaces that are vital for London's growth and development and invested £155m during 2024/25, £68m higher than in 2023/24.

During the year, £21m was allocated to residual Crossrail activities. The Elizabeth line has seen more than 500 million passenger journeys in its first two and a half years, making it the single busiest railway service in the UK.

### Cash and investments

Total cash, cash equivalents and investments with maturities greater than three months held by the Group at 31 March 2025 amounted to £1,486m, a decrease of £8m since the end of 2023/24. Of the total cash balance, £102m was held for closing and residual works on Crossrail activities, London Transport Museum Limited (LTM), London Transport Insurance (Guernsey) Limited (LTIG) and Places for London Limited.

Our liquidity policy requires that we aim to maintain cash reserves equivalent to at least 60 days' worth of forecast annual operating expenditure, on average (around £1.3bn for 2024/25). Our cash reserves remained above this level. Preserving liquidity by maintaining a minimum cash balance is crucial to our financial resilience.

The average yield from TfL's cash investments for 2024/25 was 5.02 per cent, in line with the average yield of 5.03 per cent in 2023/24.

### Pensions

As at 31 March 2025, most TfL employees were members of the TfL Pension Fund. Every three years, the TfL Pension Fund actuary makes valuations and recommends the level of contributions to be made by the participating employers to ensure the long-term solvency of the Fund. The latest available valuation of the Fund was carried out as at 31 March 2024 by the Actuary, a partner of consulting actuaries Willis Towers Watson, using the projected unit method. A revised Schedule of Contributions was agreed between the Trustee and the employers following the formal funding valuation of the Public Sector Section.

Under the valuation report, the Fund held a surplus of £3,044m as at 31 March 2024, compared to the 2021 valuation which showed a surplus of £179m. Assets totalled £14,998m and the defined benefit obligation totalled £11,954m. A revised Schedule of Contributions was agreed between the Trustee and the employers following the formal funding valuation. This set out a future service contribution rate of 10.5 per cent for the employers (a reduction from 27.3 per cent) and five per cent for members (no change).

A separate valuation of the TfL Pension Fund has been prepared, by actuaries at the XPS Pensions Group, for accounting purposes on an IAS 19 basis as at 31 March 2025. The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, while the present value of the scheme's defined benefit obligation is derived from cash flow projections. Due to the timescale covered, neither the assumptions nor the cash flow projections may necessarily be borne out in practice.

On this IAS 19 basis, the Public Sector Section's net surplus increased from £2,342m at the start of the year to £3,663m at the end of the year, as a result of a change in the financial assumptions adopted. The increase in discount rate reduced the value of the liabilities over the accounting period.

The total net surplus recognised in respect of all funded and unfunded pension arrangements at 31 March 2025 amounted to £3,595m (2024 £2,269m).

### Prospects, outlook, and principal risks Government funding

TfL is one of the only major transport authorities in the world not to receive a regular central Government grant to cover day-to-day operations. The pandemic devastated our finances and exposed the inadequacy of our current funding model. Our high fixed-cost base and our dependence on revenue from passenger fares mean that we are susceptible to passenger demand changes.

In 2024/25, we have delivered strong results despite several external economic headwinds hitting at once, with economic growth being lower than expected, inflation being higher for longer and market interest rates higher than in the last few years. We achieved an operating surplus for the second year running and every penny of this surplus will be re-invested to help fund our capital programme.

The latest TfL Budget, published in March 2025, shows a modest operating surplus in 2025/26 of £5m in the face of a significant number of headwinds. Passenger demand continues to grow, albeit returning to a normal level of growth of 1.3 per cent, which is more closely aligned to economic metrics in London and the wider United Kingdom. We plan to continue to deliver recurring operating costs savings, while investing £1.9bn into our assets and maintaining the outcomes we set in our 2024 Business plan.

## Narrative Report and Financial Review (continued)

The Government has consistently recognised that it is not possible for TfL to fully fund all major projects and asset replacements from its own sources of income and has committed to providing £485m of capital funding to support the delivery of our rolling stock and signalling replacement projects for the 2025/26 financial year.

We are grateful that on 11 June 2025, the Government confirmed £2.2bn of capital funding for 2026/27 to 2029/30. This will ensure that London's transport network can continue to support new homes, jobs and economic growth in the capital. It will boost jobs, skills, growth and opportunities across the UK and enable us to deliver a programme of sustainable investment.

### Passenger income

Our colleagues have continued to work tirelessly to attract customers back onto our network, including by delivering exceptional customer service, and creating a safe and clean environment on our buses, trains and in stations. In 2024/25 demand rose by 0.9 per cent from the end of 2023/24.

In December 2024, the Mayor announced a freeze on all bus and tram fares in London until March 2026. Tube and rail fares rose by 4.6 per cent in line with national rail fare increases from March 2025.

### Places for London activity

Places for London continues to build thousands of new homes for Londoners with work having started on sites that are delivering 4,300 homes.

Delivering an annual income stream is key to supporting TfL's financial sustainability, with Places for London generating £105m of operating income from property, car parking and other sources in 2024/25.

### Other income sources

The £210m GLA-funded scrappage scheme came to an end in 2024/25, having helped Londoners to move to cleaner vehicles after the expansion of the Ultra Low Emission Zone (ULEZ) scheme to the Greater London boundary in August 2023. Total income across all road user charging schemes fell by £6m year on year, and the introduction of the Silvertown Tunnel in April 2025 will see income from tunnel user charging for the first time.

We are currently undertaking a review of all non-fares related fees and charges to ensure these are appropriate and reflective of economic conditions.

### Operating expenditure

The 2025/26 TfL Budget represents the third consecutive year in which we plan to achieve an operating surplus, which is key to our financial sustainability. Given the uncertainty in recent years around fares income and capital funding, a core part of our strategy has been a strong focus on our operating costs as an area over which we are able to exercise control.

Delivering recurring operating savings is a key factor in maintaining control of our operating expenditure. We have delivered £1.5bn of recurring operating savings between 2016/17 and 2024/25. The 2025/26 TfL Budget includes £456m of operating savings, of which £239m were identified as recurring savings at the time of publishing the Budget.

Savings are being delivered through a wide range of measures across the organisation. Through significant management effort we have secured savings in 2025/26 through lower employer pension contributions. We are also building on the success of our initiative to replace non-permanent labour with permanent staff and extending our savings programme into all aspects of non-permanent labour and consultancy. We are reviewing all of the smaller projects in our plan to ensure they are value for money and benefits are being realised. Building a new programme of savings initiatives to 2030 will require us to embrace the benefits of innovation and new technology. We will use our innovation team to identify opportunities and run trials that can develop into a new programme of savings initiatives that we can deliver over the second half of this decade.

### Key deliverables

We are continuing to make progress on key Mayoral commitments, and the multi-year capital funding agreement will enable us to keep up the momentum on these activities. We are committed to improving accessibility across our network, and at the forefront of this is investment in step-free access schemes. This includes developing the next stage of feasibility at South Kensington station, a landmark project to ensure that all visitors can equally enjoy London's world-class museums as part of a wider development of the area.

Improving the bus experience is a key commitment for TfL and the Mayor. Two significant areas of focus are continuing to build the Superloop network, through Superloop 2, and the transition to a zero-emission network. We are investing in the first phase of Superloop 2 through supporting infrastructure and procuring the operating contracts. This phase includes a proposed route paralleling the proposed Bakerloo line extension and another supporting the proposed DLR extension to Thamesmead. Additionally, we continue to support acceleration of the transition to a zero-emission fleet, which requires new vehicles and changes to depots and other infrastructure.

Investment in Safe and Healthy Streets will increase in line with inflation, with an increased proportion of funding allocated to boroughs, specifically to support Vision Zero and bus priority. This will also include further development of the proposals to pedestrianise Oxford Street.

## Narrative Report and Financial Review (continued)

There are several other growth projects, linked to the Mayor's commitments, that we will continue to progress. These include the DLR extension to Thamesmead, West London orbital, and Bakerloo line extension.

### Pay, benefits and pensions

We will continue to keep our reward strategy under review, including the pension arrangements offered to all TfL employees, to ensure the reward package is affordable while remaining fair and competitive, both attracting and retaining the best talent.

A pay offer for London Underground for 2024/25 was accepted by all trade unions representing London Underground on 12 December 2024. In relation to base pay, the agreement was:

- A pay award of 3.8 per cent
- An additional flat rate award of £450 to all employees. This flat rate amount will be pro-rated accordingly for those colleagues who work part-time

- A minimum increase of £1,970 for colleagues earning £40,000 or less. This amount was pro-rated accordingly for those colleagues who work part-time

The 2024/25 TfL pay award was:

- A pay award of four per cent
- An additional flat rate award of £400 to all employees. This flat rate amount was pro-rated accordingly for those colleagues who work part-time
- A minimum increase of £2,000 for operational employees. This means that everyone on operational terms and conditions received a pay award of four per cent of their eligible base salary plus the additional £400, or a total award of £2,000, whichever was the higher. This amount was pro-rated accordingly for those colleagues who work part-time.



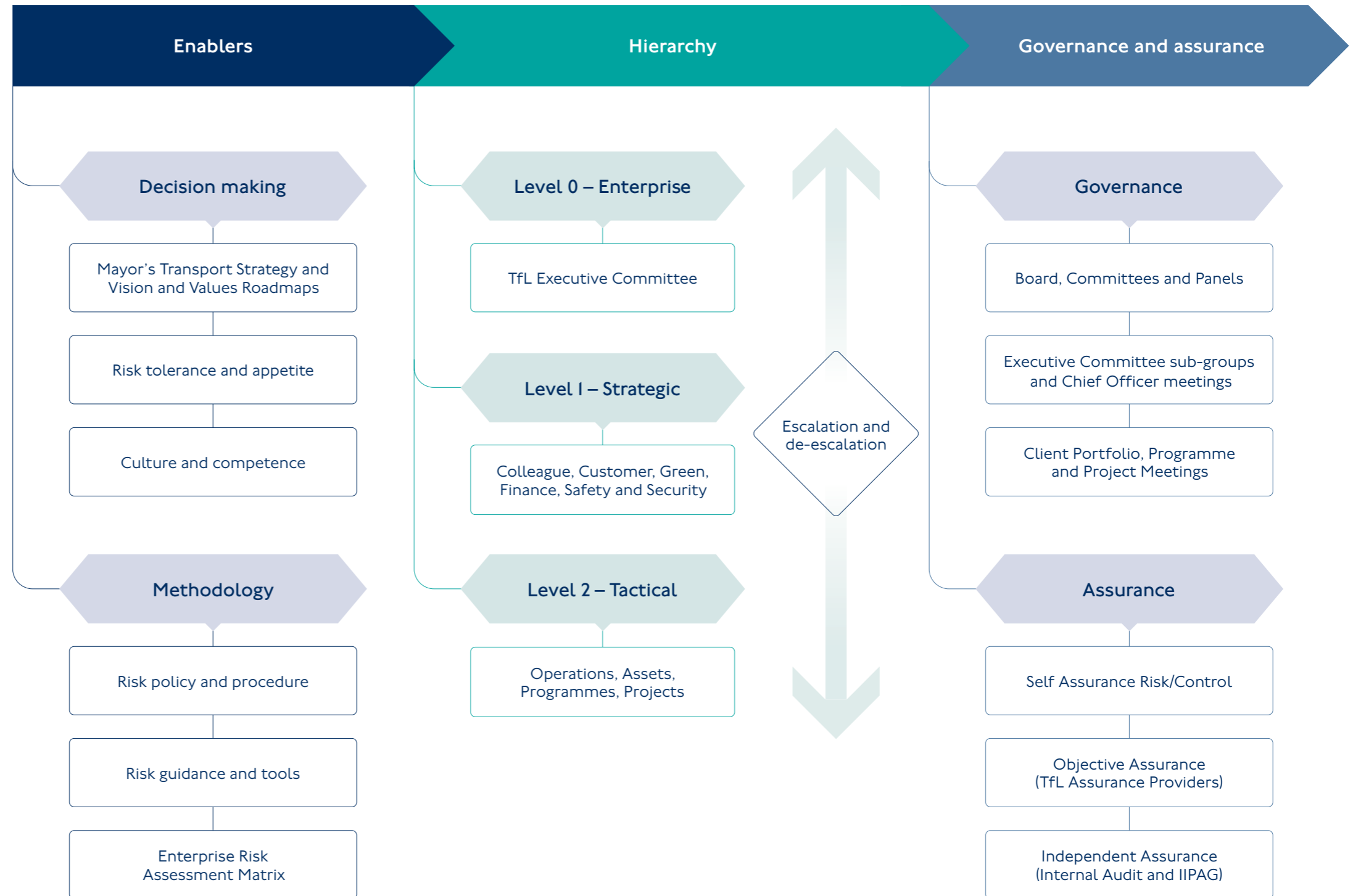
We offer fair and competitive pay and rewards

# Narrative Report and Financial Review (continued)

## Enterprise Risk Management Framework

The TfL Board has overall accountability for risk management. TfL’s risk appetite and tolerance approach is agreed by the Executive Committee and endorsed by the Board. Reporting of the risk appetite and tolerance position against existing enterprise risks has been operationalised and is driving the right conversations to support decision-making.

Our Enterprise Risk Management Framework (ERMF) supports a holistic and more integrated approach to managing risks across the organisation, enabling a coordinated and less siloed process, including the provision of governance and assurance activities. Risk management activities are aligned with TfL’s Vision and values themes: Safety and security, Customer, Colleague, Green, and Finance to help deliver our objectives. The ERMF reflects these themes (specifically aligned at Level I). An extract of the ERMF is shown below covering the enablers to risk management, TfL’s risk hierarchy and governance and assurance overview.



## Narrative Report and Financial Review (continued)

### TfL's enterprise and strategic risks

Our strategic risks are directly categorised by the Vision and values themes and the enterprise level risks have been mapped to a relevant theme. The enterprise level risks have been assigned to an appropriate panel or committee and continue to be presented annually for scrutiny. Our Executive Committee reviews and discusses the

enterprise risks on a quarterly cycle once a full assessment of each enterprise risk has been carried out. Each enterprise risk is also subject to an annual deep dive at Executive Committee as per the annual enterprise risk schedule (agreed with the Committee). Following this, a risk update is presented to the relevant committee/panel.

Level I strategic risks continue to be presented at the Executive Committee sub-groups. The Audit and Assurance Committee is updated on key risk management activities every quarter and reviews the effectiveness of the risk process at least annually.

TfL's current enterprise risks are detailed below, as well as the top three key mitigations for each risk. An additional enterprise risk – ER11 Significant cyber security incident – is being developed following the independent review of the cyber incident and discussions at TfL's Safety and Security Panel. The cyber aspects of the risk from ER04 Significant security incident including cyber security are being split out to form ER11.

| Risk | Title  | Key mitigations  |
|------|--|--|
| ER01 | Failure to prevent a significant safety incident or deliver safety obligations | <ul style="list-style-type: none"> <li>Asset condition and fault rectification</li> <li>Safety culture and leadership</li> <li>Assurance and monitoring</li> </ul>   |
| ER02 | Attraction, retention, wellbeing and health of our employees                   | <ul style="list-style-type: none"> <li>Delivery of the Colleague wellbeing plan</li> <li>Strategic workforce plan</li> <li>Reward strategy</li> </ul>  |
| ER03 | Environment including climate adaptation                                       | <ul style="list-style-type: none"> <li>Environmental investment</li> <li>Management system and assurance measures</li> <li>Environmental governance and oversight</li> </ul>   |
| ER04 | Significant security incident  | <ul style="list-style-type: none"> <li>Pan-TfL fraud risk assessments</li> <li>Security incident preparedness</li> <li>Cyber security improvement programme</li> </ul>   |
| ER05 | Supply chain disruption and ineffective procurement and contract management    | <ul style="list-style-type: none"> <li>Pan-procurement and commercial risk management process</li> <li>Periodic supplier risk monitoring</li> <li>Centralised management of supply chain risks</li> </ul>  |
| ER06 | Deterioration of operational performance                                       | <ul style="list-style-type: none"> <li>Long-term asset degradation control – asset renewals prioritisation</li> <li>Resilience plans and business as usual operational response plans to deal with unexpected failures, unplanned reactive response</li> <li>Securing long-term funding to support long-term planning</li> </ul> |

| Risk | Title  | Key mitigations  |
|------|--|--|
| ER07 | Financial resilience                                   | <ul style="list-style-type: none"> <li>Periodic analysis against budget (operating control)</li> <li>Maintaining minimum cash reserves (liquidity control)</li> <li>Demand forecasting (systematic control)</li> </ul> |
| ER08 | Delivery of TfL key investment programmes and projects | <ul style="list-style-type: none"> <li>Decision-making process at pathway gates</li> <li>TfL project delivery models</li> <li>Resource management and project management community</li> </ul>                          |
| ER09 | Changes in customer demand                             | <ul style="list-style-type: none"> <li>Financial contingency and liquidity</li> <li>Business planning and budgeting</li> <li>Scenario and risk-based planning</li> </ul>   |
| ER10 | Governance and controls suitability                    | <ul style="list-style-type: none"> <li>Privacy and security</li> <li>Management system</li> <li>Governance framework including the TfL Board and panels and committees</li> </ul>                                      |

## Narrative Report and Financial Review (continued)

### Responding to the cyber security incident

We worked around the clock to ensure our services were safe and could continue to operate following a cyber security incident in autumn 2024.

An unauthorised attempt to access our online systems in September 2024 caused inconvenience for our customers as new photocard applications, contactless journey histories and live travel data had to be temporarily suspended.

Following the cyber incident, we took immediate action to secure our network, ensuring all safety-critical systems and processes were maintained.

For security reasons, we had to suspend access to travel concessions, including the 11-15+ Zip Oyster photocard, 16+ Zip Oyster photocard, 18+ Student Oyster photocard and the 60+ London Oyster photocard. The photocard system reopened in a phased approach at the start of November, with applications opened for all concessions schemes later in the month. There was a dedicated webpage and emails sent out to keep customers informed. Refunds were given to customers who paid more for their travel than they should have during the suspension period.

By December 2024, more than 33,000 Zip Oyster photocards, around 40,000 18+ Student Oyster photocards and more than 13,000 60+ London Oyster photocards had been processed and dispatched.

Access to both Oyster and contactless journey histories was also restored in December 2024, so that customers could correct incomplete journeys and process service delay refunds if required.



We work to keep our customers safe and provide a quality service

## Narrative Report and Financial Review (continued)

### Streamlined energy carbon reporting

Streamlined energy and carbon reporting helps businesses across the UK in scope of the 2018 regulations to comply with their legal obligations in respect of energy usage and carbon emissions reporting. The Greenhouse Gas Protocol defines three emissions scopes:

#### Scope 1

Direct emissions – the emissions from owned or operated assets.

#### Scope 2

Indirect emissions – the emissions from purchased energy.

#### Scope 3

Indirect emissions – all other indirect emissions that occur in the company's value chain. The reporting of this scope is not mandatory.

Scope 1 and 2 emissions are calculated in line with the Greenhouse Gas protocol. We have used invoiced consumption and metered data and have calculated emissions using government conversion factors for company reporting of greenhouse gas emissions 2024. District heating and cooling factors are specific to the Olympic Park district heating system.

In line with TfL's 2021 Corporate Environment plan, we have established a clear hierarchy for reducing our operational carbon emissions. At the top of this hierarchy is the removal of fossil fuel use and improving our energy efficiency. We are prioritising energy-efficiency measures by carbon and cost savings, starting with the further rollout of LED lighting replacements and beginning a programme to decarbonise our buildings by removing fossil fuel usage and improving fabric performance.

### Streamlined energy and carbon reporting 2024/25

| Description                            | Amounts       | Units  | 2023/24 comparison |
|--|---------------|--------|--------------------|
| Total electricity consumption          | 1,551,961,842 | kWh    | 1,625,182,625      |
| Total gas consumption                  | 62,969,310    | kWh    | 60,705,848         |
| Total fuel for company fleet           | 1,186,230     | litres | 1,204,272          |
| Total fuel for ferry vessels           | 1,060,430     | litres | 535,660            |
| Purchased district heating and cooling | 3,381,865     | kWh    | 3,405,748          |

| Emissions breakdown  | Amounts        | Units                   | Conversion factor (kgCO <sub>2</sub> e)                    |
|--|----------------|-------------------------|--|
| Scope 1 – emissions from combustion of gas   | 11,517         | tCO <sub>2</sub> e      | 0.183 (natural gas)  |
| Scope 1 – emissions from combustion of fuel for transport purposes                                       | 5,884          | tCO <sub>2</sub> e      | 2.522 (diesel)<br>2.084 (petrol)<br>2.771 (marine gas oil) |
| Scope 2 – emissions from purchased electricity   | 321,334        | tCO <sub>2</sub> e      | 0.207 (UK grid electricity)                                |
| Scope 2 – emissions from purchased heating and cooling   | 534            | tCO <sub>2</sub> e      | 0.232 (district heating)<br>0.058 (district cooling)       |
| <b>Total gross CO<sub>2</sub>e based on the above</b>  | <b>339,269</b> | <b>tCO<sub>2</sub>e</b> |  |
| <b>Total gross CO<sub>2</sub>e including energy/fuel purchased by public transport service operators</b> | <b>786,516</b> | <b>tCO<sub>2</sub>e</b> |  |

| Intensity metric          | Amounts    | Units                                     |
|---------------------------|------------|---|
| Operated train kilometres | 98,687,057 | 3.44kgCO <sub>2</sub> e/operated train km |
| Average headcount         | 27,601     | 12.3 tCO <sub>2</sub> e/employee          |

## Narrative Report and Financial Review (continued)

### Sustainability reporting

Our purpose is to move London forward safely, inclusively and sustainably. Everything we do is through the lens of sustainability to meet our legal obligations and strategic commitments. Sustainability, including how we address climate change and protect, connect and enhance nature, is fundamental to our business and becoming increasingly integrated into everything we do. Our vision to be London's strong, green heartbeat means we will tackle the climate emergency head-on by providing the most sustainable ways to get around London by encouraging walking, cycling and public transport. We recognise the importance of sustainability risk reporting and the need to integrate climate- and nature-related considerations into both decision-making and financial planning.

Examples of the extensive sustainability-related legislative requirements that we are required to meet include:

- Under the Environment Act 2021, we have a duty to consider what we can do to conserve and enhance biodiversity, determine such policies and specific objectives as we consider appropriate for acting, and take action we consider appropriate in light of those policies and objectives
- Under the Highways Act 1980, and Flood and Water Management Act 2010, as amended, we are a statutory risk management authority for highway flooding and have a duty to cooperate with other risk management authorities

- Mandatory climate-related financial reporting requires consideration of physical climate risks and measures to manage them
- Adapting to climate change is necessary to help meet our statutory duty to promote and encourage safe, integrated, efficient and economic transport facilities and services to, from and within London

Everything we do is viewed through the lens of sustainability to achieve the outcomes of the Mayor's Transport Strategy and the London Environment Strategy, and to deliver on our Vision and values of being caring, open and adaptable. Our strategic commitments are set out in the statutory Mayoral strategies, primarily the Mayor's Transport Strategy, London Environment Strategy and London plan. Within these documents we are mandated to drive performance and deliver results in the following areas:

- Increase the proportion of people using active and sustainable transport modes
- Reduce carbon dioxide emissions from our head office buildings and London's transport network, including working towards London's goal of being net zero by 2030
- Deliver additional electric vehicle infrastructure

- Connect Londoners to green spaces and encourage urban greening and sustainable drainage system installation
- Provide increased climate change adaptation and resilience, ensuring transport and infrastructure projects consider long-term risks, including flooding and heatwaves
- Improve air quality through initiatives such as the Ultra Low Emission Zone

Further detail on how TfL will achieve these goals is set out in a range of additional documents, including our Corporate Environment plan, Climate Change Adaptation plan and Green Infrastructure and Biodiversity plan.

As one of London's largest landowners, our property company, Places for London, fulfils our sustainability mandates through its sustainable development framework, which has five overarching principles:

- Build a better London
- Deliver real results
- Think long term
- Take a holistic view
- Respond to local context

## Narrative Report and Financial Review (continued)

### Board oversight and committee governance of sustainability-related risks and opportunities

Our sustainability governance is led by the Board, chaired by the democratically elected Mayor of London. The Board oversees the company's sustainability-related strategies and management guidelines. The Board delegates certain roles and responsibilities to its principal Board committees, allowing them to probe deeply and develop a more detailed understanding of sustainability-related matters. These committees report back to the Board on the discussion and outcomes of their meetings, as well as any decisions taken, and, where appropriate, make recommendations on matters requiring Board approval.

The Board scrutinises TfL's risk management activities, including the management of our sustainability risks. The Board receives a comprehensive update on our risk profile at least once a year. The Board monitors performance against the TfL Scorecard, which in 2024/25 contained three climate-related measures. In addition to corporate Scorecard metrics, progress against our Corporate Environment plan, Climate Change Adaptation plan and Green Infrastructure and Biodiversity plan are provided annually to the Customer, Sustainability and Operations Panel.

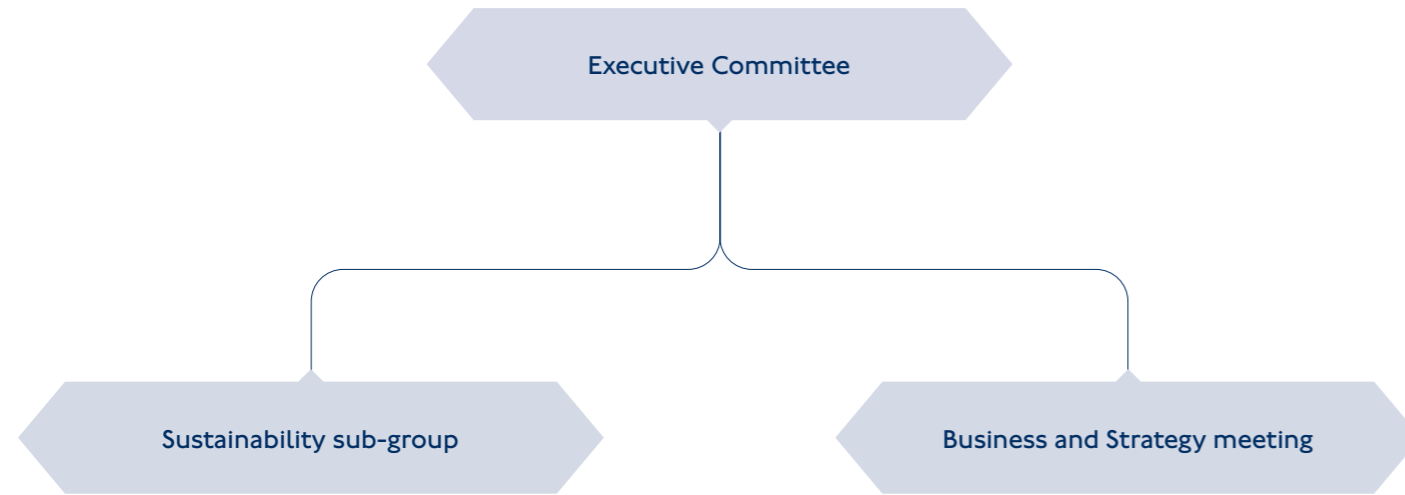
During 2024/25 the following sustainability-related topics were discussed by the Board and its committees and panels:

- TfL's Corporate Environment Plan
- Electric vehicle update
- Climate Change Adaptation plan two years on update
- Green Infrastructure and Biodiversity plan one year on update
- Equity in Motion
- Safety, Health and Environment annual report
- Annual update on delivery of the Mayor's Transport Strategy
- Enterprise risk update: Environment including adaptation (ER03)
- Equality Impact Assessment
- Travel in London annual overview report
- TfL's Scorecard
- Safety, health, wellbeing and environment culture programme
- Energy purchasing strategy update

### Management's role in identifying, assessing and managing sustainability-related risks and opportunities

The Board has delegated the day-to-day management of TfL to the Commissioner and the Executive Committee, which is responsible for the delivery of the Business plan, as well as the operational and budgetary performance. Our Business Plan sets out how we will continue to create a transport network that serves everyone's needs, while tackling pollution, supporting the UK economy and building a safer, greener and fairer city for all. Key actions include: integrating sustainability into everything we do, decarbonising our operations, building capacity and capability, and investing in adaptation, green infrastructure and biodiversity.

## Narrative Report and Financial Review (continued)



### Executive Committee

The senior forum for decision-making in the delivery of TfL’s services. It supports the Commissioner in decisions that require or benefit from a pan-TfL perspective.

### Sustainability sub-group

This committee meets every eight weeks and attendance includes:

Chief Safety, Health and Environment Officer (Chair) and Chief Capital Officer (Deputy chair), as well as directors and heads of department from across TfL, including Places for London.

This committee is a senior forum for decisions, recommendations to the Executive Committee, discussion and coordination of cross-organisational

environmental and sustainability issues and work programmes. It oversees and tracks progress towards sustainability targets, indicators and risks to ensure shortcomings are identified and addressed.

### Business and Strategy meeting

This is an Executive Committee meeting that takes place on a quarterly basis.

The purpose of this meeting is to review medium- to long-term business priorities including Vision and values, to gain insight into enterprise risks (including ER03 Environment including adaptation) ahead of routing to the Executive Committee or Panels, to discuss, shape and approve budget and business plan, and decision-making on strategic matters that have a cross-TfL impact.

### Steering groups or sustainability matrix teams that feed into the Executive Committee

#### Adaptation steering group

Responsible for supporting the implementation and monitoring the delivery of the Climate Change Adaptation plan, identifying key strategic actions and decisions on adaptation, sharing knowledge and best practice, embedding considerations on climate risk and adaptation work across TfL, improving our understanding of climate risk, and identifying adaptation-related projects that require funding.

#### Net zero matrix team

Established to support and accelerate delivery of net zero commitments. This multidisciplinary team manages the initiation, delivery and oversight of specific programmes and projects, as well as other initiatives, with the primary objective of reducing TfL’s operational carbon emissions.

#### Green infrastructure steering group

A forum in which everyone working at TfL with responsibility for the successful delivery of TfL’s Green Infrastructure and Biodiversity plan can meet to contribute and share progress and updates on the delivery of the plan’s actions. The Group also drives progress on meeting the green infrastructure-related objectives of the Mayor’s Transport Strategy and the wider green infrastructure ambitions of the London Environment Strategy.

### Biodiversity net gain steering group

Identifies the key changes that TfL needs to make to be able to cost-effectively meet its legal obligations with regard to biodiversity net gain. Works with the business to agree, sign off and implement these changes, monitors implementation and reports on progress to the Sustainability subgroup.

### Places for London’s executive leadership group (ELG)

Leads TfL’s property arm, Places for London. ELG operates at the strategic level and is responsible for implementing the strategic objectives agreed with its sole shareholder (TfL) and the Land and Property Committee to move London forward with thriving, connected places. Including a focus on climate change strategy, the ELG provides direction to the organisation’s directorates and teams, and reviews and scrutinises activity across Places for London, putting forward updates and proposals in line with TfL Standing Orders. It provides oversight of the organisation’s management and is the first escalation point for significant risks and issues affecting the organisation to enable onward escalation (as appropriate).

### Independent investment programme advisory group (IIPAG-Places)

IIPAG-Places reports into the Land and Property Committee (LPC) and TfL’s larger IIPAG and provides independent assurance and advice to LPC on key risks and issues facing our business and provides assurance to the TfL board. The IIPAG meet on a quarterly basis and advise LPC on existing strategies and processes and monitors the suitability of any potential improvements.

## Narrative Report and Financial Review (continued)

### Building organisational competence to manage sustainability-related risks and opportunities

We take a structured approach to building and maintaining sustainability expertise across our organisation. Regular audits help us identify knowledge gaps and ensure colleagues understand their role in delivering TfL's environmental and sustainability objectives.

Our Sustainability awareness toolkit, part of the Green Knowledge programme, supports teams in embedding sustainability into their work. It includes training on carbon literacy, climate change adaptation, green infrastructure and biodiversity, and operational environmental awareness, alongside a suite of e-learning modules on topics such as waste and noise.

In 2024/25, we achieved Silver accreditation for our carbon literacy training, with 1,209 colleagues trained during the year and more than 6,000 trained since 2022. We also launched the Pledge project, engaging over 3,000 colleagues to understand how they are applying their learning in practice.

We piloted a new in-person course on climate change adaptation, green infrastructure, biodiversity reaching over 40 project-facing colleagues, with full rollout planned for 2025/26. Our operational environmental awareness course, designed for frontline colleagues, was piloted across 14 operational areas and will also be rolled out in 2025/26. To embed environmental awareness more broadly, we launched SHE@TfL, a mandatory e-learning course covering safety, health and environmental

responsibilities for all colleagues to complete in 2025/26. Beyond training, the TfL Sustainability Network provides opportunities for all colleagues to engage with sustainability through webinars, site visits, and regular communications featuring internal and external experts.

### Engaging communities and stakeholders on nature and climate-related risks, dependencies and opportunities

Our services, infrastructure and natural assets deliver wide-ranging benefits to Londoners. Recognising that climate and nature-related risks transcend organisational boundaries, we actively collaborate with stakeholders across London to build resilience and support equitable outcomes.

In 2024/25, we:

- Identified 114 climate interdependency risks and 151 risks on London borough roads, with recommended actions to address them. (see Risk Management for more information)
- Supported the development of the London Surface Water Strategy, enhancing flood resilience and prioritising vulnerable communities
- Mapped flood risk against areas of inequality to inform future sustainable drainage systems (SuDS) planning
- Piloted a severe heat exercise to better understand impacts on customers and colleagues, informing future resilience planning.

We prioritise equity in our adaptation work. More than 56 per cent of completed SuDS schemes are in areas ranked among the most deprived in England. In 2024/25, we delivered new schemes across six key locations, including Silvertown and Walthamstow.

We conduct Equality Impact Assessments (EQIAs) to ensure community needs are considered in decision-making. As a founding signatory of the London Anchor Institutions' Charter, we collaborate on climate and ecological priorities through the Green New Deal working group, contributing to estate decarbonisation, workforce upskilling and climate resilience.

We also enhance biodiversity through projects like Tolworth Roundabout, which introduced 7,500 square metres of SuDS catchment and improved access for pedestrians and cyclists. Our wildflower verge surveys identified several priority species, supporting the London Environment Strategy. We continue to work with boroughs to expand these initiatives and strengthen ecological resilience across our 580km road network.

### Strategy

Sustainability is embedded at the core of our Corporate Strategy, which is structured around five pillars: our customers, our colleagues, our finances, safety and security, and our green future. These pillars guide colleague objectives and ensure alignment with our environmental and climate goals. Our Green roadmap

outlines the key milestones required each year to deliver on our sustainability ambitions. Progress is regularly reviewed by the Board, ensuring accountability and continuous improvement.

Our strategic direction is shaped by the Mayor's Transport Strategy, and in 2024/25 we made significant progress. We received formal validation from the Science Based Targets initiative for our near- and long-term greenhouse gas reduction and net-zero targets, confirming alignment with the Paris Agreement. This validation spans our operations and supply chain, reinforcing our commitment to integrating climate action into long-term planning and investment decisions. Progress against these targets will be reported annually and through the GLA's Climate Budget process.

We also advanced our climate scenario analysis, using three internally developed pathways: Green London, London declines and London booms, in collaboration with the Government Actuary's Department. These scenarios, aligned with the Mayor's Transport Strategy scenarios, inform our strategic and financial planning. To develop our climate scenarios we used the Network for Greening Financial System scenarios, which include climate-related macroeconomic and financial projections. Findings show that while the Green London scenario offers greater long-term stability, it requires a lower tolerance for extreme events, whereas the other scenarios present more volatile financial risks.

## Narrative Report and Financial Review (continued)

The scenarios used for analysis were:

| Scenario                                       | Global temperature increase by 2100 | Level of physical risk | Level of transition risk |
|--|-------------------------------------|------------------------|--------------------------|
| Green London in a successful global transition | 1.5 degrees Celsius                 | Low                    | Low                      |
| London declines in a disorderly transition     | 2.0 degrees Celsius                 | Low                    | High                     |
| London booms until temperatures soar           | More than 3.0 degrees Celsius       | High                   | Low                      |

### Time horizons for climate-related risks and strategic planning

We assess climate-related risks and opportunities across three time horizons, aligned with internal planning cycles and external climate policy frameworks:

| Timeframe        | Strategic alignment  |
|------------------|--|
| Short-term 2030  | Aligns with TfL's Corporate Strategy and the urgency to decarbonise. Supports our target to reduce Scope 1 and 2 emissions by 90 per cent by 2030. Reflects the 4th UK Climate Change Risk Assessment. |
| Medium-term 2050 | Aligns with the London Environment Strategy and our Climate Risk Assessment. Captures transitional and physical risks over the medium horizon.   |
| Long-term 2080   | Reflects infrastructure lifecycles and asset planning. Aligns with our Climate Risk Assessment to evaluate long-term physical risks.   |

These timeframes are consistent with the Task Force on Climate-Related Financial Disclosures (TCFD) guidance issued by HM Treasury and ensure our scenario analysis and strategic planning are based on the most robust and relevant data available.

### Sustainability-related risks and opportunities impacting TfL's strategic outlook

Our scenario analysis focused on key physical, transition and nature-related risks and opportunities that could materially affect TfL's operations and long-term planning.

Two acute physical risks, rated as major and increasing to severe in our Climate Risk Assessment, were prioritised:

- Extreme precipitation leading to flooding of London Underground tunnel shafts and portals. This risk is rated as a major and severe risk for TfL due to the potential impact to services and high likelihood of significant asset and infrastructure damage
- Extreme high temperatures on the network and in buildings. This risk is rated as major and severe for TfL due to the health, safety and wellbeing impacts on customers, colleagues and tenants

From 44 identified transition factors, we selected the following for scenario analysis:

Risks:

- Tighter regulation leading to higher capital expenditure for TfL due to assets becoming prematurely obsolete or non-performing
- Skills requirements, relating to TfL's strategic sustainability ambitions and Mayoral commitments, becoming misaligned to our skills profile

Opportunities:

- Improved building efficiency for Places for London, leading to improvements for customers, higher income from tenants, and reduced risk of asset stranding (whereby a property becomes unlettable either by not complying with legislation or not being commercially attractive to tenants)
- Early adoption of new technologies could lead to cost saving and other broader benefits

Through stakeholder workshops, we identified a key nature-related risk. The risk we chose to focus on was 'increasing legal and policy commitments for biodiversity net gain and green infrastructure'.

## Narrative Report and Financial Review (continued)

### How sustainability risks and opportunities influence TfL's business and financial outlook

All risks and opportunities were calculated in a qualitative manner. The precipitation risk was also calculated in a quantitative way. We scored the potential financial impacts of these risks from one to five in terms of likelihood and severity, in line with other internal risk work. Scores are based on professional judgement and informed by desk-based analysis.

### Scenario risks and financial impacts

| Risk   | Scenario        | 2030s    | 2050s    | 2080s    | Financial impacts   |
|--|-----------------|----------|----------|----------|---|
| Tighter regulation leading to higher capital expenditure for TfL due to assets becoming prematurely obsolete or non-performing   | Green London    | Moderate | Moderate | Moderate | <ul style="list-style-type: none"> <li>Increased capital costs to adhere to new regulation</li> <li>Third-party external funding more difficult to secure, due to increased proportion of stranded assets</li> <li>Fines or penalties for not complying with new regulation</li> <li>Reputational consequences from negative media attention could reduce income</li> </ul>   |
|  | London declines | Moderate | High     | Moderate |   |
|  | London booms    | Moderate | High     | Extreme  |   |
| Skills requirement relating to TfL strategic sustainability ambitions and Mayoral commitments becoming misaligned to our skills profile  | Green London    | Moderate | Moderate | Moderate | <ul style="list-style-type: none"> <li>Increased cost of outsourcing due to high demand</li> <li>Costs associated with culture change</li> <li>Increased training costs</li> <li>Inability to adhere to sustainability policies and regulation from Government, incurring fines as a result</li> <li>Service delivery may be impacted as a result of outsourcing and missing skills</li> <li>Reduced demand reduces income from passengers</li> </ul> |
|  | London declines | Extreme  | High     | Moderate |   |
|  | London booms    | High     | High     | Moderate |   |
| Extreme high temperatures on transport and in buildings. This was chosen as it is rated as major and severe for TfL due to the health, safety and wellbeing impacts on staff, tenants, and customers | Green London    | Moderate | Moderate | Moderate | <ul style="list-style-type: none"> <li>Increased wellbeing- related incident</li> <li>Overtime costs to cover staff illness</li> <li>Reduced productivity of colleagues working in high temperature environments</li> <li>Loss of revenue from service disruptions</li> </ul>   |
|  | London declines | Moderate | Moderate | Moderate |   |
|  | London booms    | Moderate | Extreme  | Extreme  |   |
| Increasing legal and policy commitments for biodiversity net gain and green infrastructure   | Green London    | Moderate | Moderate | Moderate | <ul style="list-style-type: none"> <li>Increased expenditure on green restructure</li> <li>Increased ongoing maintenance costs of green assets</li> <li>Potential for reputation implications to lead to lower revenue</li> </ul>   |
|  | London declines | Low      | Moderate | Moderate |   |
|  | London booms    | Low      | Low      | Moderate |   |

## Narrative Report and Financial Review (continued)

### Scenario opportunities and financial impacts

| Opportunities  | Scenario        | 2030s    | 2050s    | 2080s    | Financial impacts   |
|--|-----------------|----------|----------|----------|---|
| Improved building efficiency for Places for London leading to higher income from tenants | Green London    | High     | Extreme  | N/A      | <ul style="list-style-type: none"> <li>• Cost of improvements is lower than expected</li> <li>• Reduced operational expenditure on energy</li> <li>• Increased revenue from tenants</li> </ul>                          |
|  | London declines | Low      | High     | N/A      |   |
|  | London booms    | High     | Extreme  | N/A      |   |
| Early adoption of new technologies could lead to cost saving and other broader benefits  | Green London    | Moderate | High     | High     | <ul style="list-style-type: none"> <li>• Lower energy usage, reducing operating costs</li> <li>• Increased reliability and resilience of assets, improving service delivery and hence income from passengers</li> </ul> |
|  | London declines | Moderate | Moderate | High     |   |
|  | London booms    | High     | High     | Moderate |   |

## Narrative Report and Financial Review (continued)

### Extreme high temperature risk analysis

Extreme high temperature will impact TfL more severely under the later time horizons, due to increased frequency and intensity of extreme weather events. We chose two scenarios with lower physical risk and one with higher risk, this is evident in the findings. Under the London booms scenario there are significant increases in extreme heat events, including high-impact extreme heat events driven by high warming levels.

In order to manage extreme heat on transport and in buildings, we are building our data capability to better understand the operational impacts of extreme heat, including health and safety incidents, and cost of repair and maintenance, that will enable us to carry out quantitative analysis in the future. To manage this risk, we are assessing temperature thresholds that should be used to provide adequate advice to customers and colleagues, as well as inform maintenance routines.

### Skills risk analysis

The skills risk is highest in the London declines scenario, due to low economic activity and low availability of industry-wide skills and development. The risk rises sharply into the 2030s, as it is projected that skills shortages will increase over that time period. This will increase the amount we pay for skills that are required to meet our sustainability commitments.

To support sustainability, we are building a talent pipeline through our apprenticeship and graduate schemes, alongside internal training in carbon literacy, climate change adaptation, green infrastructure and biodiversity, and operational environmental awareness.

Places for London is partnering with its joint venture partners to attract new talent into green careers, particularly through the Construction Skills programme, which has trained nearly 10,000 Londoners since 2019 and helped more than 3,600 into jobs. Places for London is training Londoners in the skills demanded by London's construction employers, with particular focuses on retrofit, and other skills that support a transition to green building, for example, steel fixing.

Places for London has also convened its joint venture partners to attract the next generation of built environment leaders from secondary schools and colleges and, since 2021, has reached more than 12,000 students.

Creating a skills pipeline will enable us to accelerate our sustainability work, and future-proof our business against skills gaps.

### Regulation risk analysis

The regulation risk increases in the 2050s under the London declines and London booms scenarios, due to additional building and adaptation regulation leading to higher redevelopment costs. Examples of regulation could be stricter emissions standards, carbon pricing, climate resilience and adaptation.

We are well placed to manage these risks, due to our target for decarbonisation and our industry-leading work on adaptation. To manage the risk in the medium and long term, we will continually collaborate with external groups and Government to ensure that we are aligned with industry best practice and are aware of upcoming regulation.

### Nature risk analysis

The nature risk is considered a moderate risk across all scenarios due to the stricter requirements to maintain nature commitments, this will likely lead to increased costs in maintaining existing nature and biodiversity.

Our Green Infrastructure and Biodiversity plan highlights our commitment to nature, with targets for tree canopy cover, wildflower verges, and SuDS to reduce financial risk.

In 2024/25, we updated our biodiversity baseline using remote-sensing to assess habitat changes since 2019, identifying broadleaved woodland, dense scrub and modified grassland as the most dominant habitats on our green estate. While data changes limited trend analysis, we will focus on improving our green infrastructure data in 2025/26 to better support decision-making.

We are exploring a Habitat Bank feasibility project to assess biodiversity unit supply and demand in London, potentially offering off-site biodiversity gains. This project has the potential to provide key learning for us and others who wish to adopt similar projects and initiatives. We will further improve how green infrastructure information is gathered around the organisation, enabling more informed decisions and assessment of nature-related risks.

We continue to fulfil the Taskforce on Nature Financial Disclosure requirements and will launch internal training to raise awareness and support implementation across TfL.

## Narrative Report and Financial Review (continued)

### Building efficiency opportunity analysis

The Places for London improved building efficiency opportunity is assessed over two time horizons. The 2080s were excluded from the scoring as they are assumed to be beyond the lifespan of energy-efficiency upgrades made to most existing commercial buildings.

At present there are likely to be viable commercial opportunities for Places for London to benefit from improvements to the energy efficiency of its estate through lower operational expenditure and a green rental premium. This will comprise of higher rental values, primarily in the offices sector, or lower vacancy rates relative to equivalent properties with lower energy performance certificates, primarily in the retail and industrial sectors. These commercial opportunities are likely to reduce over the next 10 to 30 years, as legislation pushes all landlords to upgrade or risk properties becoming unlettable. In response, Places for London is developing a Net Zero Carbon Roadmap and integrating net zero principles into its upcoming Business Plan.

### Technology risk analysis

The technology opportunity will materialise across all time horizons dependent on the scenario. We already consider options to be early adopters of technology, though as an early adopter we risk overpaying relative to later adopters who benefit from economies of scale. As early adopters, we are able to commit to ambitious decarbonisation targets. Over the medium and longer terms, opportunities to adopt early could reduce as the most energy-efficient technologies become established and embedded across the economy. To take advantage of this opportunity, we have programmes in place for transition to electric buses and LEDs. We are also seeking other technological opportunities to decarbonise. We have two examples of being early adopters of technology that we have progressed in 2024/25:

- We secured a grant of £592,000 from the Department for Energy Security & Net Zero through Phase 3b of the Public Sector Decarbonisation Scheme for a decarbonisation project at Therapia Lane Tram Depot. The grant funding helped part-fund several improvements at the London Trams depot which will be the first of a number of low carbon depots on the TfL network. The project upgraded the heating systems with a mix of efficient heat pumps and infrared panel heaters replacing ageing and inefficient gas boilers. The additional electricity consumption from the new heating systems will be partially offset by using 1,800 square metres of south-facing roof space for solar panels, as well as other energy-efficiency measures such as improved insulation and LED lighting. These upgrades are expected to reduce carbon emissions by around 180 tonne of carbon dioxide equivalent (tCO<sub>2</sub>e) annually
- We were awarded a further two grants totalling more than £16m in Phase 3c of the Public Sector Decarbonisation Scheme. A grant worth £14m was secured to reduce carbon emissions at six sites on our London-wide head office estate. The second grant, worth more than £2m, was targeted at carbon-reducing measures at two London Underground depots. The successful grant applications were supported by the Mayor's Retrofit Accelerator for Workplaces programme. TfL forecasted that the head office Salix grant would bring about a reduction of emissions by 1,732 tCO<sub>2</sub>e a year and the operational estate projects would reduce emissions by about 300 tCO<sub>2</sub>e a year.

## Narrative Report and Financial Review (continued)

### Precipitation risk analysis

For the precipitation risk we carried out quantitative analysis covering the 280 stations, 236 shafts and 39 portals included in our London Comprehensive Review Flood Risk Phase I report from 2016. We have not allowed for any changes in London Underground assets and infrastructure that have occurred since this analysis. Although there is a lot of uncertainty, we have determined estimates using academic literature and weather modelling information. The analysis only considers the type of extreme precipitation for 1-in-200-year three-hour precipitation events.

The costs of other, more or less severe events are therefore not included in these cost estimates.

Scenario analysis for the precipitation risk was carried out quantitatively, using baseline data on business interruption and safety risk cost estimates for London Underground stations, shafts and portals. The table below outlines estimated changes in the annual risk value across each scenario and time horizon. These percentages should be viewed as indicative and not precise values.

Potential costs are annualised based on 1-in-200 year events for each asset which is a feature of how the flood risk has been modelled. This is a simplification of reality in order to carry out the modelling. The real pattern of events will consist of events with a range of costs, including years with no or much lower costs and years with events of potentially greater impact than the 1-in-200 year events. The financial costs estimated below show an average across all assets considered. Costs may be particularly large in some individual years particularly if multiple assets are affected by a single event.

### Scenario risk value breakdown

| Scenario                                       | Increase in estimated annual risk value (%) |       |       |
|--|---|-------|-------|
|  | 2030s                                       | 2050s | 2080s |
| Green London in a successful global transition | 2   | 3     | 3     |
| London declines in a disorderly transition     | 8   | 8     | 3     |
| London booms until temperatures soar           | 15  | 42    | 68    |

### Key scenario information and data sources

- UKCPI8 temperature and precipitation climate data
- Ortec Finance UK economic scenarios
- Mayor's Transport Strategy scenarios
- NGFS physical climate and transition scenarios
- IPCC SSP-RCP global emissions scenarios

### Potential annualised risk value and financial impacts

| Scenario        | Potential annualised risk value (£m per year, 2025 prices) |       |       |
|-----------------|--|-------|-------|
|                 | 2030s  | 2050s | 2080s |
| Green London    | 4.7  | 4.8   | 4.8   |
| London declines | 5.0  | 5.0   | 4.8   |
| London booms    | 5.3  | 6.6   | 7.8   |

### Risk

Extreme precipitation can lead to flooding of London Underground station tunnel shafts and portals due to overwhelmed drainage systems

## Narrative Report and Financial Review (continued)

The values above indicate the costs associated with business interruption and safety risk. In addition to the values in the table the financial impacts were also assessed qualitatively. Key financial impacts that were identified were:

- Increased costs of capital expenditure on replacement or improvement of assets
- Increased costs of repair to assets
- Loss of revenue from tenants who choose to leave sites due to increased disruptions
- Increase in insurance premiums due to more frequent and severe flood events
- Devaluation of assets due to increased risk of flooding and cumulative damages associated with flood events
- Potential for claims for loss of income from commercial tenants
- Higher borrowing costs driven by increased risk of flooding
- Reduced access to financing due to increased exposure to extreme precipitation events and risk of flooding

To manage surface water flooding, we are advancing our understanding through the London Comprehensive Review Flood Risk programme, identifying priority sites for action. We are partnering with academic

institutions to model flood impacts and collaborating internationally with other transport providers to share best-practice adaptation interventions.

In 2025/26, we will publish London's Surface Water Flooding Strategy, developed with stakeholders and boroughs to reduce flood impacts. We have been working with stakeholders across London to develop this strategy, which has specific actions on how we can reduce the impacts of flooding across the capital.

Our 2025/26 priorities include developing and implementing SuDS pipelines, and progressing existing collaboration initiatives such as the London Surface Water Strategy, the tidal flood defences baseline and SuDS opportunity modelling. Findings will be integrated into our capital strategy to better manage climate-related risks.

Scenario analysis is an ongoing process. As our data capabilities improve, we aim to expand our use of quantitative methods across a broader range of risks. At this stage, identifying trends in climate risk profiles across scenarios and time horizons provides valuable insights for strategic and financial planning. Looking ahead, we plan to refine our analysis to better link identified risks and opportunities with specific, actionable measures. This will help us enhance network reliability and safety, while supporting more informed financial decision-making.

### Building climate resilience across the organisation

We are strengthening our resilience to climate-related risks through operational preparedness, sustainable procurement, data-driven decision-making, and integration of environmental considerations across our projects and programmes.

In 2024/25, we conducted a climate resilience tabletop exercise to test our response to extreme weather events. The findings are informing improvements to our emergency preparedness. Separately, Places for London completed the first phase of a climate hazard mapping project, focusing on surface water flooding and urban heat. Phase 2 will incorporate future climate data to guide estate investment decisions.

Sustainability and environmental considerations are embedded in all projects involving construction, asset upgrades or system changes. Our environmental evaluation tool helps identify and manage environmental risks and opportunities, ensuring legal compliance and alignment with our Green strategy. Sustainability impacts covering environmental, economic and social dimensions are assessed through our business case methodology. These include carbon emissions, health and safety, journey times and green infrastructure. Risks and trade-offs are captured in risk logs to inform investment decisions.

In 2024/25 we updated our procurement processes to embed sustainability more deeply. This includes revised tender questions aligned with our Corporate Environment Plan, enhanced contract requirements, and standardised sustainability reporting. In 2025/26, we will launch our Green Vision for the supply chain, focusing on green procurement, zero-emission operations, sustainable materials and climate adaptation.

To support informed decision-making, we are developing the TfL Climate Adaptation Data programme. This aims to:

- Analyse past climate-related impacts on people, assets, and operations
- Improve incident-reporting systems to better capture climate-related events
- Track and evaluate adaptation measures over time
- Integrate advanced climate hazard modelling into risk assessments

Improving our data infrastructure will enhance our ability to quantify risks, support external reporting, and enable data-driven investment decisions. We also recognise the need to build climate data literacy across the organisation and collaborate with external partners to share best practices.

## Narrative Report and Financial Review (continued)

### Resourcing our sustainability strategy through the Climate Budget

We allocate resource to achieve our climate-related targets through the climate budget. The Climate Budget is a requirement from the GLA for all functional bodies. It shows our contributions and progress towards the Mayor's efforts to tackle the climate emergency.

The Climate Budget includes:

- Actions in our Business Plan which contribute to reducing carbon emissions, both for TfL directly and for London as a whole
- Actions not in the Business Plan that TfL could take to further reduce carbon emissions if it had additional funding
- New requirement for 2025: unfunded actions that would further reduce carbon emissions for London as a whole
- Climate adaptation measures in the Business Plan

Scope of emissions reduction included in the Climate Budget:

- Emissions physically produced in London
- Emissions associated with consumption in London of grid-supplied energy
- For TfL this means operational carbon and content on our impacts on London's transport more widely

London's Climate Budget is being introduced in stages with increasing scope. In future years it is expected to include carbon emissions from our supply chain.

Our 20-year Capital strategy will be directly or indirectly influenced over time by a range of factors, including climate and ecological change. This strategy is aligned to the Mayor's policies, and therefore any continued investment in carbon reduction or climate change adaptation is contingent on the priorities of future Mayors.

In the 2025/26 Mayor's Budget, TfL has budgeted to spend £2m per year on the implementation of its Green Infrastructure and Climate Change Adaptation plan.

### Risk management

Key sustainability-related risks, opportunities, and emerging trends requiring broader discussions, action or leadership involvement are escalated to our Executive Committee for decision-making. Following sub-group meetings, action on climate change, nature and equity, diversity and inclusion are embedded into our risk management and strategic decision-making processes.

We manage sustainability-related risks and opportunities through a structured, organisation-wide approach embedded in our Enterprise risk management framework (ERMF). This framework ensures consistent identification, assessment and oversight of risks across all levels of TfL.

Key sustainability risks and opportunities are escalated to the Executive Committee for decisions. The Audit and Assurance Committee oversees the ERMF on behalf of the Board. Risks are managed across three levels:

- Level 0 (Enterprise): Strategic risks affecting TfL's overall operations, including ER03 (Environment), which covers climate adaptation, mitigation and nature-related risks
- Level 1 (Strategic): Risks aligned with our Vision and values themes
- Level 2 (Tactical): Operational risks tied to specific projects, assets or functions

Each Level 0 risk is reviewed biannually and presented to the Board annually. Level 1 Green strategic risks are overseen by the Executive Committee Sustainability sub-group, covering failure to:

- Adapt assets and operations to changing climate
- Achieve our carbon reduction goals
- Protect, connect and enhance TfL's green estate
- Deliver our air quality commitments
- Deliver our environmental compliance obligations
- Achieve our materials, waste and circular economy objectives

We use a consistent methodology to assess risks based on likelihood and impact across environmental, financial, operational, reputational and safety dimensions. Risks are recorded in our Active Risk Manager system, assigned owners, and reviewed quarterly. Identification techniques include stakeholder workshops, PESTLE and SWOT analysis, and pre-mortems.

Sustainability risks are embedded in our business case methodology and investment decisions. Environmental, economic and social impacts such as carbon emissions, health and safety, and green infrastructure are assessed and valued. Trade-offs between risks, opportunities and business-as-usual scenarios are carefully considered.

## Narrative Report and Financial Review (continued)

There is a dedicated Enterprise level risk: ER03 Environment, including climate adaptation. This covers risks associated with not meeting environmental commitments and compliance, including transition to net zero, adaptation to long-term climate change and extreme weather events, and nature-related risks. Risk owners provide details of the risk assessments including financial impacts, key risk indicators and key mitigations to manage the risks. We have worked to understand the interfaces ER03 has with other enterprise risks. We identified that ER03 interfaces with the enterprise risks which cover areas such as:

- Our ability to deliver safety objectives and obligations
- Attraction, retention, wellbeing and health of our employees
- Supply chain disruption
- Ineffective procurement and contract management
- Deterioration of operational performance
- Financial resilience
- Delivery of key investment programmes and projects
- Changes in customer demand

The process for reviewing risks involves consultation with subject matter experts and other stakeholders, reviewing risk scores based on new information and progress of mitigation activities, updating risk definitions, causes and consequences, and updating actions to reduce risks.

We apply scenario analysis to assess transition, physical and nature-related risks, primarily under ER03 (Environment). These risks are linked to other enterprise and strategic risks across the organisation. Insights from scenario analysis will be incorporated into risk profiles during 2025/26 as part of our regular review cycle.

### How do we assess physical climate risk?

Both chronic and acute physical climate risks are assessed as part of our Adaptation Reporting Power (ARP) process. In December 2024 we submitted our fourth report to the Department for Environment, Food and Rural Affairs as part of our continued voluntary disclosures. Our services are intrinsically linked to the natural environment, therefore many of our most material climate risks are physical risks. In 2024/25 we completed an updated climate risk assessment, with around 500 climate risks identified.

We conducted a detailed qualitative assessment of climate hazards across infrastructure, operations, and service delivery, including London Transport Museum, Elizabeth line, Woolwich Ferry, Places for London and our Network Management and Resilience team. The weather constrains our ability to deliver services and extreme weather events exacerbate the impact on our network, affecting safety, reliability and financial factors. The risk assessment highlighted growing physical climate risks, which are now embedded in our risk management and used to guide strategic and financial planning for climate adaptation.

We have work ongoing to embed the risks identified in our Climate Risk Assessment into the ERMF at Level 2. This will enable oversight and ownership of risks to teams within the business that are responsible for managing those risks. We are working with our Guiding Minds steering group, which includes Engineering, Asset Strategy and Asset Operations to determine relevant teams.

In 2024/25 we carried out work to understand our interdependencies in regard to physical climate risk. To do this, we collaborated with stakeholders and infrastructure partners, to explore cascading failures, vulnerabilities and shared resilience opportunities. This work involved:

- The first climate risk assessment for London's highways network, in collaboration with London borough highways officers. A total of 151 risks were identified and 63 actions were recommended
- The first characterisation of upstream and downstream impact pathways for London's road and rail sector and first attempt to score the 114 identified interdependent climate risks. This project was developed in collaboration with key transport sector stakeholders and involved several workshops with stakeholders in key sectors, such as power and communications. The project developed recommended actions to reduce these risks in the short, medium and long term through collaboration with stakeholders

## Narrative Report and Financial Review (continued)

In 2025/26, we will collaborate with the Transport Adaptation Steering Group to develop strategies for addressing interdependencies with sectors critical to transport operators. Together, we will create measures to effectively manage climate risks. Key stakeholders not taking sufficient action to adapt to climate change have been included at Level I of our ERMF. We are continuing our engagement and collaboration activities with external stakeholders to reduce climate risk.

### Identifying nature-related dependencies in our value chain

The Natural Capital Protocol guided us to assess our nature-related impacts and dependencies as part of TfL's first natural capital account. This provides an overarching picture of the risks that have potential to impact the quality and quantity of our natural assets. We will investigate nature-related risk assessment tools that would provide details of significant risks we have to consider.

We have introduced processes by which projects must assess the impact they make on the natural environment and associated risks. Initially project sponsors, along with project managers, identify how planned developments pose a risk to the natural environment. Projects then manage and mitigate impacts with relevant measures outlined in Pathway (TfL's delivery methodology for projects and programmes) and create appropriate

biodiversity reinstatements to meet legal biodiversity net gain and other corporate requirements. Within Pathway is a tool called the Environmental Evaluation, which facilitates a rigorous process to establish the monitoring of nature-related risks, biodiversity impacts, carbon impacts and climate risk.

### Metrics and targets Sustainability targets, monitoring and performance linkages

Sustainability and climate-related targets are embedded within our governance framework and aligned with the Mayor's Transport Strategy, London Environment Strategy and our Corporate Environment Plan. The Executive Committee and its Sustainability sub-group oversee target setting, ensuring alignment with strategic priorities, legal obligations and emerging risks. Our sustainability metrics are designed to support strategic goals such as achieving net zero operational carbon emissions by 2030 and enhancing biodiversity across our estate. We have set a range of targets to drive sustainability agenda across environmental, operational and community impact areas, which are included in the climate budget.

To set our targets we draw on industry frameworks such as the Sustainable Rail blueprint, and are collaborating with the DfT and the Rail Safety and Standards Board to develop new climate resilience metrics, expected in 2025/26.

We use a structured, multi-layered approach to track sustainability progress, combining scorecards, roadmap reviews, and governance oversight. The TfL Scorecard and Green Roadmap set quarterly and annual targets, shaped by legal and policy requirements like the Environment Act 2021. Local scorecards align with corporate goals to ensure accountability, while a dedicated Mayor's Transport Strategy tracker monitors outcomes not covered by the scorecard.

Our strategic plans, including the Climate Change Adaptation plan, Green Infrastructure and Biodiversity plan and Equity in Motion, translate high-level targets into actionable steps across teams.

Remuneration for executives and senior leaders is directly linked to Scorecard performance, including delivery against environmental and climate-related targets. This ensures accountability and reinforces the integration of sustainability into organisational performance.

## Narrative Report and Financial Review (continued)

Carbon emissions are a key metric. We report annually in line with Streamlined Energy and Carbon Reporting and calculate Scope 1 and 2 emissions using the Greenhouse Gas Protocol. We have used invoiced consumption and metered data and have calculated emissions using government conversion factors for company reporting of greenhouse gas emissions in 2024. In 2024/25, we received Science Based Targets initiative validation for our Scope 1, 2 and 3

emissions targets. Our net zero target by 2030 covers all Scope 1 and 2 emissions, and relevant Scope 3 emissions from services such as buses and rail franchises. Emissions forecasts are published in the Mayor's Climate Budget, and internal Scorecard targets are aligned with these forecasts.

Our performance against our 2024/25 scorecard targets is displayed in the table below.

### Measure and metric breakdown

| Measure   | Metric description  | Rationale for inclusion  | Target | 2024/25 performance |
|---|---|--|--------|---------------------|
| Carbon dioxide emissions from TfL operations and building (ktonnes CO <sub>2</sub> e) | We have retained this metric on the scorecard to demonstrate our commitment to addressing the global climate change emergency. It measures the level of emissions across the whole of our operations – burning fuel (Buses, Dial-a-Ride fleet) and our direct electricity use (our buildings, London Underground, Rail). London Underground energy and Buses emission forecasts are aligned to percentage of service operated and revised budget operated kilometre targets respectively. | To track and show the TfL-wide decarbonisation we intend to achieve, keep us on track with our commitments, and, in the long term, encourage a carbon-conscious culture.   | 812    | 784                 |
| Green milestone delivery (per cent)   | This is a basket of delivery milestones, which each have an assigned delivery date within the 2024/25 financial year. They cover the delivery of Green (or carbon-specific) activities that involve all teams across TfL and focus on the delivery of key operational, investment activities and work underway in planning stages.  | This new measure will help to further develop our plans and focus delivery across the business to deliver against our Green ambitions.   | 70     | 73                  |
| Sustainable drainage (SuDs) delivery (square metres)                                  | This captures the cumulative total new rainwater catchment area draining into SuDS delivered via TfL projects.  | Sustainable drainage supports our Green priorities and 2030 outcomes set out in the TfL strategy. This includes a 5,000 square metre catchment area annual ambition, and is a target in the Mayor's Transport Strategy. Sustainable drainage also forms a key aspect of our Green Infrastructure and Biodiversity plan as we design infrastructure that can support increasing episodes of extreme weather events. | 5,000  | 17,426              |

## Narrative Report and Financial Review (continued)

### Third-party validation of climate targets

Our climate targets have been independently validated by the Science Based Targets initiative, confirming alignment with the Paris Agreement and a 1.5°C pathway.

Net Zero target:

- Achieve net zero greenhouse gas emissions across our value chain by 2040

Near-term targets (by 2030, from a 2022 base year):

- Reduce Scope 1 and 2 emissions by 90 per cent
- Reduce Scope 3 emissions by 45 per cent

Long-term targets (by 2040, from a 2022 base year):

- Maintain 90 per cent reduction in Scope 1 and 2 emissions
- Reduce Scope 3 emissions by 90 per cent

We monitor carbon emissions and energy use annually in line with Streamlined Energy and Carbon Reporting and the Greenhouse Gas Protocol, using invoiced and metered data with UK government conversion factors.

In 2024/25, we:

- Transitioned 500 additional buses to zero emission (total: 1,900)
- Converted 15 Tube stations to LED lighting, including King's Cross
- Launched a Solar Private Wire tender to directly connect solar energy to our network
- Allocated capital to support a fully zero-emission bus fleet by 2030, with 3,000 buses planned by March 2026
- Applied carbon pricing in business case evaluations using Department for Energy Security and Net Zero carbon valuation guidance, integrating monetised carbon savings into economic appraisals. While we do not currently trade carbon credits, we are exploring their potential role in supporting our net zero transition.

### Physical climate risk targets

For climate change adaptation our target is to deliver 5,000 square metres of catchment on our highways. This measure, which supports resilience against flooding and water management, is also reflected in TfL's scorecard, which sets a stretch target of delivering 9,000 square metres of catchment area draining into SuDS across TfL's estate.

For physical climate risk, we use the Adaptation plan to unlock adaptation progress. Reflecting TfL's maturity on adaptation, the actions in the Climate Change Adaptation plan aim to build organisational capacity, improve understanding of climate-related risks, and integrate adaptation measures into the planning, design and maintenance of assets and infrastructure. Our adaptation highlights in 2024/25 include:

### Climate Change Adaptation plan action progress

| Action   | Progress in 2024/25   |
|--|---|
| Create a budget specifically for adaptation measures, SuDS installation  | This has been in place for 2023/24 and 2024/25, with more than £1m allocated to the delivery of SuDS from across these two financial years (noting that the majority of SuDS funding is delivered as part of other projects, which is the preferred approach) |
| Deliver 5,000 square metres of highways SuDS catchment each year   | We delivered 5,540 square metres at Joe Strummer subway and London Road roundabout in Twickenham  |
| Collaborate across industry, with the Government, regulators and other stakeholder and infrastructure operators to develop joint plans and understand and manage interdependencies | In December 2024, we published a report on our ground-breaking climate interdependencies work, which has been well received by the Department for Transport, the Department for Environment, Food and Rural Affairs, and the Office of Rail and Road          |
| Develop a framework to provide detailed climate-related reporting following the Task Force on Climate-Related Financial Disclosures framework                                      | Our work on scenario analysis has resulted in invitations to present to the Treasury and National Audit Office, which have taken place and were well received   |
| Develop the enterprise risk management framework (ERM) to fully include climate risk and adaptation measures   | We now include physical climate risks at both Level 0 and Level I of our ERM framework, helping to ensure TfL-wide scrutiny and raising awareness of the risks  |
| Integrate adaptation into business planning and create a programme to continually review processes   | Adaptation has been factored into the Strategic outcomes framework for capital projects and Asset management objectives for renewals, and we are exploring how it can be embedded into the developing Common outcomes framework                               |
| Engage with the development of the rail sector's adaptation maturity matrix and assess its potential for use in TfL  | This has now been in use for two years and we have made more rapid progress in comparison with the rail sector as a whole   |
| Review options for the development of a non-highways SuDS target   | The TfL Scorecard SuDS measure includes a floor target that reflects the plan's TfL Road Network SuDS target, but also a stretch target that can be met with SuDS delivered across the TfL estate.  |

## Narrative Report and Financial Review (continued)

We will continue our progress on adaptation actions, through our adaptation priorities for 2025/26, which were endorsed by our Executive Committee Sustainability sub-group in January 2025. The progress of priorities will be tracked through the Sustainability sub-group and Adaptation steering group. These priorities include:

- Assessing how best to integrate the latest ARP climate risk assessment into our existing risk management framework, and provide clarity on climate risk ownership
- Conducting a gap analysis of relevant TfL reporting systems and processes to enable quantitative climate risk assessment to help us establish a quantitative baseline of how weather affects TfL now
- Developing next steps from Exercise Tempest (our first extreme weather-related exercise, led by the Network Management and Resilience team in July 2024, which considered high temperatures and multiple climate hazards (heatwave followed by severe rainfall and flooding). One of the key recommendations was to improve our understanding of the impacts of high temperatures on people
- Developing adaptation weather guidance
- Developing and implementing a SuDS pipeline, in line with the TfL Scorecard and Climate Change Adaptation plan targets
- Delivering the adaptation, green infrastructure and biodiversity training course (also a priority for progressing the Green Infrastructure and Biodiversity plan)

- Progressing existing collaboration initiatives such as the London Surface Water Strategy, tidal flood defence baseline and SuDS opportunity modelling

- Complying with the International Sustainability Standards Board’s reporting requirements.

### Nature-related risk targets

Our Green Infrastructure and Biodiversity plan includes several nature-related targets:

- To achieve 10 per cent biodiversity net gain. In 2024/25 we achieved 10 per cent biodiversity net gain for applicable projects, such as planning system projects and Nationally Significant Infrastructure Projects
- Expand wildflower verges to support local biodiversity and improve green space. In 2024/25 we achieved 260,000 square metres of wildflower verge

We track progress of our nature-related metrics through the Green Infrastructure and Biodiversity plan. The actions outlined in the plan are centred around targeted activities to make green infrastructure a core part of TfL and Places for London culture, advocated by leaders and championed in every team. These include incorporating green infrastructure as a requirement into standards, specifications, contracts and management systems, and delivering green infrastructure through business planning, asset management and procurement.

### Green Infrastructure and Biodiversity plan progress

| Actions  | Progress in 2024/25  |
|--|--|
| Create and deliver training, tools and guidance by the end of 2025 to ensure TfL meets its policy commitments and legal requirements | We have developed bespoke training on climate change adaptation, green infrastructure and biodiversity that has been piloted with multiple teams across the organisation. We plan to launch the training this summer, initially targeting stakeholders involved in project development and delivery  |
| Identify locations for green infrastructure and biodiversity enhancement and creation by the end of 2025                             | We have updated our biodiversity baseline map, which has identified 1,312 hectares of habitat across the TfL estate (covering 35 per cent of its area), with a large part that may be suitable for biodiversity enhancement as part of meeting our legal obligations on biodiversity net gain  |
| Look after and expand our wildflower verges, and explore their potential to deliver biodiversity net gain                            | We have doubled our wildflower verges from 130,000 to 260,000 square metres in 2024 and are planning to double this again by spring 2026. We have launched our wildflower verges brochure with the boroughs with an online knowledge-sharing session, to help raise awareness of the different approaches to verge management and their benefits |

Our Green Infrastructure steering group (GISG) has identified the following priority areas for 2025/26, which will be tracked through the GISG and monitored by the Executive Committee Sustainability sub-group:

- Embed biodiversity net gain into our processes, including updating and creating new Pathway product templates
- Develop a strategic biodiversity net gain business case for TfL
- Continue Habitat Bank feasibility work, including development of Habitat Bank principles and supply and demand assessment

- Develop a data management system and associated governance for biodiversity net gain data handling and reporting
- Progress the development of a cross-organisation tree canopy cover plan
- Identify the data required to generate a more accurate future natural capital account
- Conduct a nature-related risk assessment to better inform our sustainability reporting

## Narrative Report and Financial Review (continued)

### External audit

#### Appointment, re-appointment and assessment of effectiveness

In July 2016, the Secretary of State specified Public Sector Audit Appointments Limited (PSAA) as an appointing person under the Local Audit and Accountability Act 2014. This meant that for audits of accounts from 2018/19, PSAA was responsible for appointing an auditor to, and setting the level of audit fees for, relevant bodies that have chosen to opt into its national auditor appointment scheme. TfL has opted into this scheme.

In order for an audit firm to be eligible to tender for an audit contract with PSAA, the firm must appear on the Institute of Chartered Accountants in England and Wales (ICAEW) register of Local Auditors, having fulfilled the criteria determined by legislation as evaluated by the ICAEW (The Recognised Supervisor Body). Contracts were awarded after a competitive tender that balanced audit quality with price. The primary consideration in allocating proposed appointments to individual opted-in bodies was to ensure independence. TfL's appointed external auditor is Ernst & Young LLP.

Ernst & Young LLP have been appointed by the PSAA as auditor of TfL for the duration of the five-year appointing period, covering the audit of the accounts from 2023/24 to 2027/28.

TfL's Audit and Assurance Committee, through the use of questionnaires and reports, formally reviews the performance of the external auditors at least annually against the four criteria of:

- Qualification
- Expertise and resources
- Effectiveness
- Independence

The Audit and Assurance Committee remains satisfied with the quality, integrity and the effectiveness of the work undertaken by Ernst & Young LLP. The Committee carries out regular reviews to ensure that auditor objectivity and independence is maintained at all times.

#### Non-audit services

Under guidance issued by Financial Reporting Council in December 2019, only non-audit work that is closely related to the statutory audit may be undertaken by an entity's auditor. Furthermore, total fees for non-audit services provided is limited to no more than 70 per cent of the average of the fees paid in the last three consecutive financial years for the audit of the audited entity and of its controlled undertakings and of the consolidated financial statements of that group of undertakings.

Under TfL's policy on external audit services, Ernst & Young LLP is required to report to the Committee every six months on fees billed for non-audit services. During 2024/25, the non-audit services provided by Ernst & Young LLP were in respect of audit-related services provided in relation to the use of grant monies received and for procedures relating to regulation 4 of the Railway Safety Levy Regulations 2006. Total non-audit fees for the TfL Group represented one per cent of the total statutory audit fees paid in respect of the combined audit for the TfL and Transport Trading Limited (TTL) Groups, and seven per cent of the audit fee of the Corporation as a single entity for 2024/25.

#### Accounting statements

TfL is a statutory corporation established by section 154 of the GLA Act 1999. It is a functional body of the GLA and reports to the Mayor of London.

The legal structure is complex in comparison to that of most local authorities and comprises:

- The Corporation, which is made up of London Streets, Taxi and Private Hire, and the corporate centre which, for legal and accounting purposes, constitutes TfL
- The TfL Group, which is made up of the Corporation and its subsidiaries, joint ventures and associated undertakings as set out in Notes 17, 18 and 19

Under the GLA Act 1999, the Corporation is treated as a Local Authority for accounting purposes and the Statement of Accounts, which includes the individual financial statements of the Corporation as well as those of the TfL Group, has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), which is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements.

Our subsidiaries are subject to the accounting requirements of the Companies Act 2006 and separate statutory accounts are prepared for each subsidiary and for the TTL Group. These accounts are prepared under International Financial Reporting Standards as adopted by the UK. Appropriate adjustments are made to the accounting policies of the subsidiaries upon consolidation into the TfL Group financial statements to ensure they are aligned to the requirements of the Code.

## Narrative Report and Financial Review (continued)

The financial statements for the TfL Group, which consolidate the accounts of the Corporation, its subsidiaries, and the Group's share of the results and net assets of its joint ventures and associated undertakings on the basis set out in the Statement of Accounting Policies (paragraph c) are here presented alongside the financial statements of the Corporation.

The Statement of Accounts comprises:

- The Group and Corporation Comprehensive Income and Expenditure Statements, Balance Sheets, Cash Flow Statements and the Movement in Reserves Statements
- The Statement of Accounting Policies
- The Statement of Responsibilities for the Accounts
- Notes to the Group and Corporation financial statements

References to the 'Corporation' relate to the transactions, assets and liabilities of TfL. References to the 'Group' relate to the accounts of TfL and its subsidiaries.

### Purposes of major schedules within the financial statements

The nature and purpose of the primary schedules included within the financial statements are set out below:

#### Comprehensive Income and Expenditure Statement

This statement shows both the revenue received and the costs incurred in the year of providing services, in accordance with Generally Accepted Accounting Practices. Other comprehensive income and expenditure comprises unrealised gains and losses including revaluation gains on property, plant and equipment, fair value movements on derivative financial instruments and remeasurement gains or losses on defined benefit pension schemes.

#### The Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by TfL. The net assets of TfL (assets less liabilities) are matched by the reserves held by TfL. Reserves are reported in two categories. The first category is usable reserves, being those reserves that TfL may use to provide services, subject to the need to maintain a prudent level of reserves. The second category is those reserves that TfL is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become

available to provide services if the assets were sold, and reserves that hold timing differences shown in the movement in reserves statement line 'Adjustments between accounting basis and funding basis under regulations'.

#### The Cash Flow Statement

The Cash Flow Statement shows our changes in cash and cash equivalents during the financial year. The statement shows how we generate and use cash and cash equivalents by classifying cash flows as derived from operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which our operations are funded by way of passenger income and grants. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to our future service delivery.

#### Movement in Reserves Statement

This statement shows the movement in the year on the different reserves we held, analysed into usable reserves and other reserves. The surplus or deficit on the provision of services is different from the statutory amounts required to be charged to the General Fund balance. The net increase/decrease before transfers to Earmarked Reserves line shows the statutory General Fund balance before any discretionary transfers to or from Earmarked Reserves.

## Statement of Responsibilities for the Accounts

### Statutory Chief Finance Officer certification

The Corporation is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Statutory Chief Finance Officer) has responsibility for the administration of those affairs
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts

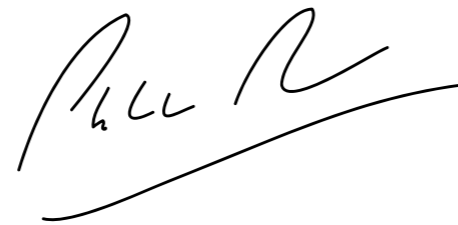
The Statutory Chief Finance Officer is responsible for the preparation of the Statement of Accounts for the Corporation and the Group in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Statutory Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent

- Complied with the Code
- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Corporation and Group at the accounting date and of the income and expenditure for the year ended 31 March 2025.



**Patrick Doig**  
Statutory Chief Finance Officer  
24 September 2025



We take our financial responsibilities seriously

# Independent Auditor's Report to the Members of Transport for London

## Opinion

We have audited the financial statements of Transport for London ('the Corporation') and its subsidiaries ('the Group') for the year ended 31 March 2025. The financial statements comprise the:

- Group Comprehensive Income and Expenditure Statement
- Group Balance Sheet
- Group Movement in Reserves Statement
- Group Statement of Cash Flows
- Corporation Comprehensive Income and Expenditure Statement
- Corporation Balance Sheet
- Corporation Movement in Reserves Statement
- Corporation Statement of Cash Flows
- Accounting Policies
- Accounting Judgements and Estimates
- the related Notes 1 to 44

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion the financial statements:

- give a true and fair view of the financial position of Transport for London and the Group as at 31 March 2025 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended)

## 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 group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities and the Code of Audit Practice 2024, 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. Our evaluation of the directors' assessment of the Group and Corporation's ability to continue to adopt the going concern basis of accounting included:

- We have understood management's assessment of funding requirements and commitments for the going concern period to 31 March 2027 by reconciling 2025/26 and 2026/27 budget information to supporting evidence
- We have considered the historical accuracy of management's budgets and forecasting by comparing outturn to budget for the last two years, to assess the risk of the budgets omitting material commitments
- We have assessed performance to date on efficiency savings programmes to determine the risk of non-delivery of savings assumed within the budget
- We have considered the mitigations available to TfL in the event of non-delivery of savings, including challenging the assumptions over access to further borrowing to determine the reasonableness of those options. We assessed the headroom available against TfL's Authorised Prudential Borrowing Limit over the going concern period and considered the accessibility of borrowing from the Public Works Loans Board

- We have assessed the adequacy of the going concern disclosures relating to the ability to deliver current planned operational services within available sources of funding in the financial statements

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 group and Corporation's ability to continue as a going concern for a period to 31 March 2027.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

## Overview of our audit approach

|                          |   |
|--------------------------|---|
| <b>Audit scope</b>       | • We performed an audit of the complete financial information of two components   |
| <b>Key audit matters</b> | <ul style="list-style-type: none"> <li>• Fares revenue</li> <li>• Capital projects</li> <li>• Property valuation</li> <li>• Cyber incident</li> </ul> |
| <b>Materiality</b>       | • Overall group materiality of £119m which represents one per cent of group operating and capital expenditure   |

## Independent Auditor's Report to the Members of Transport for London (continued)

### An overview of the scope of the parent and group audits

#### Tailoring the scope

In the current year our audit scoping has been updated to reflect the new requirements of ISA (UK) 600 (Revised). We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures to identify and assess risks of material misstatement of the Group financial statements and identified significant accounts and disclosures.

When identifying components at which audit work needed to be performed to respond to the identified risks of material misstatement of the Group financial statements, we considered our understanding of the Group and its business environment, the potential impact of climate change, the applicable financial framework, the group's system of internal control at the entity level, the existence of centralised processes, applications and any relevant internal audit results.

In assessing the risk of material misstatement to the Group financial statements, we have ensured we have adequate quantitative coverage of significant accounts in the financial statements, across the three reporting components: Transport for London Corporation, Transport Trading Limited

Group and London Transport Insurance (Guernsey) Limited. Only Transport Trading Limited and the Corporation are material to the Group, representing 100 per cent of the Group's expenditure. The other entity represents less than 0.5 per cent of Group's expenditure, revenue and total assets and is considered immaterial to the Group.

We performed an audit of the complete financial information of Transport for London Corporation and Transport Trading Limited ("full scope components") which were selected based on their size or risk characteristics. For the remaining component we performed other audit procedures including analytical review, testing of consolidation journals and intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

For those individually relevant components we identified the significant accounts where audit work needed to be performed, at these components by applying professional judgement, having considered the group significant accounts on which centralised procedures will be performed, the reasons for identifying the financial reporting component as an individually relevant component and the size of the component's account balance relative to the group significant financial statement account balance.

We then considered whether the remaining group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the group financial statements. We did not select any further components of the group to include in our audit scope to address these risks.

Our scoping to address the risk of material misstatement for each key audit matter is set out in the Key audit matters section of our report.

#### Involvement with component teams

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

#### Climate change

Stakeholders are increasingly interested in how climate change will impact Transport for London. The Group has determined that the most significant future impacts from climate change on its operations will be from the impact of the increase in frequency of extreme weather events with periods of hot and cold weather, flash flooding and storm events. Such events can cause widespread disruption to operations and damage to assets whether caused by falling debris, flooding or failure of assets.

These are explained on pages 83-100 which form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

As explained in the Accounting Policies, governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. There are no significant judgements or estimates relating to climate change in the notes to the financial statements as it is not considered that climate change risks have a material impact on the Group's judgements or sources of estimation uncertainty.

## Independent Auditor's Report to the Members of Transport for London (continued)

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment that there is no impact of climate change risk, the adequacy of the Group disclosures in the financial statements and the conclusion that there is limited effect on accounting judgement and estimates for the current period or have any other impact on the financial statements as disclosed in Climate Change in 'Accounting Judgements and Estimates'. We also challenged the Group's considerations of climate change in their assessment of going concern and associated disclosures. As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.



We consider how climate change will affect our decisions

# Independent Auditor's Report to the Members of Transport for London (continued)

## Fares revenue

| Risk  | Our response to the risk   | Key observations communicated to the Audit and Assurance Committee   |
|---|--|--|
| <p><b>Passenger income £5,004.4m (2024 £4,843.1m) – refer to Note I in the consolidated financial statements.</b></p> <p>Transport for London generated 71.9 per cent of its revenue from fares charged to customers during FY24/25.</p> <p>Fares revenue remains a focus of the financial statements audit due to the complexity and amount of judgement associated with it. This risk over revenue recognition specifically arises in the following judgemental areas, where there is opportunity to overstate revenue:</p> <ul style="list-style-type: none"> <li>Oyster Pay As You Go and Contactless Pay: Revenue is recognised on a real time basis and is apportioned between TfL and train operating companies where necessary. Given the complexity related to apportionment and the potential incentive to misstate revenue, TfL requires a robust control environment to ensure that TfL's share of fares is accurately recognised as revenue and amounts due to the train operating companies are excluded as well as reflecting a level of expected refunds.</li> <li>Travelcard and Through Ticket: Revenue from annual or periodic tickets and travel cards is recognised on a straight-line basis over the period of validity of the ticket or travel card. Revenue received in advance is released over the validity period. Daily travelcards and Through Tickets are recognised on the day of purchase. All the above is apportioned between TfL and the train operating companies based on agreed apportionment factors.</li> </ul> | <p>Our testing of revenue recognition included both tests of control and substantive testing.</p> <p>Our test of controls focused on the effectiveness of controls over cash collection and sales made at various outlets to provide evidence of existence of passenger income and services delivered.</p> <p>We obtained an understanding of the processes for recording fares revenue including the IT applications.</p> <p>We utilised the conclusions from the service auditors' ISAE3402 reports on the controls operated over contactless ticketing and Oyster Pay as You Go including those controls over apportionment. One of the reports was qualified on the basis of limited access to information during the period of the cyber incident. We have reviewed our audit strategy in respect of fares revenue and have performed suitable alternative procedures to ensure that controls continued to operate effectively throughout the year, to provide us with sufficient assurance over revenue. We involved our IT specialists to review the impact of the qualified opinion due to limited access to information during the period of the cyber incident.</p> <p>Our substantive testing of revenue relating to Oyster Pay as You Go, Contactless Pay, Travelcard and Through Ticket included the following procedures:</p> <ul style="list-style-type: none"> <li>We selected a sample of weekly sales reported in the sales database and agreed this to raw sales data from the Central Data System which records all journey transactions. We agreed the total revenue per the sales database for the year to the amount recorded as revenue</li> <li>We agreed a sample of periodic net settlements between TfL and the train operating companies (managed by the Rail Delivery Group) for Contactless Pay, Oyster and Travelcard to invoices received from the Rail Delivery Group and to the bank statement</li> <li>We agreed the values reported as revenue in advance by performing a recalculation of the closing balance using the sales database that records sales of travelcards and oyster cards and the revenue recognised for the year recorded when customers take journeys</li> </ul> <p>We performed full scope audit procedures over this risk area for the whole Group, which covered 100 per cent of passenger income</p> | <p>We have completed our controls testing and our transaction testing over invoices and joint ticketing facilities reports and have not identified any misstatements. We have completed our substantive testing of fares and agree that the amount recorded in the financial statements is consistent with underlying supporting documents.</p> <p>We have obtained and reviewed service auditors' ISAE3402 reports and agreed procedures report as part of our testing over contactless ticketing and Oyster Pay As You Go. We have reviewed our audit strategy in respect of fares revenue and have performed suitable alternative procedures to ensure that controls continued to operate effectively throughout the year, to provide us with sufficient assurance over revenue. We evaluated the controls operated over contactless ticketing and Oyster Pay As You Go, including those relating to the apportionment of fares income and settlement between train operating companies and the Group. Our procedures included leveraging the conclusions from the ISAE 3402 report issued by the service auditor. In response to the identified cyber incident, we involved our IT specialists to assess its impact on the relevant systems. We also performed sample testing to confirm the accuracy of fare apportionment and settlement, taking into account the service auditor's conclusions.</p> |

# Independent Auditor's Report to the Members of Transport for London (continued)

## Capital projects

| Risk   | Our response to the risk   | Key observations communicated to the Audit and Assurance Committee   |
|--|--|--|
| <p><b>Additions to Group property, plant and equipment £1,797.5m (2024: £1,981.2m) – refer to Note 13 in the consolidated financial statements.</b></p> <p>The TfL Group undertakes multiple capital projects at any point in time. These projects vary in size, complexity and length of time to complete and therefore there is a risk of inappropriate capitalisation of costs that do not meet the criteria of IAS16: Property, Plant and Equipment as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.</p> | <p>Testing of capital expenditure included both tests of controls and substantive testing to assess whether the expenditure capitalised in property, plant and equipment met the criteria under IAS16.</p> <p>We have gained an understanding of key controls and governance surrounding capital project accounting and management.</p> <p>Our test of controls focused on those that related to the approval of capital expenditure recorded in property, plant and equipment to evidence of appropriate authorisation and of review of amounts capitalised.</p> <p>The following procedures were performed as part of our substantive testing:</p> <ul style="list-style-type: none"> <li>• We selected a sample of major projects and tested expenditure capitalised during the financial period to supporting project documentation, including third party reports, invoices, contracts and other documentation received from contractors and suppliers, and assessed whether the expenditure met the criteria for capitalisation</li> <li>• We met with project managers for the projects sampled to understand the scope, progress and viability of the project, to enable us to consider whether the accounting amounts recorded were consistent with the understanding gained of any delivery challenges encountered, or disputes with contractors and to consider whether this indicated any expenditure did not meet the criteria for capitalisation</li> <li>• We compared the latest positions of the projects recorded in respect of “pain or gain” arrangements to contract terms and conditions and to the latest project outturn forecasts to assess the related value recorded in accruals</li> <li>• We performed detailed testing on a sample of capital accruals to source documentation to test completeness of costs recognised at 31 March 2025</li> <li>• We visited a sample of project sites to further understand the scope and the progress on these projects, to enable us to challenge whether costs capitalised were appropriate</li> </ul> <p>We performed full scope audit procedures over this risk area for the whole Group, which covered 100 per cent of the risk amount.</p> | <p>We are satisfied that the capitalised costs in the year meet the criteria for capitalisation of IAS16: Property, Plant and Equipment as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.</p> |

# Independent Auditor's Report to the Members of Transport for London (continued)

## Property valuation

| Risk  | Our response to the risk  | Key observations communicated to the Audit and Assurance Committee   |
|---|---|--|
| <p><b>Investment properties £1,603.6m (2024: £1,615.1m)</b></p> <p>The TfL Group has an extensive and diversified property portfolio across London. Any changes to the assumptions used to value properties within the portfolio could have a significant impact on the financial statements due to the nature of the properties. External valuers perform a detailed valuation across the property portfolio during each financial year. Significant judgement is used during the valuation of the property portfolio due to the uniqueness thereof. Inaccuracies in inputs or inappropriate assumptions used in these judgements (including the estimated rental value and yield profile applied) could result in a material misstatement of the balance sheet.</p> | <p>The following procedures were performed:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of management's process and controls around the valuation of properties</li> <li>• We obtained management's valuations report for properties valued at 31 March 2025</li> <li>• We evaluated the competence of the Group's external valuers, CBRE, which included consideration of their qualifications, expertise and independence</li> <li>• We agreed the valuations in the external valuers' report to the financial statements to confirm the accuracy of the accounting entries</li> <li>• We challenged management and the external valuers on the appropriateness of the methodology applied and key judgements used in the valuation, through comparing applied rental rates and yields to expected ranges based on market data and asset specific considerations</li> <li>• We challenged whether certain assets were classified correctly as Investment Property under IAS 40 or whether they should be classified as operational assets under IAS 16 or lease receivables under IFRS 16</li> <li>• We selected a sample of investment properties based on value risk and to obtain a representation across all asset classes. For this sample we tested source documentation provided by the Group to CBRE and the appropriateness of assumptions applied. This included agreeing a sample back to underlying lease data</li> <li>• For selected assets within this sample, determined by risk factors such as project-based valuations or significant value movements, our valuation experts assisted with challenging the valuation methods applied and comparing property yields to market data. They also assisted with assessing other assumptions such as estimated rental values, voids and tenant incentives to available data, and checking whether relevant market transactions contradicted the assumptions used</li> <li>• We considered sustainability factors and related costs that may affect value, noting that energy performance rating (EPC) is the key metric used by management and valuers. We reviewed the EPC data provided to CBRE and reviewed this for completeness. For a sample, we verified the data to EPC certificates. With our valuation experts, we assessed and challenged CBRE's judgements regarding rental values and climate-related costs</li> <li>• We assessed the adequacy of the disclosures of estimates and valuation assumptions in Note 16, including sensitivity analysis</li> </ul> <p>We performed full scope audit procedures over this risk area for the whole Group, which covered 100 per cent of the risk amount.</p> | <p>We have tested the inputs, assumptions and methodology used by CBRE and we have concluded that property valuations were within an acceptable range and in compliance IAS 40: Investment Property as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.</p> |

# Independent Auditor's Report to the Members of Transport for London (continued)

## Cyber incident

| Risk  | Our response to the risk  | Key observations communicated to the Audit and Assurance Committee   |
|---|---|--|
| <p>TfL systems were subject to a cyber breach on 1 September 2024. Given the complex nature of the IT infrastructure, and the reliance on a number of these systems for financial reporting purposes, there is a risk that a breach in these systems could lead to a material misstatement within the financial statements.</p> <p>We have also considered whether the incident itself would lead to additional liabilities and costs for the organisation.</p> | <p>We performed the following procedures to assess whether the financial statements may be materially misstated due to the impact of the cyber incident:</p> <ul style="list-style-type: none"> <li>• We assessed the impact of the incident on TfL's compliance with laws and regulations, including review of correspondence with the Information Commissioners Office</li> <li>• We evaluated management's assessment of the financial impact of the incident, including any potential compensation and refund events</li> <li>• We inquired about legal or reputational consequences arising from the incident and how these have been mitigated</li> <li>• We performed a revenue trend analysis to identify any unusual trends or adjustments</li> <li>• We evaluated manual adjustments made around the period of the cyber incident, following limitations of access to the relevant systems</li> <li>• We tested a sample of payments processed during the incident window, for appropriate authorisation and underlying evidence</li> </ul> <p>We also performed the following procedures to consider any weaknesses in respect of the control environment, and our overall controls reliance approach:</p> <ul style="list-style-type: none"> <li>• We identified the system breached and evaluated third-party assurance reports and the outcomes of management investigations</li> <li>• We understood alternative procedures performed by Management during the incident period and confirmed that appropriate correcting entries have been processed</li> <li>• We performed additional walkthrough procedures to understand access restrictions and changes in systems operations during and after the incident</li> <li>• We involved our IT specialists to assess the conclusions of the service auditor, following the qualification of their opinion as a result of the incident. We also performed sample testing to confirm the accuracy of fare apportionment and settlement, taking into account the service auditor's conclusions</li> </ul> | <p>Based on our knowledge and understanding of the cyber incident, we completed incremental audit procedures, including involvement of our EY Technology Risk team, and have not identified any matters which would give rise to further accounting risks or errors. This includes our assessment of any potential liabilities arising as a result of the incident, as well as the operations of the control environment both during and post the cyber incident.</p> <p>We have reviewed the processes and operations of controls during this period and determined that suitable mitigations have been put in place by TfL following the incident.</p> |

## Independent Auditor's Report to the Members of Transport for London (continued)

In the prior year, our auditor's report included a key audit matter in relation to Going Concern. In the current year, we do not deem Going Concern to constitute a Key Audit Matter on the basis of the decreasing level of uncertainty following the pandemic and the notified capital funding settlement.

### Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

### Materiality

**The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.**

We determined materiality for the Group to be £119m (2024: £131.5m), which is one per cent (2024: one per cent) of operational and capital expenditure. The Group's key responsibilities are to provide transportation services across London and to continue to develop the capital's transport infrastructure. Both of these elements are of significant interest to the users of the financial statements identified

above and we therefore determined that the Group's expenditure in these areas is an appropriate measure for planning materiality.

We determined materiality for the Transport for London Corporation to be £176m (2024: £165.6m), which is 0.5 per cent (2024: 0.5 per cent) of total assets. As this results in a higher materiality for the Corporation than the Group, we reduced materiality for the Corporation to the lower level of £119m.

### Performance materiality

**The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.**

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50 per cent (2024: 50 per cent) of our planning materiality, namely £60m (2024: £65.8m). We have set performance materiality at this percentage based on our consideration of the control environment, given the extent and nature of audit findings identified in the prior period.

Audit work was undertaken at Transport for London Corporation and Transport Trading Limited for the purpose of responding to the assessed risks of material misstatement of the Group's financial statements. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, we set performance materiality for the Transport for London Corporation at £29.7m (2024: £39.5m) and Transport Trading Limited at £53.5m (2024: £55.9m).

### Reporting threshold

**An amount below which identified misstatements are considered as being clearly trivial.**

We agreed with the Audit and Assurance Committee that we would report to them all uncorrected audit differences in excess of £6m (2024: £6.6m), which is five per cent of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

### 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 this 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 a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## Independent Auditor's Report to the Members of Transport for London (continued)

### Opinion on other matters prescribed by the National Audit Office's Code of Audit Practice 2024

In our opinion the parts of the Remuneration Report identified as subject to audit have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

### Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Group and the Corporation
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)

- we are not satisfied that the Group and the Corporation has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in these respects.

### Responsibilities of the Statutory Chief Finance Officer

As explained more fully in the Statement of Responsibilities for the Accounts set out on page 103, the Statutory Chief Financial Officer is 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 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 Statutory Chief Financial Officer is responsible for assessing the group and Corporation'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 group or the Corporation or to cease operations, or have no realistic alternative but to do so.

The Corporation is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### 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.

### Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the group and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are the Local Government Act 2003, the Local Government Finance Act 2012, the Local Audit and Accountability Act 2014 (as amended) and the Accounts and Audit Regulation 2015
- We understood how the group is complying with those frameworks by making enquiries with management and those responsible for legal and compliance procedures. We understood the oversight of those charged with governance, the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. We corroborated our enquiries through our reading of board minutes and papers provided to the Audit and Assurance Committee

## Independent Auditor's Report to the Members of Transport for London (continued)

- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. Where the risk was considered higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements are free from fraud or error
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved reading of board minutes to identify any non-compliance with laws and regulations, a review of the reporting to the Audit and Assurance Committee on compliance with regulations, enquiries of the Head of Counter-Fraud and Corruption, enquiries of legal, enquiries with chief information security officer in relation to the cyber incident and enquiries of management
- To address our fraud risk around the manipulation of reported financial performance through improper recognition of revenue, we have completed the procedures set out in the key audit matter above on revenue recognition relating to the allocation of fares received based on time periods, services provided by other parties and refunds

- To address our fraud risk of inappropriate capitalisation of revenue expenditure we have completed the procedures set out in the key audit matter above on capital projects
- To address our fraud risk of misstatement due to fraud or error, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. For details refer to the key audit matter section above in relation to the cyber incident.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Other matters we are required to address

We were appointed by Public Sector Audit Appointments on 6 December 2022 to audit the financial statements for the year ending 31 March 2024 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is 10 years, covering the years ending 31 March 2016 to 31 March 2025.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the Corporation and we remain independent of the group and the Corporation in conducting the audit

- The audit opinion is consistent with the additional report to the Audit and Assurance Committee

### Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether Transport for London had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Transport for London put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether Transport for London had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(l)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance certificate in respect of the Whole of Government Accounts consolidation pack and the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of Transport for London.

### Use of our report

This report is made solely to the members of Transport for London, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Janet Dawson

For and on behalf of Ernst & Young LLP,  
Statutory Auditor London  
**25 September 2025**

## Group Comprehensive Income and Expenditure Statement

| Year ended 31 March                                       | Note | Gross service income 2025<br>£m | Gross expenditure 2025<br>£m | Net income/(expenditure) 2025<br>£m | Gross service income 2024<br>£m | Gross expenditure 2024<br>£m | Net income/(expenditure) 2024<br>£m |
|---|------|---------------------------------|------------------------------|-------------------------------------|---------------------------------|------------------------------|-------------------------------------|
| <b>Operating segment</b>                                  |      |                                 |                              |                                     |                                 |                              |                                     |
| London Underground  |      | 2,678.0                         | (2,727.0)                    | (49.0)                              | 2,528.0                         | (2,740.0)                    | (212.0)                             |
| Elizabeth line  |      | 669.0                           | (581.0)                      | 88.0                                | 610.0                           | (532.0)                      | 78.0                                |
| Buses, streets and other operations                       |      | 2,750.0                         | (3,825.0)                    | (1,075.0)                           | 2,705.0                         | (3,643.0)                    | (938.0)                             |
| Rail  |      | 429.0                           | (614.0)                      | (185.0)                             | 421.0                           | (565.0)                      | (144.0)                             |
| Places for London   |      | 105.0                           | (80.0)                       | 25.0                                | 94.0                            | (65.0)                       | 29.0                                |
| Other group items   |      | 290.0                           | (158.0)                      | 132.0                               | 489.0                           | (301.0)                      | 188.0                               |
|   | 2    | 6,921.0                         | (7,985.0)                    | (1,064.0)                           | 6,847.0                         | (7,846.0)                    | (999.0)                             |
| Central items not reported on a segmental basis           | 2    | 46.5                            | (1,440.2)                    | (1,393.7)                           | (132.7)                         | (1,237.7)                    | (1,370.4)                           |
| <b>Net cost of services</b>                               | 2    | <b>6,967.5</b>                  | <b>(9,425.2)</b>             | <b>(2,457.7)</b>                    | 6,714.3                         | (9,083.7)                    | (2,369.4)                           |
| Other net operating income/(expenditure)                  | 7    |                                 |                              | 38.3                                |                                 |                              | (97.3)                              |
| Financing and investment income                           | 8    |                                 |                              | 162.7                               |                                 |                              | 86.2                                |
| Financing and investment expenditure                      | 9    |                                 |                              | (501.5)                             |                                 |                              | (623.4)                             |
| Grant income  | 10   |                                 |                              | 2,731.1                             |                                 |                              | 3,504.6                             |
| <b>(Deficit)/surplus on the provision of services</b>     |      |                                 |                              | <b>(27.1)</b>                       |                                 |                              | 500.7                               |
| Group share of profit before tax of joint ventures        | 18   |                                 |                              | 0.3                                 |                                 |                              | 0.1                                 |
| Group share of loss before tax of associated undertakings | 19   |                                 |                              | (7.6)                               |                                 |                              | (58.3)                              |
| <b>Group (deficit)/surplus before tax</b>                 |      |                                 |                              | <b>(34.4)</b>                       |                                 |                              | 442.5                               |
| Taxation  | 11   |                                 |                              | 32.4                                |                                 |                              | (49.5)                              |
| <b>Group (deficit)/surplus after tax</b>                  |      |                                 |                              | <b>(2.0)</b>                        |                                 |                              | 393.0                               |

\* There is no tax effect of these items on other comprehensive income and expenditure in the years ended 31 March 2025 or 2024 (see Note 11)

| Year ended 31 March   | Note | Gross service income 2025<br>£m | Gross expenditure 2025<br>£m | Net income/(expenditure) 2025<br>£m | Gross service income 2024<br>£m | Gross expenditure 2024<br>£m | Net income/(expenditure) 2024<br>£m |
|---|------|---------------------------------|------------------------------|-------------------------------------|---------------------------------|------------------------------|-------------------------------------|
| <b>Group (deficit)/surplus after tax</b>                                  |      |                                 |                              | <b>(2.0)</b>                        |                                 |                              | 393.0                               |
| <b>Other comprehensive income and expenditure</b>                         |      |                                 |                              |                                     |                                 |                              |                                     |
| <b>Items that will not be subsequently reclassified to profit or loss</b> |      |                                 |                              |                                     |                                 |                              |                                     |
| Surplus/(deficit) on the revaluation of property, plant and equipment*    | 13   |                                 |                              | 16.0                                |                                 |                              | (11.4)                              |
| Net remeasurement gain on defined benefit pension schemes*                | 35   |                                 |                              | 1,216.0                             |                                 |                              | 602.4                               |
|   |      |                                 |                              | <b>1,232.0</b>                      |                                 |                              | 591.0                               |
| <b>Items that may be subsequently reclassified to profit or loss</b>      |      |                                 |                              |                                     |                                 |                              |                                     |
| Movement in fair value of derivative financial instruments*               | 37   |                                 |                              | 8.7                                 |                                 |                              | (44.0)                              |
| Derivative fair value loss reclassified to income and expenditure*        | 37   |                                 |                              | 1.1                                 |                                 |                              | 1.1                                 |
| Discontinued hedging relationship   | 37   |                                 |                              | 29.1                                |                                 |                              | -                                   |
|   |      |                                 |                              | <b>38.9</b>                         |                                 |                              | (42.9)                              |
|   |      |                                 |                              | <b>1,270.9</b>                      |                                 |                              | 548.1                               |
| <b>Total comprehensive income and expenditure</b>                         |      |                                 |                              | <b>1,268.9</b>                      |                                 |                              | 941.1                               |

## Group Balance Sheet

|                                       | Note | 31 March 2025<br>£m | 31 March 2024<br>£m |
|---------------------------------------|------|---------------------|---------------------|
| <b>Long-term assets</b>               |      |                     |                     |
| Intangible assets                     | 12   | 286.7               | 271.9               |
| Property, plant and equipment         | 13   | 45,733.7            | 45,261.2            |
| Right-of-use assets                   | 14   | 2,043.5             | 1,970.4             |
| Investment property                   | 16   | 1,603.6             | 1,615.1             |
| Investment in joint ventures          | 18   | 138.6               | 78.8                |
| Investment in associated undertakings | 19   | 113.6               | 114.3               |
| Other investments                     | 24   | 1.4                 | 1.2                 |
| Derivative financial instruments      | 32   | 2.7                 | 28.6                |
| Finance lease receivables             | 20   | 19.5                | 18.2                |
| Retirement benefit surplus            | 35   | 3,669.1             | 2,352.7             |
| Debtors                               | 22   | 36.4                | 28.9                |
|                                       |      | <b>53,648.8</b>     | <b>51,741.3</b>     |
| <b>Current assets</b>                 |      |                     |                     |
| Inventories                           | 21   | 122.3               | 101.4               |
| Debtors                               | 22   | 586.4               | 608.2               |
| Assets held for sale                  | 23   | 52.8                | -                   |
| Derivative financial instruments      | 32   | 1.4                 | 0.7                 |
| Finance lease receivables             | 20   | 2.9                 | 7.1                 |
| Short-term investments                | 24   | 854.8               | 5.8                 |
| Cash and cash equivalents             | 25   | 631.1               | 1,488.3             |
|                                       |      | <b>2,251.7</b>      | <b>2,211.5</b>      |
| <b>Current liabilities</b>            |      |                     |                     |
| Creditors                             | 26   | (1,872.6)           | (2,022.1)           |
| Capital grants received in advance    | 26   | (47.0)              | (34.6)              |
| Borrowings                            | 27   | (2,354.3)           | (864.0)             |
| Right-of-use lease liabilities        | 14   | (273.1)             | (275.4)             |
| PFI liabilities                       | 28   | (15.4)              | (15.5)              |
| Other financing liabilities           | 29   | (36.8)              | (20.5)              |
| Derivative financial instruments      | 32   | (23.7)              | (10.8)              |
| Provisions                            | 30   | (244.5)             | (230.9)             |
|                                       |      | <b>(4,867.4)</b>    | <b>(3,473.8)</b>    |

|                                    | Note | 31 March 2025<br>£m | 31 March 2024<br>£m |
|------------------------------------|------|---------------------|---------------------|
| <b>Long-term liabilities</b>       |      |                     |                     |
| Creditors                          | 26   | (276.2)             | (310.8)             |
| Capital grants received in advance | 26   | (3.7)               | (3.2)               |
| Borrowings                         | 27   | (11,364.7)          | (12,071.6)          |
| Right-of-use lease liabilities     | 14   | (2,146.2)           | (2,029.2)           |
| PFI liabilities                    | 28   | (45.8)              | (61.2)              |
| Other financing liabilities        | 29   | (110.7)             | (94.7)              |
| Derivative financial instruments   | 32   | (13.9)              | (48.6)              |
| Deferred tax liabilities           | 11   | (390.0)             | (422.4)             |
| Provisions                         | 30   | (41.1)              | (55.1)              |
| Retirement benefit obligation      | 35   | (74.6)              | (83.9)              |
|                                    |      | <b>(14,466.9)</b>   | <b>(15,180.7)</b>   |
| <b>Net assets</b>                  |      | <b>36,566.2</b>     | <b>35,298.3</b>     |
| <b>Reserves</b>                    |      |                     |                     |
| Usable reserves                    |      | 513.1               | 455.1               |
| Unusable reserves                  | 37   | 36,053.1            | 34,843.2            |
| <b>Total reserves</b>              |      | <b>36,566.2</b>     | <b>35,298.3</b>     |

The Notes on pages 137 to 230 form part of these financial statements. These financial statements were approved by the Audit and Assurance Committee acting on behalf of the Board on 17 September 2025 and signed on its behalf by:



**Mark Phillips**  
Chair, Audit and Assurance Committee  
24 September 2025

## Group Movement in Reserves Statement

|   | Note | General Fund<br>£m | Street Works Reserve<br>£m | Capital grants unapplied account<br>£m | Usable reserves<br>£m | Corporation unusable reserves<br>£m | Total Corporation reserves<br>£m | Share of Group unusable reserves<br>£m | Total reserves<br>£m |
|---|------|--------------------|----------------------------|--|-----------------------|-------------------------------------|----------------------------------|--|----------------------|
| <b>At 1 April 2023</b>  |      | 189.7              | 27.2                       | 102.2                                  | 319.1                 | 18,702.3                            | 19,021.4                         | 15,335.3                               | 34,356.7             |
| <b>Movement in reserves during 2023/24</b>  |      |                    |                            |  |                       |                                     |                                  |  |                      |
| Group surplus after tax   |      | 2,153.1            | -                          | -                                      | 2,153.1               | 13.2                                | 2,166.3                          | (1,773.3)                              | 393.0                |
| Other comprehensive income and expenditure  |      | -                  | -                          | -                                      | -                     | 600.2                               | 600.2                            | (52.1)                                 | 548.1                |
| <b>Total comprehensive income and expenditure</b>                                 |      | 2,153.1            | -                          | -                                      | 2,153.1               | 613.4                               | 2,766.5                          | (1,825.4)                              | 941.1                |
| Adjustments between group and authority accounts                                  |      | (1,767.1)          | -                          | -                                      | (1,767.1)             | -                                   | (1,767.1)                        | 1,767.1                                | -                    |
| <b>Net increase/(decrease) before transfers</b>                                   |      | 386.0              | -                          | -                                      | 386.0                 | 613.4                               | 999.4                            | (58.3)                                 | 941.1                |
| Derivative fair value loss reclassified to the Balance Sheet                      | 37   | -                  | -                          | -                                      | -                     | -                                   | -                                | 0.5                                    | 0.5                  |
| Adjustments between accounting basis and funding basis under statutory provisions | 38   | (324.6)            | 4.8                        | 69.8                                   | (250.0)               | 250.0                               | -                                | -                                      | -                    |
| <b>Increase/(decrease) in 2023/24</b>   |      | 61.4               | 4.8                        | 69.8                                   | 136.0                 | 863.4                               | 999.4                            | (57.8)                                 | 941.6                |
| <b>Balance at 31 March 2024</b>   |      | 251.1              | 32.0                       | 172.0                                  | 455.1                 | 19,565.7                            | 20,020.8                         | 15,277.5                               | 35,298.3             |
| <b>Movement in reserves during 2024/25</b>  |      |                    |                            |  |                       |                                     |                                  |  |                      |
| Group deficit after tax   |      | 1,649.2            | -                          | -                                      | 1,649.2               | -                                   | 1,649.2                          | (1,651.2)                              | (2.0)                |
| Other comprehensive income and expenditure  |      | -                  | -                          | -                                      | -                     | 1,213.7                             | 1,213.7                          | 57.2                                   | 1,270.9              |
| <b>Total comprehensive income and expenditure</b>                                 |      | 1,649.2            | -                          | -                                      | 1,649.2               | 1,213.7                             | 2,862.9                          | (1,594.0)                              | 1,268.9              |
| Adjustments between group and authority accounts                                  |      | (1,378.8)          | -                          | -                                      | (1,378.8)             | -                                   | (1,378.8)                        | 1,378.8                                | -                    |
| <b>Net increase before transfers</b>  |      | 270.4              | -                          | -                                      | 270.4                 | 1,213.7                             | 1,484.1                          | (215.2)                                | 1,268.9              |
| Derivative fair value loss reclassified to the Balance Sheet                      | 37   | -                  | -                          | -                                      | -                     | -                                   | -                                | 1.0                                    | 1.0                  |
| Adjustments between accounting basis and funding basis under statutory provisions | 38   | (209.0)            | 4.3                        | (7.7)                                  | (212.4)               | 212.4                               | -                                | (2.0)                                  | (2.0)                |
| <b>Increase/(decrease) in 2024/25</b>   |      | 61.4               | 4.3                        | (7.7)                                  | 58.0                  | 1,426.1                             | 1,484.1                          | (216.2)                                | 1,267.9              |
| <b>Balance at 31 March 2025</b>   |      | 312.5              | 36.3                       | 164.3                                  | 513.1                 | 20,991.8                            | 21,504.9                         | 15,061.3                               | 36,566.2             |

Earmarked reserves as of 31 March 2025 is £nil (2023/24 £nil).

Capital receipts received in the Corporation are fully applied during the year and a Capital Receipts Reserve has not been shown in this statement. Refer to Note 39.

Adjustments between group and authority accounts represent intra-group transactions between the Corporation and subsidiaries. This includes capital and revenue grants and interest income. The balance is adjusted against the Group deficit after tax.

## Group Statement of Cash Flows

| Year ended 31 March   | Note | 2025<br>£m     | 2024<br>£m |
|---|------|----------------|------------|
| <b>(Deficit)/surplus on the provision of services</b>   |      | <b>(27.1)</b>  | 500.7      |
| Adjustments to the deficit/surplus on the provision of services for non-cash movements                | 36 b | 1,499.5        | 2,245.8    |
| Adjustments to the deficit/surplus on the provision of services for investing or financing activities | 36 c | (1,141.5)      | (1,880.3)  |
| <b>Net cash flows from operating activities</b>   |      | <b>330.9</b>   | 866.2      |
| Investing activities  | 36 d | (1,547.8)      | (471.2)    |
| Financing activities  | 36 e | 359.7          | (294.2)    |
| <b>(Decrease)/increase in net cash and cash equivalents in the year</b>                               |      | <b>(857.2)</b> | 100.8      |
| Net cash and cash equivalents at the start of the year  |      | 1,488.3        | 1,387.5    |
| <b>Net cash and cash equivalents at the end of the year</b>   | 25   | <b>631.1</b>   | 1,488.3    |

## Corporation Comprehensive Income and Expenditure Statement

| Year ended 31 March   | Note | 2025<br>£m     | 2024<br>£m |
|---|------|----------------|------------|
| <b>Highways and Transport Services</b>                                    |      |                |            |
| Gross service income  | 1    | 1,255.1        | 1,176.0    |
| Gross expenditure   | 4    | (1,785.8)      | (1,734.1)  |
| <b>Net cost of services</b>   |      | <b>(530.7)</b> | (558.1)    |
| Other net operating income/(expenditure)                                  | 7    | 45.4           | (109.0)    |
| Financing and investment income   | 8    | 530.0          | 565.4      |
| Financing and investment expenditure                                      | 9    | (406.8)        | (420.3)    |
| Grant income  | 10   | 2,699.8        | 3,468.5    |
| Grant funding of subsidiaries   |      | (2,067.3)      | (2,547.3)  |
| <b>Surplus on the provision of services</b>                               |      | <b>270.4</b>   | 399.2      |
| <b>Other comprehensive income and expenditure</b>                         |      |                |            |
| <b>Items that will not be subsequently reclassified to profit or loss</b> |      |                |            |
| Net remeasurement gain on defined benefit pension schemes                 | 35   | 1,213.6        | 600.2      |
| <b>Total comprehensive income and expenditure</b>                         |      | <b>1,484.0</b> | 999.4      |

## Corporation Balance Sheet

|                                    | Note | 31 March<br>2025<br>£m | 31 March<br>2024<br>£m |
|------------------------------------|------|------------------------|------------------------|
| <b>Long-term assets</b>            |      |                        |                        |
| Intangible assets                  | 12   | 224.6                  | 190.8                  |
| Property, plant and equipment      | 13   | 4,552.8                | 4,519.6                |
| Right-of-use assets                | 14   | 292.2                  | 319.4                  |
| Investment property                | 16   | 58.3                   | 117.8                  |
| Investments in subsidiaries        | 18   | 13,062.5               | 13,062.5               |
| Other investments                  | 24   | 0.4                    | 0.2                    |
| Finance lease receivables          |      | 13.0                   | 13.0                   |
| Retirement benefit surplus         | 35   | 3,663.4                | 2,349.3                |
| Debtors                            | 22   | 12,867.5               | 12,220.2               |
|                                    |      | <b>34,734.7</b>        | <b>32,792.8</b>        |
| <b>Current assets</b>              |      |                        |                        |
| Debtors                            | 22   | 354.5                  | 422.4                  |
| Finance lease receivables          |      | 0.2                    | 0.2                    |
| Short-term investments             | 24   | 854.3                  | -                      |
| Cash and cash equivalents          | 25   | 453.5                  | 1,294.2                |
|                                    |      | <b>1,662.5</b>         | <b>1,716.8</b>         |
| <b>Current liabilities</b>         |      |                        |                        |
| Creditors                          | 26   | (511.4)                | (715.0)                |
| Capital grants received in advance | 26   | (11.0)                 | (18.8)                 |
| Borrowings                         | 27   | (2,354.3)              | (864.0)                |
| Right-of-use lease liabilities     | 14   | (25.6)                 | (25.6)                 |
| PFI liabilities                    | 28   | (15.4)                 | (15.5)                 |
| Provisions                         | 30   | (110.5)                | (107.3)                |
|                                    |      | <b>(3,028.2)</b>       | <b>(1,746.2)</b>       |

|                                | Note | 31 March<br>2025<br>£m | 31 March<br>2024<br>£m |
|--------------------------------|------|------------------------|------------------------|
| <b>Long-term liabilities</b>   |      |                        |                        |
| Creditors                      | 26   | (52.2)                 | (163.4)                |
| Borrowings                     | 27   | (11,367.9)             | (12,075.6)             |
| Right-of-use lease liabilities | 14   | (298.5)                | (324.1)                |
| PFI liabilities                | 28   | (45.8)                 | (61.2)                 |
| Provisions                     | 30   | (25.1)                 | (34.3)                 |
| Retirement benefit obligation  | 35   | (74.6)                 | (83.9)                 |
|                                |      | <b>(11,864.1)</b>      | <b>(12,742.5)</b>      |
| <b>Net assets</b>              |      | <b>21,504.9</b>        | <b>20,020.9</b>        |
| <b>Reserves</b>                |      |                        |                        |
| Usable reserves                |      | 513.1                  | 455.1                  |
| Unusable reserves              | 37   | 20,991.8               | 19,565.8               |
| <b>Total reserves</b>          |      | <b>21,504.9</b>        | <b>20,020.9</b>        |

The Notes on pages 137 to 230 form part of these financial statements. These financial statements were approved by the Audit and Assurance Committee on behalf of the Board on 17 September 2025 and signed on its behalf by:



**Mark Phillips**  
Chair, Audit and Assurance Committee  
24 September 2025

## Corporation Movement in Reserves Statement

|   | Note | General Fund<br>£m | Street Works<br>Reserve<br>£m | Capital grants<br>unapplied account<br>£m | Usable reserves<br>£m | Unusable reserves<br>£m | Total reserves<br>£m |
|---|------|--------------------|-------------------------------|---|-----------------------|-------------------------|----------------------|
| <b>At 1 April 2023</b>  |      | 189.7              | 27.2                          | 102.2                                     | 319.1                 | 18,702.4                | 19,021.5             |
| <b>Movement in reserves during 2023/24</b>  |      |                    |                               |   |                       |                         |                      |
| Surplus on the provision of services  |      | 386.0              | -                             | -   | 386.0                 | 13.2                    | 399.2                |
| Other comprehensive income and expenditure  |      | -                  | -                             | -   | -                     | 600.2                   | 600.2                |
| <b>Total comprehensive income and expenditure</b>                                 |      | 386.0              | -                             | -   | 386.0                 | 613.4                   | 999.4                |
| Adjustments between accounting basis and funding basis under statutory provisions | 38   | (324.6)            | 4.8                           | 69.8                                      | (250.0)               | 250.0                   | -                    |
| <b>Increase in 2023/24</b>  |      | 61.4               | 4.8                           | 69.8                                      | 136.0                 | 863.4                   | 999.4                |
| <b>Balance at 31 March 2024</b>   |      | <b>251.1</b>       | <b>32.0</b>                   | <b>172.0</b>                              | <b>455.1</b>          | <b>19,565.8</b>         | <b>20,020.9</b>      |
| <b>Movement in reserves during 2024/25</b>  |      |                    |                               |   |                       |                         |                      |
| Surplus on the provision of services  |      | 270.4              | -                             | -   | 270.4                 | -                       | 270.4                |
| Other comprehensive income and expenditure  |      | -                  | -                             | -   | -                     | 1,213.6                 | 1,213.6              |
| <b>Total comprehensive income and expenditure</b>                                 |      | 270.4              | -                             | -   | 270.4                 | 1,213.6                 | 1,484.0              |
| Adjustments between accounting basis and funding basis under statutory provisions | 38   | (209.0)            | 4.3                           | (7.7)                                     | (212.4)               | 212.4                   | -                    |
| <b>Increase/(decrease) in 2024/25</b>   |      | 61.4               | 4.3                           | (7.7)                                     | 58.0                  | 1,426.0                 | 1,484.0              |
| <b>Balance at 31 March 2025</b>   |      | <b>312.5</b>       | <b>36.3</b>                   | <b>164.3</b>                              | <b>513.1</b>          | <b>20,991.8</b>         | <b>21,504.9</b>      |

Earmarked reserves as of 31 March 2025 is £nil (2023/24 £nil).

Capital receipts received in the Corporation are fully applied during the year and a Capital Receipts Reserve has not been shown in this statement. Refer to Note 39.

## Corporation Statement of Cash Flows

| Year ended 31 March   | Note | 2025<br>£m     | 2024<br>£m |
|---|------|----------------|------------|
| <b>Surplus on the provision of services</b>   |      | <b>270.4</b>   | 399.2      |
| Adjustments to surplus on the provision of services for non-cash movements                | 36b  | 21.6           | 209.8      |
| Adjustments to surplus on the provision of services for investing or financing activities | 36c  | (1,119.5)      | (1,851.2)  |
| <b>Net cash flows from operating activities</b>   |      | <b>(827.5)</b> | (1,242.2)  |
| Investing activities  | 36d  | (644.9)        | 1,423.1    |
| Financing activities  | 36e  | 631.7          | (18.0)     |
| <b>(Decrease)/increase in net cash and cash equivalents in the year</b>                   |      | <b>(840.7)</b> | 162.9      |
| Net cash and cash equivalents at the start of the year                                    |      | 1,294.2        | 1,131.3    |
| <b>Net cash and cash equivalents at the end of the year</b>                               | 25   | <b>453.5</b>   | 1,294.2    |



We use reserves and other funding for major projects

## Accounting Policies

### a) Code of practice

TfL is required to prepare an annual Statement of Accounts under Section 3 of the Local Audit and Accountability Act 2014, and by the Accounts and Audit Regulations 2015 (the 2015 Regulations). The 2015 Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. The Statement of Accounts have therefore been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code Board under the oversight of the Financial Reporting Advisory Board. The Code constitutes proper accounting practice for the purpose of the 2015 Regulations.

The Code for 2024/25 is based on UK-adopted international accounting standards (hereafter the 'Adopted IFRS') and interpretations of the International Financial Reporting Interpretations Committee ('IFRIC'), except where these are inconsistent with specific statutory requirements. It requires that local authorities prepare their financial statements in accordance with the International Accounting Standards Board (IASB) 'Conceptual Framework for Financial Reporting' as interpreted by the Code.

The mandatory implementation of IFRS 16 Leases under the Code took effect on 1 April 2024. IFRS 16 Leases (mandatory for years beginning on or after 1 January 2019 under Adopted IFRS) replaces the previous

guidance in IAS 17 on leases. However, as a significant proportion of the Group's activities are conducted through subsidiary companies, which were obliged, under Adopted IFRS, to apply IFRS 16 from 1 April 2019, CIPFA included a provision in the Code that permits TfL to adopt IFRS 16 from the same date. The Group has therefore adopted IFRS 16 in its financial statements from 1 April 2019.

The areas where the Code differs materially from Adopted IFRS are listed below:

#### Capital grants and contributions

Capital grants and contributions are recognised immediately in the Comprehensive Income and Expenditure Statement once there is reasonable assurance that all conditions relating to those grants have been met. Under Adopted IFRS capital grants and contributions are recorded as deferred income and recognised in the Comprehensive Income and Expenditure Statement over the useful life of the assets funded by that grant.

#### FRS 102 The Financial Reporting Standard: Heritage assets

The Code has adopted the requirements of FRS 102 in respect of its rules on accounting for heritage assets. The Group has taken the exemption available under the Code to hold heritage assets at historical cost less any accumulated depreciation or impairment losses and has made additional disclosures on its heritage assets as required by the standard. There is no equivalent standard for accounting for heritage assets under Adopted IFRS.

#### IAS 36 Impairment of Assets

The Code requires that impairments be accounted for in accordance with IAS 36 Impairment of Assets, except where interpretations or adaptations to fit the public sector are detailed. Consequently, these financial statements have been prepared in accordance with the guidance contained in IPSAS 21 Impairment of Non-Cash-Generating Assets and IPSAS 26 Impairment of Cash-Generating Assets. This guidance stipulates that where an asset is not held primarily with the intention of generating a commercial return, that asset's value in use should be regarded as the present value of its remaining service potential, rather than the present value of the future cash flows that are expected to be derived from it.

#### Peppercorn rents

The Code includes an adaptation to IFRS 16 Leases in respect of the accounting for peppercorn lease arrangements for lessees. Leases with payments at peppercorn or nominal consideration that are provided at substantially below market terms, and leases for nil consideration, are accounted for as follows:

- a. Any portion of the lease that is payable is accounted for in the same way as other lease obligations under IFRS 16 Leases
- b. The difference between the present value of any future lease payments due and the fair value of the lease on initial recognition is recognised as a fair value right-of-use asset on the Balance Sheet, with a corresponding gain recognised in grant income within the surplus or deficit recognised on the provision of services.

TfL has a number of leases over property and other transport infrastructure under which it pays £nil or peppercorn rents. The majority of these leases were held at peppercorn rents by a previous lessee prior to the leases being taken on by TfL. An exercise was undertaken to assess the fair value of the assets leased under these arrangements and it was concluded that they have no material value. No amounts have therefore been recorded in these financial statements in respect of these leases.

### b) Basis of preparation

The accounts are made up to 31 March 2025. The Corporation is a single service authority and all expenditure is attributable to the provision of highways, roads and transport services. The Corporation has granted a standing delegation in its Standing Orders by which each wholly owned subsidiary (Subsidiary Entity) is delegated power to discharge any functions of TfL relevant to that Subsidiary Entity's role and responsibilities within the Group, except those functions reserved to the TfL Board. Those subsidiaries therefore directly discharge TfL's statutory functions and do so within the scope of the same statutory arrangements that apply to TfL itself.

The accounting policies set out below have been applied consistently across the Group and to all periods presented in these financial statements.

## Accounting Policies (continued)

The financial statements have been prepared under the accruals concept and in accordance with the historical cost accounting convention, modified by the revaluation of certain categories of non-current assets and financial instruments.

Where items are sufficiently significant by virtue of their size or nature, they are disclosed separately in the financial statements in order to aid the reader's understanding of the Corporation's and Group's financial performance.

### c) Basis of consolidation

The Code requires local authorities with, in aggregate, material interests in subsidiary and associated companies and joint ventures, to prepare group financial statements.

The Group financial statements presented with the Corporation's financial statements consolidate the individual financial statements of TfL and its subsidiary undertakings. A subsidiary undertaking is an undertaking controlled by the Corporation. Control is achieved when the Corporation: has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The Corporation reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control.

The Group incorporates its share of the profits or losses and its share of the net assets of associated undertakings and joint ventures using the equity accounting method. Associate undertakings are those where the Group is considered to have the power to significantly influence, but not control, the financial and operating policies of the investee. Joint ventures are those where the Group has an interest in the net assets of an investee and has joint control over its financial and operating policies.

The acquisition method of accounting has been adopted for acquisitions or disposals into the Group of subsidiary undertakings. Under this method, the identifiable assets and liabilities of an acquired entity are recorded at their fair values at the date of acquisition. Costs of acquisition are expensed in line with IFRS 3 (revised) Business Combinations. The results of subsidiary undertakings acquired or disposed of are included in the Group Comprehensive Income and Expenditure Statement from the date of acquisition until the date of disposal.

The Corporation is required to make adjustments between the accounting basis and funding basis under statutory provisions. Further detail regarding these adjustments is included within Note 38. For the alignment of accounting policies for the purposes of Group accounts, the Group transfers amounts between the Retained Earnings Reserve in its subsidiaries and the Group Capital Adjustment Account on the same basis as if those statutory provisions applied to its subsidiaries. Further details regarding this alignment is included within Note 37.

### d) Going concern

The financial statements have been prepared on a going concern basis as the Board remain confident that TfL will continue in operational existence from the date of signing these financial statements for the period ending 31 March 2027 (i.e. the remainder of 2025/26 and 2026/27 financial years), which is the going concern assessment period, and will meet its liabilities as they fall due for payment. In making this assessment, the Board has had regard to CIPFA Code paragraph 3.4.2.23, which sets out that a public sector entity is presumed to be a going concern unless there is a clearly expressed Parliamentary intention to discontinue the provision of services that the entity provides. As the Group's entities are instrumental to delivering the Group's statutory duties, as their operations are not easily severable without legislative change, they also fall under the statutory continuation assumption.

A capital funding settlement titled 'Spending Review Phase I Outcome FY25/26' for 2025/26 was agreed with Government on 30 October 2024, which provided £485m of capital funding.

In June 2025, the Phase 2 Spending Review outcome was received, which secures £2,167m from 2026/27 to 2029/30 to fund TfL's capital programme. Government continues to recognise the importance of long-term funding certainty and the strategic benefits that transport in London offers locally and nationally.

The funding support received, alongside our strategy to rebuild our finances are sufficient to create a balanced budget for the going concern assessment period ending 31 March 2027.

Management has mitigations available to support continuation of its capital programme over the going concern period, which include:

1. Descoping and deferring planned capital investment in its 2026 Business Plan, due to be published in December 2025 including delaying those elements of the programme that are not subject to contractual delivery commitments into future periods beyond 31 March 2027. This would require approval from the Board and assessment against contracts but is within TfL's control
2. Accelerating planned borrowing from beyond March 2027. This reduces available funding in future years, but could enable TfL to continue to meet its contractual commitments as they fall due over the going concern period. TfL has headroom against its Authorised External Debt Limits, which can be accessed at short notice from a number of sources including the Public Works Loan Board for capital expenditure purposes
3. Completing asset disposals, which would take longer to deliver and offer poor value. This would only be utilised in a severe downside case scenario. This would require approval from the Board and assumes a buyer can be found

## Accounting Policies (continued)

On this basis, management has a reasonable expectation that they will have adequate resources to continue in operational existence throughout the going concern period ending 31 March 2027 maintaining the provision of its services without significant amendment or reductions. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these financial statements.

### e) The application of new and revised standards

The following standards, effective for the Group for the financial period beginning 1 April 2024, were considered and were concluded that they are either not relevant to the Group or that they do not have a significant impact on the Group's financial statements:

- Amendments to IFRS 16 'Leases' on lease liability in a sale and leaseback
- Amendments to IAS 1 'Presentation of Financial Statements' on the classification of liabilities as current or non-current
- Amendments to IAS 1 'Presentation of Financial Statements' on non-current liabilities with covenants
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures' on supplier finance arrangements

### f) Accounting standards that have been issued but have not yet been adopted

The following standards and revisions will be effective for future periods and have not been early adopted by the Group:

- Amendments to IAS 21 'Effects of Changes in Foreign Exchange Rates' on lack of exchangeability
- Amendments to IFRS 9 and IFRS 7 on classification and measurement of financial instruments
- IFRS 19 Subsidiaries without Public Accountability: Disclosures allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting standards to apply reduced disclosure requirements
- IFRS 18 Presentation and Disclosure in Financial Statements which replaces IAS 1 Presentation of Financial Statements

The Group has considered the impact of the remaining above standards and revisions and have concluded that they will not have a significant impact on the Group's financial statements, except for IFRS 18 which the Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

### g) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative Comprehensive Income and Expenditure Statement is re-presented as if the operation had been discontinued from the start of the comparative period.

### h) Revenue recognition

Revenue includes income generated from the provision of travel, other fees and charges, the letting of commercial advertising space and the rental of commercial properties.

Revenue is measured after the deduction of value added tax (where applicable).

### Fares revenue

Revenue from annual or periodic tickets and Travelcards is recognised in the Comprehensive Income and Expenditure Statement on a straight-line basis over the period of validity of the ticket or Travelcard as TfL has a stand ready obligation to provide unlimited travel over the period of validity of the ticket or Travelcard. Oyster pay as you go revenue is recognised on usage and one-day Travelcards and single tickets are recognised on the day of purchase.

Revenue received in advance is not recognised in the Comprehensive Income and Expenditure Statement and is recorded on the Balance Sheet within current liabilities as contract liabilities. Contract liabilities represent receipts in advance for Travelcards, bus passes and Oyster cards.

### Revenue in respect of free and reduced fare travel for older customers and disabled customers

Revenue from the London Borough Councils in respect of free travel for older and disabled customers is recognised on a straight-line basis over the financial year to which the settlement relates, as TfL has a stand ready obligation to provide unlimited travel over the financial year to which the settlement relates.

### Congestion Charging

The standard daily Congestion Charge, including those paying through auto-pay, is recognised as income on the day the eligible vehicle enters the Congestion Charge zone.

Income from penalty charge notices is recognised at an amount adjusted for the probability of cancellation, as payment becomes due. Each increase in charge results in income being recognised in full at the date the increase is applied.

### Road network compliance

Income from penalty charge notices for traffic and parking infringements on red routes is recognised as it becomes due. Each increase in charge results in income being recognised in full at the date the increase is applied.

## Accounting Policies (continued)

### Taxi licensing

Income from taxi and private hire licences is recognised on a straight-line basis over the term of the licence.

### Commercial advertising

TfL grants a concessionaire partner control over certain advertising assets to facilitate the generation of advertising income across its estate and receives income from this arrangement. This is considered a lease arrangement for accounting purposes.

Where the arrangement is viewed as an operating lease under IFRS 16, revenue is recognised on a straight-line basis over the term of the contract.

Where the arrangement is viewed as a finance lease (where the lease transfers substantially all the risks and rewards of ownership of the underlying asset to the third party), a lease receivable is recognised. Finance income is recognised over the term of the lease, based on a pattern reflecting a constant periodic rate of return on the lease receivable. Lease receipts are allocated between reducing the principal balance and interest income.

TfL, through its concessionaire partner, also sells advertising space to customers and receives income from such arrangements under a revenue share agreement with its concessionaire. Revenue share income is dependent upon the revenue generated by the concessionaire and is therefore contingent in nature. Such revenue is recognised in the period when it is earned.

The Group receives performance monitoring credits when certain performance standards are not met. The performance monitoring credits are recognised as revenue when they are earned.

### Rental income

Rental income from operating leases of properties, ATMs, car parks and other property interests classified as investment property is recognised on a straight-line basis over the term of the lease. Rent-free periods, incentives, or fixed annual increases in the lease payments are spread on a straight-line basis over the lease term. Any inflation linked annual increases in rentals are treated as contingent rents and are recognised as income when they occur. Rental income based on tenant turnover is considered to be variable income and is therefore recognised as income in the period in which it is earned.

For finance leases, where the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the customer, a lease receivable is recognised. Finance income is recognised over the term of the lease, based on a pattern reflecting a constant periodic rate of return on the lease receivable. Lease receipts are allocated between reducing the principal balance and interest.

### Third-party contributions to operating costs

Revenue from third-party contributions to operating costs is earned on services performed by TfL in conjunction with other organisations or Government in relation to works such as dropping curbs, building roundabouts, installing traffic lights, installing shelters, escalators or elevators in stations, installing bus shelters, etc.

Revenue from third-party contributions is measured on the basis of progress towards completion, calculated using the proportion of costs incurred to date in relation to the total costs to be incurred on the entire project.

### Revenue from telecoms concessionaire arrangements

Revenue from the concessionaire arrangements relates to the exclusive right granted to the concessionaire to access TfL's broader asset base to install and maintain its new telecommunications assets. The Fixed Concession Fee is recognised on a straight-line basis over the period of the concessionaire term. Revenue share fees are recognised as income when they occur.

### Cycle hire scheme revenues

Sponsorship revenue is recognised on a straight-line basis over the term of the contract as it represents an obligation to provide branding promotion to the customer during the period of the contract.

Annual memberships scheme revenue is recognised on a straight-line basis over the membership period, as it represents an obligation to provide specific numbers of memberships to clients during the membership period.

Daily access fees are recognised upon providing the customer with access to the bicycles.

### Museum income

#### Store sales

Revenue from store sales is recognised at the point of sale to the customer.

#### Venue hire revenue

Revenue from venue hire is recognised on the date when the space is provided to the customer.

#### Venue hire catering commission

Venue hire catering commission is recognised upon completion of the event based on the estimated consideration receivable from the customer.

#### Corporate membership scheme

Corporate membership scheme revenue is recognised on a straight-line basis over the period of membership, as it represents a stand-ready obligation to provide unlimited entry during the period of membership.

#### Café concessionaire commission

Revenue from café concessionaire commission income is recognised over the term of the concessionaire contract and measured based on the estimated consideration receivable from the concessionaire in each period.

## Accounting Policies (continued)

**Ticket and photocard commission income**  
Revenue from ticket and photocard commission income is recognised upfront when the ticket or photocard is issued.

### i) Segmental reporting

In accordance with the Code, the Group's operating segments have been determined by identifying the segments whose operating results are reviewed by the Board, when making decisions regarding the allocation of resources and for the assessment of performance.

The operating segments of the Group and their principal activities are as follows:

- Underground – Provision of passenger rail services on the London Underground and refurbishment and maintenance of certain parts of the rail network
- Elizabeth line – Delivery of passenger rail services on the Elizabeth line
- Buses – Provision of bus services
- Streets and other operations – maintenance of London's roads and cycle routes; and provision of other operations, including Dial-a-Ride, London River Services, Taxi and Private Hire, Santander Cycles, Victoria Coach Station and the IFS Cloud Cable Car
- Rail – Provision of passenger rail services through contracted third-party operators on the DLR, London Overground and London Trams

- Places for London – Investment in our commercial and residential estate and building portfolio

Amounts included in TfL Group level management reporting, but excluded from divisional breakdowns are referred to as 'Group items'.

TfL's management reports to the TfL Board are presented using a basis of preparation that differs to the accounting requirements of the CIPFA Code. A reconciliation between the operating performance of the Group as reported to the Board to amounts included in the Group Comprehensive Income and Expenditure Statement is set out in Note 2.

### j) Exceptional items

Exceptional costs are costs that are unusual, infrequent and which do not occur in the normal course of operations. An unusual event or transaction has a high degree of abnormality and is clearly unrelated to (or only incidentally related to) the ordinary activities of the organisation, taking into account the operating environment. Infrequent refers to events and transactions that would not reasonably be expected to recur in the foreseeable future, taking into account the operating environment.

### k) Grants and other funding

The main source of grant funding during 2024/25 and 2023/24 was the share of Business Rate Retention received from the GLA, which is classified as a resource grant.

In the accounts of the Corporation and Group, all non-specific grants are credited to the Comprehensive Income and Expenditure Statement upon receipt or when there is reasonable assurance that the grant will be received. If a capital grant is received but certain conditions remain before it may be applied, it will be held, in the first instance, as capital grant received in advance, within the payables section of the Balance Sheet. Once any relevant conditions have been met, the capital grant is credited to the Comprehensive Income and Expenditure Statement.

Where expenditure on property, plant and equipment is financed either wholly or partly by capital or non-specific grants or other contributions, the amount of the grant applied is credited to the Capital Adjustment Account through the Movements in Reserves Statement. Amounts not utilised in the year are credited to the Capital Grants Unapplied Account, a usable reserve, for application in future periods.

Amounts of non-specific grants not used in the year are credited to the General Fund balance or to an Earmarked Reserve for specific use in future periods, where appropriate.

Earmarked Reserve have been established to finance future projects and form part of the overall funding available for the Investment Programme and revenue projects. Application of funds against specific projects is dependent on the level and mix of other sources of funding also available to fund TfL's Investment Programme.

### l) Overheads

Overheads are recognised in the Comprehensive Income and Expenditure Statement on an accruals basis.

### m) Financing and investment income and expenses

Financing and investment income comprises interest income on funds invested, interest received in relation to finance leases, and premia received on the early settlement of borrowings. Interest income is recognised in the Comprehensive Income and Expenditure Statement as it accrues, using the effective interest rate method.

Financing and investment costs comprise the interest expense on borrowings and lease liabilities and the net financing cost on defined benefit pension obligations. Also included are premia paid on the early settlement of borrowings and interest rate derivatives. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the Comprehensive Income and Expenditure Statement using the effective interest rate method (see also Accounting Policy y) Borrowing costs).

Also included within financing and investment income or expenditure are fair value gains or losses recognised in relation to the revaluation of investment properties, and any profits or losses recognised on disposal of investment properties.

## Accounting Policies (continued)

### n) VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

### o) Taxation

In July 2023 the Finance (No.2) Act 2023 was enacted in the UK which implemented the global minimum tax rules, commonly referred to as Pillar Two. The rules implement a domestic top-up tax and a multinational top-up tax in the UK which became applicable to the Group with effect from 1 April 2024. The rules will require the Group to pay top-up taxes on any 'excess profits' in the UK in respect of any operations in territories where a minimum effective tax rate of 15 per cent has not been met. Where overseas jurisdictions in which the Group operates have implemented qualified domestic minimum top-up tax rules, any top-up tax due may be payable in that jurisdiction in part or in full.

The Group has assessed the impact of Pillar Two to estimate its exposure to top-up taxes arising from 1 April 2024 and the impact is expected to be negligible. The Group will continue to closely monitor further developments in respect of Pillar Two to assess the impact on financial performance.

The Group has applied the exception to IAS 12 in respect of recognising and disclosing information relating to deferred tax assets and liabilities arising in respect of Pillar Two, as provided in the amendments to IAS 12 issued in May 2023.

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Comprehensive Income and Expenditure Statement except to the extent that they relate to a business combination, or to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are disclosed net to the extent that they relate to taxes levied by the same authority and the Group has the right of offset.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### p) Business combinations

On the acquisition of a business, fair values are attributed to the identifiable assets and liabilities and contingent liabilities unless the fair value cannot be measured reliably in which case the value is subsumed into goodwill. Where fair values of acquired contingent liabilities cannot be measured reliably, the assumed contingent liability is not recognised but is disclosed in the same manner as other contingent liabilities. Contingent assets acquired as part of a business combination are not recognised.

Goodwill is the difference between the fair value of the consideration payable and the fair value of net assets acquired.

### q) Intangible assets

#### Goodwill

Where the cost of a business combination exceeds the fair values attributable to the net assets acquired, the resulting goodwill is capitalised and tested for impairment at each Balance Sheet date. Goodwill is allocated to income-generating units for the purpose of impairment testing.

#### Other intangible assets

Software costs are measured at cost less accumulated depreciation and accumulated impairment losses. As a result of practicability, and the typical minor proportion of intangible components, where assets under construction include programmes with both tangible and intangible elements the programme is classified as tangible assets under construction until completion at which point management undertake an exercise to allocate expenses across each tangible and intangible component.

Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives, they are recognised separately.

Amortisation is charged to the Comprehensive Income and Expenditure Statement on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, unless such lives are indefinite.

The useful lives and amortisation methods for software costs are as follows:

Software costs Straight-line Up to 10 years

## Accounting Policies (continued)

### r) Property, plant and equipment

#### Recognition and measurement

Infrastructure consists of roads, tunnels, viaducts, bridges, stations, track, signalling, bus stations and stands; properties attached to infrastructure which are not separable from infrastructure; and properties attached to infrastructure that are used to facilitate the service provision but are limited in use by operational constraints. Some of these properties generate revenues which are considered to be incidental to the Group's activities.

Infrastructure, plant and equipment and rolling stock are measured at cost less accumulated depreciation and accumulated impairment losses. Assets under construction are measured at cost less any recognised impairment loss. As a result of practicability, and the typical minor proportion of intangible components, where assets under construction include programmes with both tangible and intangible elements the programme is classified as tangible assets under construction until completion at which point management undertake an exercise to allocate expenses across each tangible and intangible component.

Owner-occupied office buildings are valued at existing use value by external, professionally qualified surveyors in accordance with RICS Guidelines. Existing use value is the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction disregarding potential alternative uses and any other characteristics of the asset that would

cause its market value to differ from that needed to replace the remaining service potential at the measurement date. In determining the existing use value, the capitalisation of net income method and the discounting of future cash flows to their present value has been used. This is based upon various assumptions including the anticipated future rental income, maintenance costs and the appropriate discount rate, making reference to market evidence of transaction prices for similar properties. A deduction is made to reflect purchaser's acquisition costs.

Valuations are performed annually. Movements in the value of the property are taken to the Revaluation Reserve, with the exception of permanent diminutions in value which are recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, borrowing costs on qualifying assets, and any other costs directly attributable to bringing the assets to a working condition for their intended use. Where there is a legal obligation to remove the asset and/or restore the site on which it is located at the end of its useful economic life, the costs of dismantling and removing the items and restoring the site on which they are located are also included in the cost of the asset. Proceeds generated from an asset prior to its intended use are not deducted from the cost of the asset and are instead charged to the Comprehensive Income and Expenditure Statement as generated.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. When components are replaced, the costs of the overhaul are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss.

Where there are similar assets with identical useful lives e.g. cabling, these assets are accounted for as pooled items of property, plant and equipment and are depreciated over their useful lives. When pooled items are fully depreciated the gross acquisition value and accumulated depreciation are derecognised.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal along with the costs of disposal with the carrying amount of the item and are recognised net within other gains and losses in the Comprehensive Income and Expenditure Statement.

#### Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less the expected residual value at the end of its useful economic life.

Depreciation is recognised in the Comprehensive Income and Expenditure Statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

|                         |                 |
|-------------------------|-----------------|
| Tunnels and embankments | up to 120 years |
| Bridges and viaducts    | up to 120 years |
| Track                   | up to 120 years |
| Stations                | up to 120 years |
| Other property          | up to 120 years |
| Plant and equipment     | up to 75 years  |
| Rolling stock           | up to 50 years  |
| Road foundations        | up to 50 years  |
| Road pavement           | up to 40 years  |
| Signalling              | up to 40 years  |
| Lifts and escalators    | up to 40 years  |
| Computer equipment      | up to 15 years  |

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate, the effect of such adjustment being prospectively recognised as a change of estimate.

## Accounting Policies (continued)

### s) Heritage assets

Property, plant and equipment includes a number of assets classified as heritage assets in accordance with the Code. Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. These provisions apply to the collection of transport-related artefacts held at London Transport Museum. Due to the diverse nature of the assets held and the lack of comparable market values, the cost of obtaining a valuation of TfL's heritage assets is such that it would not be commensurate with the benefits provided to users of the financial statements. TfL has therefore taken the exemption available under the Code to hold its heritage assets at historical cost less any accumulated depreciation or impairment losses.

### t) Investment property

Investment property is property held solely either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes. Property interests that represent a reversionary interest in property, ground rent assets or an interest in property of a similar substance, are also classified as investment property.

Investment property is measured initially at cost, including transaction costs, and subsequently measured at fair value with any change therein recognised in profit or loss within financing and investment income or expenditure. When the use of a

property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. Investment properties held at fair value are not subject to depreciation.

See Note I6 – Investment Property for the valuation methods and inputs.

Revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. Any such gains and losses recognised are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and transferred to the Capital Adjustment Account.

### u) Investment in joint ventures

A joint venture is a type of joint arrangement wherein the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in joint ventures are accounted for using the equity method. Under the equity method, the investment is initially recognised on the Balance Sheet at cost and is thereafter adjusted to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

### v) Investment in associated undertakings

An associate is an entity over which the Group has significant influence, but not control. The results and assets and liabilities of associates are incorporated in these consolidated accounts using the equity method of accounting from the date on which the investee becomes an associate. Under the equity method, the investment is initially recognised on the Balance Sheet at cost and is thereafter adjusted to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

### w) Inventories

Inventories consist primarily of fuel, uniforms and materials required for the operation of services and maintenance of infrastructure. Equipment and materials held for use in a capital programme are accounted for as inventory until they are issued to the project, at which stage they become part of assets under construction.

Inventories are carried at lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

### x) Assets held for sale

Long-term assets (and disposal groups comprising a group of assets and potentially some liabilities that an entity intends to dispose of in a single transaction) are classified as held for sale if; their carrying amount will be

recovered principally through sale rather than continuing use, they are available for immediate sale and sale is highly probable.

On initial classification as held for sale, long-term assets or disposal groups are measured at the lower of their previous carrying amount and fair value less costs to sell. No amortisation or depreciation is charged on long-term assets (including those in disposal groups) classified as held for sale.

### y) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (those necessarily taking a substantial period of time to get ready for their intended use) are added to the cost of those assets, until such time as the assets are ready for their intended use.

All other finance and borrowing costs are recognised in the Comprehensive Income and Expenditure Statement in the period in which they are incurred.

### z) Provisions

Provisions are recognised on the Balance Sheet when a present legal or constructive obligation exists for a future liability in respect of a past event and where the amount of the obligation can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the Balance Sheet date and are discounted to present value where the effect is material.

## Accounting Policies (continued)

### aa) Foreign currencies

Transactions in currencies other than sterling are recognised at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Accounting Policy ah) below for hedging accounting policies).

### ab) Leases (the Group as lessee)

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

The lease liabilities arising from a lease are initially measured on a present value basis comprising the following lease payments:

- Fixed payments (including in-substance fixed payments) less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option
- Lease payments to be made under reasonably certain extension options

The lease payments are discounted using the TfL Group's incremental borrowing rate, being the rate the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

For the current year, TfL's incremental borrowing rate for each tenor consists of Public Works Loan Board as this is the current source of borrowing.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate takes effect, then the lease liability is re-measured using the changed cash flows and unchanged discount rate. Further, a corresponding adjustment is also made to the right-of-use asset. When the change in the lease payments results from a change in floating interest rates, the Group uses a revised discount rate that reflects changes in interest rates.

Lease payments are allocated between the repayment of principal and a finance cost. The finance cost is charged to the Comprehensive Income and Expenditure Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use assets are measured at cost comprising the following:

- The amount of initial measurement of lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs
- Restoration costs

The right-of-use assets are generally depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. If it is reasonably certain that the Group will exercise a purchase option, then the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and with low-value assets are recognised on a straight-line basis as an expense in the Comprehensive Income and Expenditure Statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

IFRS 16 permits the use of a practical expedient that permits lessees to make an accounting policy election, by class of underlying asset, to account for each separate lease component of a contract and any associated non-lease components as a single lease component. Contracts for bus services contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. TfL's accounting policy is to apply this expedient to other equipment as a class of underlying asset. If the non-lease components over the contract duration total less than five per cent of the total contract value or £500,000, whichever is lower, then the non-lease and lease components are treated as a single lease.

## Accounting Policies (continued)

### Peppercorn leases

Leases with payments at peppercorn or nominal consideration that are provided at substantially below market terms, and leases for nil consideration, are accounted for as follows:

- Any portion of the lease that is payable is accounted for in the same way as other lease obligations under IFRS 16 Leases
- The difference between the present value of any future lease payments due and the fair value of the lease on initial recognition is recognised as a fair value right-of-use asset on the Balance Sheet, with a corresponding gain recognised in grant income within the surplus or deficit recognised on the provision of services

The Group has a number of leases over property and other transport infrastructure under which it pays £nil or peppercorn rents. It has undertaken an exercise to assess the fair value of the assets leased under these arrangements and has concluded that they have no material value. No amounts have therefore been recorded in the financial statements in respect of these leases.

### ac) Leases (the Group as lessor)

Lease income from operating leases is recognised as income on a straight-line basis over the lease term. Rent free periods, incentives, or fixed annual increases in the lease payments are spread on a

straight-line basis over the lease term. Any inflation linked annual increases in rentals are treated as contingent rents and are recognised as income when they occur. Rental income based on turnover is considered variable and therefore is recognised in the period in which it is earned. The respective leased assets are included in the Balance Sheet within investment properties. Any lease modifications are treated as new leases from the date of modification.

Lease income from finance leases is recognised over the lease term at an amount that produces a constant periodic rate of return on the remaining balance of the net investment in the lease. The net investment in the lease is the sum of lease payments receivable during the lease term discounted at the interest rate implicit in the lease.

### ad) Private Finance Initiative (PFI) transactions and similar contracts

The Code requires the Group to account for infrastructure PFI schemes where it controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement. TfL therefore recognises such PFI assets as items of property, plant and equipment together with a liability to pay for them. The fair values of services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

- The service charge
- Repayment of the capital
- The interest element (using the interest rate implicit in the contract)

### Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within 'gross expenditure'.

### Assets

Assets are recognised as property, plant and equipment or intangible assets when they come into use. The assets are measured initially at fair value in accordance with IPSAS 32 Service Concession Arrangements – Grantor (IPSAS 32).

Where the operator enhances assets already recognised in the Balance Sheet the fair value of the enhancement in the carrying value of the asset is recognised as an asset.

### Liabilities

A PFI liability is recognised at the same time as the assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IFRS 16.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the year and is charged to financing and investment expenditure within the Comprehensive Income and Expenditure Statement.

The element of the unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

### Life cycle replacement

Components of the asset replaced by the operator during the contract (lifecycle replacement) are capitalised where they meet the Group's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

### ae) Impairment of non-financial assets

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Other intangible assets, property, plant and equipment and investments in subsidiaries, joint ventures and associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. In assessing whether impairment indicators exist Management have considered climate change risks and the impact of any commitments under the Group's Climate Change Adaptation plan.

## Accounting Policies (continued)

Impairment occurs when an asset's carrying value exceeds its recoverable amount. An asset's recoverable amount is the higher of its value in use and its fair value less costs to sell.

Where an impairment loss is reversed subsequently, the reversal is credited to the Impairment line of the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

In accordance with the Code, when an asset is not held primarily for the purpose of generating cash flows but for service provision, value in use is the present value of the asset's remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential. This is the case for the majority of the Group's assets.

### af) Employee benefits

#### Defined benefit pension plans

The majority of the Group's employees are members of the Group's defined benefit plans, which provide benefits based on final pensionable pay. The assets of schemes are held separately from those of the Group.

On retirement, members of the schemes are paid their pensions from a fund which is kept separate from the Group. The Group makes cash contributions to the funds in advance of members' retirement.

Every three years the Group's schemes are subject to a full actuarial funding valuation using the projected unit method. Separate valuations are prepared for accounting

purposes on an IAS 19 basis as at the Balance Sheet date. Pension scheme assets are measured using current market bid values. Pension scheme defined benefit obligations are measured using a projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the defined benefit obligation.

The difference between the value of the pension scheme assets and pension scheme liabilities is a surplus or a deficit. A pension scheme surplus is recognised to the extent that it is recoverable and a pension scheme deficit is recognised in full. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which it occurs. Remeasurement recognised in other comprehensive income will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit obligation or asset. Defined benefit costs are categorised between; (a) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), (b) net interest expense or income, and (c) remeasurement. The Group presents the first two components in profit or loss within the surplus on the provision of services before tax. Curtailment gains and losses are accounted for as past service costs.

#### Multi-employer exemption

For certain defined benefit schemes, the Corporation and/or the Group is unable to identify its share of the underlying assets and defined benefit obligations of the scheme on a consistent and reasonable basis. As permitted by the multi-employer exemption in the Code, these schemes are accounted for as defined contribution schemes. Contributions are therefore charged to the Comprehensive Income and Expenditure Statement as incurred.

#### Group schemes under common control

The Corporation and certain of its subsidiaries are members of a Group defined benefit plan wherein risks are shared between the entities under common control. There is no contractual arrangement in place to apportion the net defined benefit cost across the member entities. Accordingly, in line with the provisions of IAS 19, the total net defined benefit obligation is recognised in the individual financial statements of the sponsoring employer, the Corporation.

#### Unfunded pension schemes

Ex-gratia payments are made to certain employees on retirement in respect of service prior to the establishment of pension funds for those employees. Supplementary payments are made to the pensions of certain employees who retired prior to the index linking of pensions. The Group also augments the pensions of certain employees who retire early under voluntary severance arrangements. In addition, certain employees also accrue benefits under an unfunded pension arrangement. These unfunded pension liabilities are provided for in the Balance Sheet.

#### Defined contribution plans

Some employees are members of defined contribution plans. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the Comprehensive Income and Expenditure Statement in the periods during which services are rendered by employees.

#### Other employee benefits

Other short- and long-term employee benefits, including holiday pay and long service leave, are recognised as an expense over the period in which they accrue.

#### ag) Reserves

**Reserves consist of two elements, usable and unusable.**

Usable reserves are those that can be applied to fund expenditure. They are made up of the General Fund, Earmarked Reserves, the Capital Grants Unapplied Account and the Street Works Reserve. Amounts in the Street Works Reserve represent the net income/expenditure generated from lane rental revenues. These net revenues may only be employed in funding the reduction of disruption and other adverse effects caused by street works.

## Accounting Policies (continued)

Unusable reserves cannot be applied to fund expenditure as they are not cash backed. They include the Capital Adjustment Account, Pension Reserve, the Hedging Reserve, the Financial Instruments Revaluation Reserve, the Financial Instruments Adjustment Account, the Retained Earnings Reserve in subsidiaries, Merger Reserve, Accumulated Absences Reserve, Deferred capital receipts and the Fixed Asset Revaluation Reserve.

Management has determined that the Retained Earnings Reserve in subsidiaries are unusable unless the subsidiary declares a dividend to the Corporation, and they are able to fund these via their own cash reserves. The majority of assets held in subsidiaries are related to transport infrastructure and are not readily convertible to cash.

The Group's investment property assets are held within a separate property investment vehicle for the purpose of creating an estate of commercial, income-producing assets and development opportunities. They are not available to fund the expenditure of the Corporation.

### ah) Financial instruments

Financial instruments within the scope of IFRS 9 Financial Instruments (IFRS 9) are classified as:

- Financial assets measured at amortised cost
- Financial assets measured at fair value through other Comprehensive Income and Expenditure (FVTOCI)
- Financial assets measured at fair value through the Comprehensive Income and Expenditure Statement (FVTPL)
- Financial liabilities measured at amortised cost
- Financial liabilities at fair value through the Comprehensive Income and Expenditure Statement (FVTPL)

The Group determines the classification of its financial instruments at initial recognition. Financial assets may be reclassified only when the Group changes its business model for managing financial assets, at which point all affected financial assets would be reclassified. Financial liabilities are not reclassified subsequent to initial recognition.

When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus any directly attributable transaction costs. The exception to this is for assets and liabilities measured at fair value through the Comprehensive Income and Expenditure Statement, where transaction costs are immediately expensed.

The subsequent measurement of financial instruments depends on whether they are financial assets or financial liabilities and whether specified criteria are met.

Financial assets are measured at amortised cost if:

- It is the objective of the Group to hold the asset in order to collect contractual cash flows, and
- The contractual terms give rise to cash flows, which are solely repayments of a principal value and interest thereon

After initial recognition, these assets are carried at amortised cost using the effective interest rate method if the time value of money is significant. Gains and losses are recognised in the Comprehensive Income and Expenditure Statement when the asset is derecognised or a loss allowance applied, as well as through the amortisation process.

Financial assets are measured at FVTOCI if:

- Assets are non-derivative and held within a business model whose objective is to realise their value through either the collection of contractual cash flows or selling of the financial assets, and
- The contractual terms of the financial asset give rise to periodic cash flows that are the payment of principal and interest

After initial recognition, interest is taken to the Comprehensive Income and Expenditure Statement using the effective interest rate method and the assets are measured at fair value with gains or losses being recognised in Other Comprehensive Income and Expenditure (and taken to the Financial Instruments Revaluation Reserve), except for impairment gains or losses, until the investment is derecognised, or reclassified at which time the cumulative fair value gain or loss previously reported in reserves is included in the Comprehensive Income and Expenditure Statement. For equity instruments, unlike debt instruments, there is no transfer of accumulated amounts in Other Comprehensive Income to the Comprehensive Income and Expenditure Statement.

Financial assets are measured at FVTPL if they are:

- Derivatives
- Not held as amortised cost or at FVTOCI
- Financial assets that were elected to be designated as measured at FVTPL

After initial recognition, assets are carried in the Balance Sheet at fair value with gains or losses recognised in the Comprehensive Income and Expenditure Statement.

Financial liabilities are measured at amortised cost if they are non-derivative with limited exceptions.

## Accounting Policies (continued)

After initial recognition, non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are measured at FVTPL if they are:

- Derivatives
- Other liabilities held for trading
- Financial liabilities that were elected to be designated as measured at FVTPL

### Loans to subsidiaries

Loans to subsidiaries are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Loans are classified as amortised cost.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term highly liquid deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents are classified as financial assets at amortised cost.

### Other investments

Short-term investments with an outstanding maturity, at the date of acquisition, of greater than three months and less than or equal to a year, are classified as short-term investments on the basis that they are not readily convertible to cash. Short-term investments are classified as financial assets at amortised cost.

Long-term investments with an outstanding maturity, at the date of acquisition, of greater than a year, are classified as long-term investments. Long-term investments are classified as fair value through profit and loss.

### Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently classified as financial assets at amortised cost.

### Finance lease receivables

Finance lease receivables are recognised initially at fair value and subsequently classified as financial assets at amortised cost.

### Trade and other creditors

Trade and other creditors are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method.

### Interest bearing loans and borrowings

All loans and borrowings are classified as financial liabilities measured at amortised cost.

### Obligations under leases and PFI arrangements

All obligations under leases and PFI arrangements are classified as financial liabilities measured at amortised cost.

### Other financing liabilities

Other financing liabilities are classified as financial liabilities measured at amortised cost.

### Financial derivative instruments

The Group uses financial derivative instruments to manage certain exposures to fluctuations in foreign currency exchange rates and interest rates. The Group does not hold or issue derivative instruments for speculative purposes. The use of derivatives is governed by the Group's Treasury Management policies, approved by the Board.

Derivative assets and derivative liabilities are classified as FVTPL. Such financial derivative instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated in an effective as a hedge relationship, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of the foreign currency risk of firm commitments (cash flow hedges).

The fair value of derivatives are classified as a long-term asset or a long-term liability if the remaining maturity of the derivative contract is more than 12 months and as a short-term asset or a short-term liability if the remaining maturity of the derivative contract is less than 12 months.

### Hedge accounting

In order to qualify for hedge accounting, at inception of the transaction the Group formally designates and documents the hedging relationship, which includes the Group's risk management strategy and objective for undertaking the hedge, identification of the hedging instrument, the hedged item, the ratio between the amount of hedged item and the amount of hedging instrument, the nature of the risk being hedged and how the Group assesses that the hedging instrument is highly effective, including analysis of potential sources of hedge ineffectiveness.

At the inception of the hedge relationship and prospectively on an ongoing basis, the Group assesses three criteria in determining the hedge is effective and qualifies for hedge accounting, namely:

- An economic relationship exists such that the fair value or cash flows attributable to the hedged risk will be offset by the fair value of the hedged instrument
- Credit risk does not dominate changes in the value of the hedging instrument or hedged item
- The hedge ratio used for hedge accounting purposes is the same as that used for risk management purposes and is to be maintained as initially set throughout the hedge relationship

## Accounting Policies (continued)

Where derivatives or portions of hedges do not qualify for hedge accounting, they are recorded at fair value through the Comprehensive Income and Expenditure Statement and any change in value is immediately recognised in the Comprehensive Income and Expenditure Statement.

### Cash flow hedges

Hedge relationships are classified as cash flow hedges when they hedge the Group's exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. Derivative instruments qualifying as cash flow hedges are principally interest rate swaps (where floating rate interest is swapped to fixed) and foreign currency forward exchange contracts.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred in reserves. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts deferred in reserves are recycled to profit or loss in the periods when the hedged items (the hedged asset or liability) affect the Comprehensive Income and Expenditure Statement. When the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in reserves are transferred from reserves and are

included in the initial measurement of the cost of the related asset or liability. For transaction-related hedged items, this will occur once the hedged transaction has taken place. For time-period related hedged items, the amount that is accumulated in reserves is amortised on a systematic and rational basis as a reclassification adjustment.

Hedge accounting is discontinued when the hedging instrument expires, is sold, terminated, exercised or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in reserves at that time remains in reserves and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in reserves is recognised immediately in profit or loss.

### Fair value measurement of financial instruments

The fair value of quoted investments is determined by reference to bid prices at the close of business on the Balance Sheet date, within Level I of the fair value hierarchy as defined within IFRS 13.

Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length transactions; reference to the current market value of another instrument which is substantially the same; and discounted cash flow analysis and pricing models.

In the absence of quoted market prices, derivatives are valued by using quoted forward prices for the underlying commodity/currency and discounted using quoted interest rates (both as at the close of business on the Balance Sheet date). Hence, derivatives are within Level 2 of the fair value hierarchy as defined within IFRS 13.

### Impairment of financial assets

At each reporting date, the Group assesses whether the credit risk on a significant financial asset measured at amortised cost or FVTOCI has increased significantly since initial recognition and subsequently measures an expected credit loss allowance for that financial instrument.

The expected loss allowance is a measurement based on the probability of default over the lifetime of the contract for trade receivables, lease receivables or contract assets in scope of IFRS 15. For other financial assets, the allowance is based on the probability of default occurring in 12 months providing credit risk is assessed as low.

The expected credit loss is based on a forward-looking, probability-weighted measure considering reasonable and supportable information on past events, current conditions and the time value of money. Where financial assets are determined to have shared risk characteristics they are assessed collectively, otherwise, they are reviewed on an individual basis.

No loss allowance for expected credit loss is recognised on a financial asset where the counterparty is central government or a local authority and where relevant statutory provisions prevent default. Expected credit loss allowances are recognised in the Comprehensive Income and Expenditure Statement.

### Embedded derivatives

Derivatives that are embedded in other financial instruments or other host contracts are treated as separate derivatives when:

- The host contract is a financial liability or an asset not within the scope of IFRS 9, and
- The derivative's risks and characteristics are not closely related to those of the host contract
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and
- The host contracts are not carried at fair value

In such cases, an embedded derivative is separated from its host contract and accounted for as a derivative carried on the Balance Sheet at fair value from inception of the host contract.

Unrealised changes in fair value are recognised as gains/losses within the Comprehensive Income and Expenditure Statement during the period in which they arise.

## Accounting Judgements and Estimates

### Uses of accounting judgments and estimates

The preparation of financial statements in conformity with the Code requires the use of certain critical accounting estimates, which by definition, will seldom equal the actual results. Management additionally exercise judgement in applying the Group's accounting policies.

Outlined below is a summary of areas which involve a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions changing. Detailed information about the sensitivity of such judgement is including within the relevant note.

### Use of Estimates

#### Taxes

Deferred tax assets are recognised for unused tax losses only to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has unrecognised tax losses carried forward with a tax value of £276.4m (2024 £342.1m). These losses relate to subsidiaries that have a history of losses, do not expire, and may be used to offset future taxable income in those subsidiaries. If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by £279.6m (2024 £345.2m).

### Defined benefit plans

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality.

Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates.

Further details about pension obligations are provided in Note 35.

### Revaluation of investment property

The Group carries its investment properties at fair value (market value), as estimated by external professionally qualified surveyors in accordance with Royal Institution of Chartered Surveyors (RICS) guidelines. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 16.

### Use of Judgements

#### Determining whether an arrangement contains a lease

In determining whether an arrangement contains a lease, as required by IFRS 16 Leases, there is a significant judgement in determining whether the arrangement conveys the right to control the use of an identified asset and in determining the lease term, particularly in respect of whether the Group is reasonably certain to exercise extension options or renewal options.

#### Determining whether a lease is an operating lease or a finance lease as the lessor

From the lessor's perspective in assessing whether a lease is an operating lease or a finance lease, judgement needs to be

exercised in determining whether or not substantially all the risks and rewards of ownership of the leased asset are retained by the Group or are transferred to the lessee. Particularly in respect of whether the Group, as the lessor, is subject to a variable income stream or market rates related to the performance of the asset in the lease. Given that assets leased under a finance lease are derecognised from the Balance Sheet, and assets leased out under operating leases are not, this can have a significant effect on the reported financial position of the Group.

#### Determining whether the Group has an unconditional right to a refund of surplus pension assets

After consideration of the Trust Deed and Rules, the Group has assessed that under IFRIC 14 TFL has an unconditional right to a refund of surplus assets for accounting purposes assuming the gradual settlement of plan liabilities for the Crossrail Shared Cost Section of the Railways Pension Scheme (Crossrail Section) and the Public Sector Section of the TfL Pension Fund. As a result, the net pensions surplus has been recognised in full.

For the London Pension Fund Authority Pension Fund (Local Government Pension Fund) the recognition of a surplus has been limited to the lower of the surplus in the defined benefit plan and the asset ceiling, being the present value of any economic benefit available to the Group in the form of reduction in future contributions to the plan.

## Accounting Judgements and Estimates (continued)

### Climate change

In preparing the Group's financial statements, consideration has been given to the impact of both physical and transition climate change risks as described within the Task Force on Climate Related Financial Disclosures (TCFD) section of the Narrative Report, and how these impact the financial statements. Management have considered the commitments made under the Group's Climate Change Adaptation plan and other external commitments and have concluded that there is no material impact to the Group's financial statements.

In assessing the Group's judgements and sources of estimation uncertainty, consideration has been given to the impact of climate change risk on these. It is not considered that climate change risks have any material impacts on the Group's judgements or sources of estimation uncertainty for the following reasons:

| Estimate/judgement       | Explanation  |
|--------------------------|--|
| Useful economic lives    | <ul style="list-style-type: none"> <li>In assessing assets for impairment, Management did not identify any material assets for which there would be climate-related obsolescence or indicators that an asset's useful economic life would be restricted</li> <li>In particular, in light of the Group's commitment to a net-zero bus fleet by 2034, Management considered whether any right-of-use assets had restricted useful lives. All lease terms were confirmed to expire prior to transition therefore no material impairments were identified</li> </ul> |
| Asset carrying values    | <ul style="list-style-type: none"> <li>In carrying out impairment assessments, Management considered future committed cashflows in relation to climate in determining the asset's value in use. There were no material climate-related asset impairments identified</li> </ul>   |
| Investment properties    | <ul style="list-style-type: none"> <li>The impact of sustainability and environmental factors is considered as part of the valuation process to the extent possible market participants would, and is taken into account when measuring the fair value of the investment properties</li> </ul>   |
| Going concern            | <ul style="list-style-type: none"> <li>Going concern analysis covers the period from the date of signing of these financial statements until the period ending 31 March 2027. Climate events materially impacting the carrying value of reported assets and liabilities are not expected to occur within this period</li> </ul>  |
| Post-retirement benefits | <ul style="list-style-type: none"> <li>Each year Management obtain an IAS 19 valuation of the TfL Pension Fund from actuaries at the XPS Pensions Group. It is not expected that there are climate factors that would materially impact the valuation of the Fund of the assumptions used therein</li> </ul>   |

Policies and market changes in response to climate change are continually developing and therefore the financial statements cannot capture all possible outcomes as these are not yet known. The degree of uncertainty of these changes may also mean they cannot be considered in the determination of asset and liability valuations and the timing of future cashflows.

# Notes to the Financial Statements

## I. Gross service income

### a) Group gross service income

| Year ended 31 March  | 2025<br>£m     | % of<br>total | 2024<br>£m     | % of<br>total |
|--|----------------|---------------|----------------|---------------|
| Passenger income   | 5,004.4        | 71.9          | 4,843.1        | 72.1          |
| Revenue in respect of free travel for older and disabled customers | 270.5          | 3.9           | 202.0          | 3.0           |
| Congestion Charging  | 341.6          | 5.0           | 345.9          | 5.2           |
| Direct Vision Scheme income  | 15.1           | 0.2           | 14.4           | 0.2           |
| Ultra Low Emission Zone charges                                    | 581.4          | 8.4           | 534.5          | 8.0           |
| Low Emission Zone charges  | 18.6           | 0.3           | 67.7           | 1.0           |
| Charges to London Boroughs and Local Authorities                   | 14.4           | 0.2           | 13.6           | 0.2           |
| Charges to transport operators                                     | 80.1           | 1.1           | 77.8           | 1.2           |
| Road Network compliance income                                     | 93.7           | 1.3           | 89.3           | 1.3           |
| Commercial advertising receipts                                    | 146.1          | 2.1           | 154.0          | 2.3           |
| Rents receivable   | 92.3           | 1.3           | 83.1           | 1.2           |
| Contributions from third parties to operating costs                | 97.5           | 1.4           | 62.2           | 0.9           |
| Taxi licensing   | 38.0           | 0.5           | 37.7           | 0.6           |
| Ticket and photocard commission income                             | 13.8           | 0.2           | 16.3           | 0.2           |
| General fees and charges   | 35.5           | 0.5           | 55.1           | 0.8           |
| ATM and car parking income   | 19.3           | 0.3           | 16.7           | 0.2           |
| Museum income  | 15.9           | 0.2           | 15.3           | 0.2           |
| Training and specialist services                                   | 22.4           | 0.3           | 29.3           | 0.4           |
| Cycle hire scheme  | 10.0           | 0.1           | 10.2           | 0.2           |
| Other  | 56.9           | 0.8           | 46.1           | 0.8           |
|  | <b>6,967.5</b> | <b>100.0</b>  | <b>6,714.3</b> | <b>100.0</b>  |

### b) Corporation gross service income

| Year ended 31 March                                 | 2025<br>£m     | % of<br>total | 2024<br>£m     | % of<br>total |
|---|----------------|---------------|----------------|---------------|
| Congestion Charging                                 | 341.6          | 27.2          | 345.9          | 29.4          |
| Direct Vision Scheme income                         | 15.1           | 1.2           | 14.4           | 1.2           |
| Ultra Low Emission Zone charges                     | 581.4          | 46.3          | 534.5          | 45.5          |
| Low Emission Zone charges                           | 18.6           | 1.5           | 67.7           | 5.8           |
| Charges to London Boroughs and Local Authorities    | 13.5           | 1.1           | 12.5           | 1.1           |
| Road Network compliance income                      | 93.7           | 7.5           | 89.3           | 7.6           |
| Rents receivable                                    | -              | -             | 0.6            | 0.1           |
| Contributions from third parties to operating costs | 40.7           | 3.2           | 33.8           | 2.9           |
| Taxi licensing                                      | 38.0           | 3.0           | 37.7           | 3.2           |
| General fees and charges                            | 4.0            | 0.3           | 4.3            | 0.3           |
| Training and specialist services                    | 19.6           | 1.6           | 18.7           | 1.6           |
| Other   | 88.9           | 7.1           | 16.6           | 1.3           |
|   | <b>1,255.1</b> | <b>100</b>    | <b>1,176.0</b> | <b>100.0</b>  |

# Notes to the Financial Statements

## I. Gross service income (continued)

### c) Congestion Charging

|   | Group and Corporation<br>2025<br>£m | Group and Corporation<br>2024<br>£m |
|---|-------------------------------------|-------------------------------------|
| <b>Year ended 31 March</b>                        |                                     |                                     |
| Income  | 341.6                               | 345.9                               |
| Toll facilities and traffic management            | (128.0)                             | (107.7)                             |
|   | 213.6                               | 238.2                               |
| Administration, support services and depreciation | (4.1)                               | (2.6)                               |
| <b>Net income from Congestion Charging</b>        | <b>209.5</b>                        | <b>235.6</b>                        |

Net income from the Congestion Charge (above), Low Emission Zone and Ultra Low Emission Zone (below) is spent on delivering the Mayor's Transport Strategy.

### d) Combined Emission Zone Charging

|   | Group and Corporation<br>2025<br>£m | Group and Corporation<br>2024<br>£m |
|---|-------------------------------------|-------------------------------------|
| <b>Year ended 31 March</b>                        |                                     |                                     |
| Income  | 600.0                               | 602.2                               |
| Toll facilities and traffic management            | (439.7)                             | (408.9)                             |
|   | 160.3                               | 193.3                               |
| Administration, support services and depreciation | (34.2)                              | (23.3)                              |
| <b>Net income</b>                                 | <b>126.1</b>                        | <b>170.0</b>                        |

Emission zone charging comprises the Low Emission Zone (LEZ) and Ultra Low Emission Zone (ULEZ).

### e) Direct Vision Standard and HGV Safety Permit Scheme

|  | Group and Corporation<br>2025<br>£m | Group and Corporation<br>2024<br>£m |
|--|-------------------------------------|-------------------------------------|
| <b>Year ended 31 March</b>                               |                                     |                                     |
| Income   | 15.1                                | 14.4                                |
| Toll facilities and traffic management                   | (6.2)                               | (6.7)                               |
| <b>Net income recognised within net cost of services</b> | <b>8.9</b>                          | <b>7.7</b>                          |

### f) Street works

|   | Group and Corporation<br>2025<br>£m | Group and Corporation<br>2024<br>£m |
|---|-------------------------------------|-------------------------------------|
| <b>Year ended 31 March</b>  |                                     |                                     |
| Income  | 11.7                                | 12.8                                |
| Allowable operating costs of managing the lane rental scheme  | (2.8)                               | (2.6)                               |
| Application of Street Works Reserve to projects reducing the adverse effects caused by street works | (4.6)                               | (5.4)                               |
| <b>Net income recognised within net cost of services</b>  | <b>4.3</b>                          | <b>4.8</b>                          |
| <b>Net income for the year transferred to the Street Works Reserve</b>                              | <b>4.3</b>                          | <b>4.8</b>                          |

Under the London lane rental scheme, introduced in 2012, TfL receives payments where utilities carry out certain street works in circumstances significantly affecting traffic. The legislation (SI 2012/425) requires TfL to apply the net proceeds of these payments to reducing the adverse effects caused by street works. The net income shown above has been transferred to the Street Works Reserve.

# Notes to the Financial Statements

## 2. Segmental analysis

### 2a) Segmental analysis

The breakdown of performance reporting by segment is presented in the Expenditure and Funding Analysis in Note 3. The analysis only shows Group segmental information and no disclosures are included for the Corporation. This is because the Corporation's results are not reported to the TfL Board on a segmental basis.

No Balance Sheet information is reported internally by segment and there is accordingly no requirement under the Code to disclose segmental Balance Sheet information in the Statement of Accounts.

### 2b) Reconciliation of the internal management reports income statement to the Group Comprehensive Income and Expenditure Statement

The segmental information presented in the Expenditure and Funding Analysis reflects the presentation of the internal management reports income statement, published on TfL's website in the form of [Quarterly Performance Reports](#). The methodology for preparation and the presentation of figures within the internal management reports differs in several respects from the Group Comprehensive Income and Expenditure Statement as presented in these financial statements. To aid understanding of TfL information as reported in Quarterly Performance Reports, a reconciliation to the Group Comprehensive Income and Expenditure Statement is presented on the following pages.



We have a wide range of income streams that we manage

# Notes to the Financial Statements

## 2. Segmental analysis (continued)

### Reconciliation of internal management reports to the Group Comprehensive Income and Expenditure Statement (CI&E)

|   | Internal management reports<br>Income Statement | Items included in the CI&E but excluded from management reports | Items included in management reports but excluded from the CI&E | Reclassifications between line items | Items with different accounting treatment (see note 2c) | Group Comprehensive Income and Expenditure Statement |
|---|---|---|---|--------------------------------------|---|--|
| Year ended 31 March 2025  | £m  | £m  | £m  | £m                                   | £m  | £m   |
| Gross external income/(total operating income)  | 6,921.0   | -   | -   | 59.4                                 | (12.9)  | 6,967.5  |
| Gross expenditure/(operating cost)  | (7,985.0)                                       | (1,975.3)   | 597.5   | (59.4)                               | (3.0)   | (9,425.2)  |
| <b>Net cost of services/(divisional net operating deficit excluding grant income)</b> | <b>(1,064.0)</b>                                | <b>(1,975.3)</b>  | <b>597.5</b>  | <b>-</b>                             | <b>(15.9)</b>   | <b>(2,457.7)</b>                                     |
| Other net operating income  | -   | 38.3  | -   | -                                    | -   | 38.3   |
| Grant income  | 2,463.0   | -   | -   | -                                    | 268.1   | 2,731.1  |
| Group share of profit before tax of joint ventures                                    | -   | 0.3   | -   | -                                    | -   | 0.3  |
| Group share of loss before tax of associated undertakings                             | -   | (7.6)   | -   | -                                    | -   | (7.6)  |
| (Capital renewals)  | (770.0)   | -   | 770.0   | -                                    | -   | -  |
| <b>(Operating surplus before interest)</b>  | <b>629.0</b>                                    | <b>(1,944.3)</b>  | <b>1,367.5</b>  | <b>-</b>                             | <b>252.2</b>  | <b>304.4</b>   |
| Financing and investment income   | -   | 90.5  | -   | 72.2                                 | -   | 162.7  |
| Financing and investment expenditure  | -   | (3.5)   | -   | (500.2)                              | 2.2   | (501.5)  |
| (Net interest costs)  | (428.0)   | -   | -   | 428.0                                | -   | -  |
| <b>Group deficit before tax/(operating surplus)</b>                                   | <b>201.0</b>                                    | <b>(1,857.3)</b>  | <b>1,367.5</b>  | <b>-</b>                             | <b>254.4</b>  | <b>(34.4)</b>  |
| Taxation  | -   | 32.4  | -   | -                                    | -   | 32.4   |
| <b>Group deficit after tax</b>  | <b>201.0</b>                                    | <b>(1,824.9)</b>  | <b>1,367.5</b>  | <b>-</b>                             | <b>254.4</b>  | <b>(2.0)</b>   |

Where line item descriptors differ between the internal reports and the Comprehensive Income and Expenditure Statement, those used in the internal reports are shown within parentheses in the above table.

# Notes to the Financial Statements

## 2. Segmental analysis (continued)

### Reconciliation of internal management reports to the Group Comprehensive Income and Expenditure Statement (CI&E) (continued)

|   | Internal reports<br>as reported<br>to management | Items included in the<br>CI&E but excluded from<br>the internal reports | Items included in the<br>internal reports but<br>excluded from the CI&E | Reclassifications<br>between line items | Items with different<br>accounting treatment<br>(see note 2c) | Group Comprehensive<br>Income and<br>Expenditure Statement |
|---|--|---|---|---|---|--|
|   | £m   | £m  | £m  | £m                                      | £m  | £m   |
| <b>Year ended 31 March 2024</b>   |  |   |   |   |   |  |
| Gross external income/(total operating income)  | 6,847.0  | -   | -   | (131.6)                                 | (1.1)   | 6,714.3  |
| Gross expenditure/(operating cost)  | (7,846.0)  | (1,920.1)   | 726.6   | (56.7)                                  | 12.5  | (9,083.7)  |
| <b>Net cost of services/(divisional net operating deficit<br/>excluding grant income)</b> | <b>(999.0)</b>                                   | <b>(1,920.1)</b>  | <b>726.6</b>  | <b>(188.3)</b>                          | <b>11.4</b>   | <b>(2,369.4)</b>   |
| Other net operating expenditure   | -  | (97.3)  | -   | -                                       | -   | (97.3)   |
| Grant income  | 2,311.0  | -   | -   | 188.3                                   | 1,005.3   | 3,504.6  |
| Group share of profit before tax of joint ventures  | -  | 0.1   | -   | -                                       | -   | 0.1  |
| Group share of loss before tax of associated undertakings                                 | -  | (58.3)  | -   | -                                       | -   | (58.3)   |
| (Capital renewals)  | (763.0)  | -   | 763.0   | -                                       | -   | -  |
| <b>(Operating surplus before interest)</b>  | <b>549.0</b>                                     | <b>(2,075.6)</b>  | <b>1,489.6</b>  | <b>-</b>                                | <b>1,016.7</b>  | <b>979.7</b>   |
| Financing and investment income   | -  | 16.2  | -   | 70.0                                    | -   | 86.2   |
| Financing and investment expenditure  | -  | (151.5)   | -   | (481.0)                                 | 9.1   | (623.4)  |
| (Net interest costs)  | (411.0)  | -   | -   | 411.0                                   | -   | -  |
| <b>Group surplus before tax/(Operating surplus)</b>                                       | <b>138.0</b>                                     | <b>(2,210.9)</b>  | <b>1,489.6</b>  | <b>-</b>                                | <b>1,025.8</b>  | <b>442.5</b>   |
| Taxation  | -  | (49.5)  | -   | -                                       | -   | (49.5)   |
| <b>Group surplus after tax</b>  | <b>138.0</b>                                     | <b>(2,260.4)</b>  | <b>1,489.6</b>  | <b>-</b>                                | <b>1,025.8</b>  | <b>393.0</b>   |

Where line item descriptors differ between the internal reports and the Comprehensive Income and Expenditure Statement, those used in the internal reports are shown within parentheses in the above table.

# Notes to the Financial Statements

## 2. Segmental analysis (continued)

### 2c) Detailed reconciliation of segmental information reported in internal management reports to amounts included in the Group (deficit)/surplus

The segmental analysis is prepared using internal management reporting accounting methodologies. In some cases, these methodologies are different from the accounting policies used in the financial statements. Where there are accounting policy differences between management reports and the statutory accounts, statutory accounting adjustments are not recorded by segment in the underlying accounting records. It is not therefore possible to produce a segmental breakdown of the Group financial statements on a statutory basis of reporting. Differences between the methodologies are explained in the paragraphs and table below.

- Depreciation, amortisation of intangibles and impairment charges are not included in the segmental analysis
- The cost of retirement benefits is recognised within gross expenditure in the internal management report's Income Statement as a charge based on cash contributions paid during the year, rather than the pension service cost and net interest charge on defined benefit pension obligations recognised in the Comprehensive Income and Expenditure Statement. This better reflects the actual charge made to the General Fund in respect of pension costs which is calculated based on actual contributions paid as opposed to the charges flowing through the Comprehensive Income and Expenditure Statement as calculated under IAS 19
- The internal management report's Income Statement excludes the net gain on disposal of investment properties and the change in fair value of investment properties that are included within financing and investment income in the Comprehensive Income and Expenditure Statement. Fair value movements are excluded from management reporting as these gains or losses are unrealised. The net proceeds from disposals, meanwhile, are included in the Capital Account for management reporting purposes, as these income streams may only be employed by the Corporation to fund capital expenditure and do not represent an ongoing revenue stream that can be employed to meeting the day-to-day operating costs of the network
- Similarly, the internal management report's Income Statement excludes gains and losses on the disposal of property, plant and equipment and intangible assets recognised within other operating expenditure, and instead includes the net proceeds from these disposals in the Capital Account
- Internal management reporting includes a charge within operating expenditure for the costs of right-of-use leases, based on cash payments made in the period in relation to those leases. In the net cost of services in the Comprehensive Income and Expenditure Statement, this charge has been stripped out and replaced with the amortisation charge in respect of right-of-use assets within net cost of services and a financing charge included within financing and investment expenditure
- The internal management report's Income Statement includes a charge for capital renewals expenditure which, in the statutory financial statements, is included within additions to property, plant and equipment. Renewals expenditure is included for management reporting purposes to present the ongoing, full, day-to-day cost of running and maintaining our existing network
- The internal management report's Income Statement excludes the adjustment to financing expenditure made in respect of borrowing costs capitalised into qualifying assets (see Note 9). Instead this charge is left within net interest costs so that amounts charged to the internal management report's Income Statement reflect the full cost to the Group of financing its debt
- Certain grants received are treated as capital grant for management reporting purposes and are thus excluded from the internal management report's Income Statement (being instead included in the Capital Account). For statutory reporting purposes, however, all grant is recognised as income in the Comprehensive Income and Expenditure Statement. Moreover, certain grants badged as 'capital grant' for management reporting purposes, under law constitute resource grants, and may only be classified as capital grant where they have been applied to fund capital expenditure during the year
- The results of joint ventures and associated undertakings are excluded from the internal management report's Income Statement as the TfL Group does not hold a controlling interest in these undertakings
- Other differences between the Comprehensive Income and Expenditure Statement and the internal management reports are collectively referred to as Central items and are not included in reports to management

# Notes to the Financial Statements

## 2. Segmental analysis (continued)

### Detailed reconciliation of net cost of operations per management reports to net cost of services per the Comprehensive Income and Expenditure Statement

|  | Note | 2025<br>£m | 2025<br>£m | 2024<br>£m | 2024<br>£m |
|--|------|------------|------------|------------|------------|
| Operating surplus per internal management reports  |      |            | 201.0      |            | 138.0      |
| <b>Adjustments between management and statutory reports:</b>   |      |            |            |            |            |
| <b>Add amounts included in the Comprehensive Income and Expenditure Statement not reported in management reports</b> |      |            |            |            |            |
| Depreciation   | 4    | (1,246.6)  |            | (1,228.1)  |            |
| Amortisation of right-of-use assets  | 4    | (325.8)    |            | (330.6)    |            |
| Amortisation of software intangibles   | 4    | (76.7)     |            | (70.0)     |            |
| Impairment   | 4    | (1.3)      |            | 0.5        |            |
| Pension service costs including scheme expenses  | 35   | (324.9)    |            | (291.9)    |            |
|  |      |            | (1,975.3)  |            | (1,920.1)  |
| Other net operating income/(expenditure)   | 7    |            | 38.3       |            | (97.3)     |
| Group share of profit before tax of joint ventures   | 18   |            | 0.3        |            | 0.1        |
| Group share of loss before tax of associated undertakings  | 19   |            | (7.6)      |            | (58.3)     |
| Change in fair value of investment properties included in financing and investment income                            | 8    | 62.2       |            | -          |            |
| Net gain on disposal of investment properties  | 8    | 28.3       |            | 16.2       |            |
|  |      |            | 90.5       |            | 16.2       |
| Net interest on defined benefit obligation   | 9    | 118.4      |            | 80.4       |            |
| Interest payable on lease and PFI liabilities  | 9    | (118.0)    |            | (121.4)    |            |
| Contingent rentals on PFI liabilities  | 9    | (15.7)     |            | (14.4)     |            |
| Change in fair value of investment properties included in financing and investment expenditure                       | 9    | -          |            | (107.9)    |            |
| Amounts capitalised into qualifying assets   | 9    | 11.8       |            | 11.8       |            |
|  |      |            | (3.5)      |            | (151.5)    |
| Tax  | 11   |            | 32.4       |            | (49.5)     |
|  |      |            | (1,824.9)  |            | (2,260.4)  |

|  | Note | 2025<br>£m | 2025<br>£m | 2024<br>£m | 2024<br>£m |
|--|------|------------|------------|------------|------------|
| <b>Less items included in the management reports but excluded from the Comprehensive Income and Expenditure Statement</b>                  |      |            |            |            |            |
| Cash payments under PFI and lease arrangements   |      | 441.3      |            | 392.0      |            |
| Pension payments charged to operating costs  |      | 156.2      |            | 334.6      |            |
|  |      |            | 597.5      |            | 726.6      |
| Capital renewals   |      |            | 770.0      |            | 763.0      |
|  |      |            | 1,367.5    |            | 1,489.6    |
| <b>Amounts subject to differing accounting treatment between management reports and the Comprehensive Income and Expenditure Statement</b> |      |            |            |            |            |
| Specific grant income  |      |            | 268.1      |            | 1,005.3    |
| Central items  |      |            | (13.7)     |            | 20.5       |
|  |      |            | 254.4      |            | 1,025.8    |
| <b>Group (deficit)/surplus after tax per the Comprehensive Income and Expenditure Statement</b>  |      |            | (2.0)      |            | 393.0      |

# Notes to the Financial Statements

## 3. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (including grants and business rates) by local authorities in comparison with those resources

consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision-making purposes between TfL's operating

segments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

|   | For the year ended 31 March 2025               |                |   | For the year ended 31 March 2024               |                |   |
|---|--|----------------|---|--|----------------|---|
|   | Net expenditure chargeable to the General Fund |                | Net expenditure in the Comprehensive Income and Expenditure Statement | Net expenditure chargeable to the General Fund |                | Net expenditure in the Comprehensive Income and Expenditure Statement |
|   | £m   | Adjustments*   | £m  | £m   | Adjustments*   | £m  |
| London Underground                              | (49.0)   | -              | (49.0)  | (212.0)  | -              | (212.0)   |
| Elizabeth line                                  | 88.0   | -              | 88.0  | 78.0   | -              | 78.0  |
| Buses, streets and other operations             | (1,075.0)                                      | -              | (1,075.0)   | (938.0)  | -              | (938.0)   |
| Rail  | (185.0)  | -              | (185.0)   | (144.0)  | -              | (144.0)   |
| Places for London                               | 25.0   | -              | 25.0  | 29.0   | -              | 29.0  |
| Group items                                     | 132.0  | -              | 132.0   | 188.0  | -              | 188.0   |
| Central items not reported on a segmental basis | 672.2  | 2,065.9        | (1,393.7)   | 546.8  | 1,917.2        | (1,370.4)   |
| <b>Net cost of services</b>                     | <b>(391.8)</b>                                 | <b>2,065.9</b> | <b>(2,457.7)</b>  | <b>(452.2)</b>                                 | <b>1,917.2</b> | <b>(2,369.4)</b>  |
| Other income and expenditure                    | 453.2  | (2,002.5)      | 2,455.7   | 513.6  | (2,248.8)      | 2,762.4   |
| <b>(Deficit)/surplus after tax</b>              | <b>61.4</b>                                    | <b>63.4</b>    | <b>(2.0)</b>  | <b>61.4</b>                                    | <b>(331.6)</b> | <b>393.0</b>  |
| Opening general fund balance                    | 251.1  |                |   | 189.7  |                |   |
| Surplus on the general fund                     | 61.4   |                |   | 61.4   |                |   |
| <b>Closing general fund balance</b>             | <b>312.5</b>                                   |                |   | <b>251.1</b>                                   |                |   |

\* Management has concluded that the Expenditure and Funding Analysis presents a true and fair view of the Group's financial performance. Central items are not reported to management or maintained on a segmental basis. The effect of this is presented on a separate line item and disclosed in Note 2

# Notes to the Financial Statements

## 3. Expenditure and Funding Analysis (continued)

|   | Capital adjustments<br>£m | Pension adjustments<br>£m | Other statutory adjustments<br>£m | Total statutory adjustments<br>£m | Non-statutory adjustments<br>£m | Total adjustments<br>£m |
|---|---------------------------|---------------------------|-----------------------------------|-----------------------------------|---------------------------------|-------------------------|
| <b>For the year ended 31 March 2025</b>         |                           |                           |                                   |                                   |                                 |                         |
| London Underground                              | -                         | -                         | -                                 | -                                 | -                               | -                       |
| Elizabeth line                                  | -                         | -                         | -                                 | -                                 | -                               | -                       |
| Buses, streets and other operations             | -                         | -                         | -                                 | -                                 | -                               | -                       |
| Rail  | -                         | -                         | -                                 | -                                 | -                               | -                       |
| Other segments                                  | -                         | -                         | -                                 | -                                 | -                               | -                       |
| Group items                                     | -                         | -                         | -                                 | -                                 | -                               | -                       |
| Central items not reported on a segmental basis | 253.5                     | (109.8)                   | (4.8)                             | 138.9                             | 1,927.0                         | 2,065.9                 |
| <b>Net cost of services</b>                     | <b>253.5</b>              | <b>(109.8)</b>            | <b>(4.8)</b>                      | <b>138.9</b>                      | <b>1,927.0</b>                  | <b>2,065.9</b>          |
| Other income and expenditure                    | (344.1)                   | -                         | (4.0)                             | (348.1)                           | (1,654.4)                       | (2,002.5)               |
| <b>(Deficit)/surplus after tax</b>              | <b>(90.6)</b>             | <b>(109.8)</b>            | <b>(8.8)</b>                      | <b>(209.2)</b>                    | <b>272.6</b>                    | <b>63.4</b>             |
|   |                           |                           |                                   |                                   |                                 |                         |
|   | Capital adjustments<br>£m | Pension adjustments<br>£m | Other statutory adjustments<br>£m | Total statutory adjustments<br>£m | Non-statutory adjustments<br>£m | Total adjustments<br>£m |
| <b>For the year ended 31 March 2024</b>         |                           |                           |                                   |                                   |                                 |                         |
| London Underground                              | -                         | -                         | -                                 | -                                 | -                               | -                       |
| Elizabeth line                                  | -                         | -                         | -                                 | -                                 | -                               | -                       |
| Buses, streets and other operations             | -                         | -                         | -                                 | -                                 | -                               | -                       |
| Rail  | -                         | -                         | -                                 | -                                 | -                               | -                       |
| Other segments                                  | -                         | -                         | -                                 | -                                 | -                               | -                       |
| Group items                                     | -                         | -                         | -                                 | -                                 | -                               | -                       |
| Central items not reported on a segmental basis | 230.5                     | (123.3)                   | (1.3)                             | 105.9                             | 1,811.3                         | 1,917.2                 |
| <b>Net cost of services</b>                     | <b>230.5</b>              | <b>(123.3)</b>            | <b>(1.3)</b>                      | <b>105.9</b>                      | <b>1,811.3</b>                  | <b>1,917.2</b>          |
| Other income and expenditure                    | (348.9)                   | -                         | (81.6)                            | (430.5)                           | (1,818.3)                       | (2,248.8)               |
| <b>(Deficit)/surplus after tax</b>              | <b>(118.4)</b>            | <b>(123.3)</b>            | <b>(82.9)</b>                     | <b>(324.6)</b>                    | <b>(7.0)</b>                    | <b>(331.6)</b>          |

# Notes to the Financial Statements

## 4. Gross expenditure

Gross expenditure recognised in the Comprehensive Income and Expenditure Statement comprises:

| Year ended 31 March                  | Note | Group 2025<br>£m | Group 2024<br>£m | Corporation 2025<br>£m | Corporation 2024<br>£m |
|--------------------------------------|------|------------------|------------------|------------------------|------------------------|
| Staff costs:                         |      |                  |                  |                        |                        |
| Wages and salaries*                  |      | 1,778.8          | 1,676.7          | 541.3                  | 476.7                  |
| Social security costs                |      | 210.5            | 197.0            | 63.7                   | 54.4                   |
| Pension costs                        | 35   | 291.4            | 281.9            | 82.4                   | 38.6                   |
|                                      |      | <b>2,280.7</b>   | 2,155.6          | <b>687.4</b>           | 569.7                  |
| Other service expenditure**          |      | 4,998.2          | 4,854.1          | 366.5                  | 482.0                  |
| Credit loss expense                  |      | 495.9            | 445.8            | 478.5                  | 451.9                  |
| Depreciation                         | 13   | 1,246.6          | 1,228.1          | 174.3                  | 163.2                  |
| Amortisation right-of-use assets     | 14   | 325.8            | 330.6            | 27.1                   | 29.1                   |
| Amortisation of software intangibles | 12   | 76.7             | 70.0             | 50.2                   | 38.2                   |
| Impairment***                        | 13   | 1.3              | (0.5)            | 1.8                    | -                      |
|                                      |      | <b>9,425.2</b>   | 9,083.7          | <b>1,785.8</b>         | 1,734.1                |

\* Wages and salaries include amounts provided for the cost of voluntary severance

\*\* Included in the Corporation's other service expenditure is £88.7m (2023/24 £99.2m) relating to financial assistance to London Boroughs and other third parties (see Note 41 for detailed analysis)

\*\*\* Impairment includes impairment reversals where management have determined assets are no longer impaired

\*\*\*\* The Audit and Assurance Committee reviews and notes the nature and extent of non-audit services provided by TfL's external auditor to ensure that independence is maintained

The average number of persons employed in the year was:

| Year ended 31 March                              | Group 2025<br>Number | Group 2024<br>Number | Corporation 2025<br>Number | Corporation 2024<br>Number |
|--|----------------------|----------------------|----------------------------|----------------------------|
| Permanent staff (including fixed term contracts) | 27,335               | 26,306               | 8,778                      | 7,991                      |
| Agency staff                                     | 1,871                | 2,195                | 1,020                      | 1,578                      |
|  | <b>29,206</b>        | 28,501               | <b>9,798</b>               | 9,569                      |

## 5. External audit fees

External audit fees are made up as follows:

| Year ended 31 March            | Group 2025<br>£m | Group 2024<br>£m | Corporation 2025<br>£m | Corporation 2024<br>£m |
|--------------------------------|------------------|------------------|------------------------|------------------------|
| <b>Auditor's remuneration:</b> |                  |                  |                        |                        |
| for statutory audit services   | 2.5              | 2.1              | 0.3                    | 0.3                    |
| for non-audit services****     | -                | -                | -                      | -                      |
|                                | <b>2.5</b>       | 2.1              | <b>0.3</b>             | 0.3                    |

# Notes to the Financial Statements

## 6. Remuneration

### a) Number of employees receiving total remuneration of more than £50,000

The Code requires the disclosure of remuneration for the Corporation's employees whose total remuneration in the year was £50,000 or more, grouped in rising bands of £5,000.

The impact of the transfer of employees into and out of the Corporation from subsidiaries can cause distortion for year-on-year comparison purposes. Consequently, an additional voluntary disclosure for the Group is provided that shows the combined employee

bands for TfL and its subsidiaries. This includes salaries, fees, performance-related pay, benefits in kind, lump sums and termination payments, but excludes pension contributions paid by the employer.

| Remuneration (£)  | Group 2025 | Group 2024 | Corporation 2025 | Corporation 2024 |
|-------------------|------------|------------|------------------|------------------|
| 50,000 - 54,999   | 1,626      | 1,597      | 671              | 537              |
| 55,000 - 59,999   | 1,786      | 2,137      | 676              | 782              |
| 60,000 - 64,999   | 1,764      | 4,207      | 816              | 672              |
| 65,000 - 69,999   | 1,978      | 2,480      | 704              | 574              |
| 70,000 - 74,999   | 2,912      | 1,571      | 552              | 479              |
| 75,000 - 79,999   | 3,122      | 1,318      | 479              | 423              |
| 80,000 - 84,999   | 1,555      | 1,001      | 437              | 328              |
| 85,000 - 89,999   | 1,256      | 762        | 357              | 242              |
| 90,000 - 94,999   | 947        | 582        | 255              | 185              |
| 95,000 - 99,999   | 712        | 458        | 199              | 136              |
| 100,000 - 104,999 | 558        | 333        | 114              | 96               |
| 105,000 - 109,999 | 418        | 252        | 79               | 68               |
| 110,000 - 114,999 | 319        | 172        | 54               | 50               |
| 115,000 - 119,999 | 244        | 147        | 49               | 47               |
| 120,000 - 124,999 | 166        | 88         | 29               | 26               |
| 125,000 - 129,999 | 113        | 68         | 25               | 23               |
| 130,000 - 134,999 | 93         | 39         | 24               | 14               |

| Remuneration (£)  | Group 2025 | Group 2024 | Corporation 2025 | Corporation 2024 |
|-------------------|------------|------------|------------------|------------------|
| 135,000 - 139,999 | 67         | 45         | 19               | 17               |
| 140,000 - 144,999 | 43         | 24         | 10               | 9                |
| 145,000 - 149,999 | 41         | 21         | 14               | 7                |
| 150,000 - 154,999 | 22         | 23         | 7                | 9                |
| 155,000 - 159,999 | 25         | 14         | 5                | 5                |
| 160,000 - 164,999 | 17         | 9          | 7                | 3                |
| 165,000 - 169,999 | 13         | 11         | 5                | 6                |
| 170,000 - 174,999 | 4          | 5          | 2                | 2                |
| 175,000 - 179,999 | 5          | 6          | 3                | 2                |
| 180,000 - 184,999 | 7          | 7          | 3                | 2                |
| 185,000 - 189,999 | 5          | 9          | 1                | 6                |
| 190,000 - 194,999 | 4          | 5          | 2                | 3                |
| 195,000 - 199,999 | 8          | 5          | 5                | 1                |
| 200,000 - 204,999 | 3          | 1          | 2                | 1                |
| 205,000 - 209,999 | 3          | 1          | -                | 1                |
| 210,000 - 214,999 | 6          | 2          | 2                | 2                |
| 215,000 - 219,999 | 2          | 3          | 2                | 2                |

# Notes to the Financial Statements

## 6. Remuneration (continued)

| Remuneration (£)  | Group 2025 | Group 2024 | Corporation 2025 | Corporation 2024 |
|-------------------|------------|------------|------------------|------------------|
| 220,000 - 224,999 | 2          | 1          | 1                | 1                |
| 225,000 - 229,999 | 5          | 1          | 1                | 1                |
| 230,000 - 234,999 | 1          | 1          | 1                | 1                |
| 235,000 - 239,999 | 2          | 2          | 1                | 1                |
| 240,000 - 244,999 | 2          | 4          | 2                | 2                |
| 245,000 - 249,999 | 3          | -          | 2                | -                |
| 250,000 - 254,999 | 1          | 1          | -                | -                |
| 255,000 - 259,999 | -          | 1          | -                | 1                |
| 260,000 - 264,999 | 2          | -          | 1                | -                |
| 265,000 - 269,999 | 1          | -          | 1                | -                |
| 270,000 - 274,999 | -          | 1          | -                | 1                |
| 275,000 - 279,999 | 2          | 2          | 2                | 2                |
| 285,000 - 289,999 | -          | 2          | -                | 1                |
| 295,000 - 299,999 | 3          | 2          | 3                | 1                |
| 300,000 - 304,999 | -          | 1          | -                | 1                |
| 305,000 - 309,999 | -          | 1          | -                | 1                |
| 315,000 - 319,999 | -          | 1          | -                | 1                |
| 325,000 - 329,999 | -          | 1          | -                | 1                |
| 335,000 - 339,999 | -          | 2          | -                | 2                |
| 345,000 - 349,999 | -          | 1          | -                | -                |
| 355,000 - 359,999 | -          | 1          | -                | 1                |
| 370,000 - 374,999 | 1          | -          | 1                | -                |

| Remuneration (£)  | Group 2025    | Group 2024    | Corporation 2025 | Corporation 2024 |
|-------------------|---------------|---------------|------------------|------------------|
| 375,000 - 379,999 | 1             | 1             | 1                | 1                |
| 380,000 - 384,999 | 1             | -             | 1                | -                |
| 420,000 - 424,999 | 1             | -             | 1                | -                |
| 435,000 - 439,999 | 1             | -             | 1                | -                |
| 470,000 - 474,999 | 1             | -             | 1                | -                |
| 495,000 - 499,999 | -             | 1             | -                | 1                |
| 520,000 - 524,999 | -             | 1             | -                | 1                |
| 635,000 - 639,999 | 1             | -             | 1                | -                |
| <b>Total</b>      | <b>19,875</b> | <b>17,432</b> | <b>5,631</b>     | <b>4,782</b>     |

### b) Remuneration for senior employees

The Accounts and Audit Regulations 2015 require disclosure of individual remuneration details for senior employees. Senior employees are those with a base salary of £150,000 or more, calculated on a full-time equivalent basis for those working part-time.

Disclosure is made for each financial year under various categories and set out in the tables below.

Employer's pension contributions include the contribution in respect of future benefit accrual. Separately, member contributions are payable by employees at the rate of five per cent of pensionable salary.

Salary, fees and allowances are disclosed on an earned basis to ensure that reported salary is based on annual salary rather than being distorted by the variable timing of payroll payments. Performance-related pay, however, is reported on a cash paid basis as performance payments may not be determined for many months after the end of the relevant year.

# Notes to the Financial Statements

## 6. Remuneration (continued)

### Employees receiving a base annual salary of £150,000 or more (£)

| Name   | Notes | Salary (including fees and allowances) 2024/25 | Performance-related pay and retention payments paid in the year 2024/25 | Compensation for loss of employment 2024/25 | Benefits in kind 2024/25 | Total remuneration excluding pension contributions 2024/25 | Employer's contribution to pension 2024/25 | Salary (including fees and allowances) 2023/24 | Performance-related pay and retention payments paid in the year 2023/24** | Total remuneration excluding pension contributions 2023/24*** |
|--|-------|--|---|---|--------------------------|--|--|--|---|---|
| Andy Lord, Commissioner  | a     | *448,512                                       | 187,902   | -   | 2,750                    | 639,164  | -  | *424,416                                       | 99,204  | 525,770   |
| Fiona Brunskill, Chief People Officer  | b     | 277,045  | 97,890  | -   | 2,719                    | 377,654  | 45,395                                     | 244,247  | 83,319  | 329,698   |
| Andrea Clarke, General Counsel   | c     | 247,466  | 48,949  | -   | 2,126                    | 298,541  | 44,708                                     | 206,812  | 94,337  | 302,815   |
| Stuart Harvey, Chief Capital Officer   |       | *347,528                                       | 73,929  | -   | 2,126                    | 423,583  | -  | *336,101                                       | 159,296   | 497,063   |
| Claire Mann, Chief Operating Officer   | d     | 305,129  | -   | -   | 2,077                    | 307,206  | 49,628                                     | -  | -   | -   |
| Lilli Matson, Chief Safety, Health and Environment Officer                     | e     | 231,220  | 36,000  | -   | 2,126                    | 269,346  | 44,671                                     | 199,115  | 73,053  | 273,834   |
| Rachel McLean, Chief Finance Officer   | f     | 318,761  | 116,567   | -   | 2,126                    | 437,454  | 45,845                                     | 302,131  | 71,434  | 375,231   |
| Alex Williams, Chief Customer and Strategy Officer                             | g     | *331,836                                       | 50,400  | -   | -                        | 382,236  | -  | *309,655                                       | 49,303  | 358,958   |
| Trish Ashton, Director of Rail and Sponsored Services                          | h     | 185,257  | 20,926  | -   | 957                      | 207,140  | 37,493                                     | 171,278  | 11,046  | 183,075   |
| Samantha Bain-Mollison, Head of Sector – Retail Development, Places for London | i     | 135,395  | -   | -   | -                        | 135,395  | 27,904                                     | -  | -   | -   |
| Matt Brown, Director of Communications and Corporate Affairs                   |       | 185,500  | 30,702  | -   | -                        | 216,202  | 39,295                                     | 178,500  | 51,900  | 230,400   |
| Christina Calderato, Director of Strategy                                      |       | 181,068  | 30,477  | -   | 2,126                    | 213,671  | 35,098                                     | 157,914  | 35,384  | 194,964   |
| Helen Chapman, Director of Licensing and Regulation                            |       | 151,957  | 19,198  | -   | 2,136                    | 173,291  | 31,098                                     | 145,990  | 32,458  | 180,113   |

\* salary, fees and allowances include an allowance paid as a result of the individual opting out of part or all of the benefits provided by the TfL Savings for Retirement Plan or TfL Pension Fund. The allowance is paid at the rate of the employer contribution foregone, discounted by the employer rate of National Insurance to ensure no additional employer cost is incurred. It also includes an allowance available to those employees who are employed on fixed term contracts and who choose to join a defined contribution scheme rather than the TfL Pension Fund

\*\* the payment of performance awards for 2021/22 and 2022/23 was subject to TfL achieving the financial overlay trigger which was confirmed as met in June 2023, with payments made for both years in 2023/24

\*\*\* total remuneration for 2023/24 also includes benefits in kind as reported in last year's Statement of Accounts

a 2024/25 performance-related pay disclosed includes retention payment

b salary sacrificed for holiday buy of £3,601 (2023/24 £1,080) Performance-related pay disclosed includes retention payment

c salary sacrificed for holiday buy of £4,070 (2023/24 £3,577). 2023/24 performance-related pay disclosed includes retention payment

d entered service 3 April 2024

e salary sacrificed for holiday buy of £3,780 (2023/24 £885)

f 2024/25 performance-related pay disclosed includes retention payment

g salary sacrificed for Cycle to Work scheme of £266 (2023/24 £3,195)

h salary sacrificed for childcare vouchers of £1,456 (2023/24 £1,456) and holiday buy of £3,258 (2023/24 £752)

i entered service 13 May 2024

# Notes to the Financial Statements

## 6. Remuneration (continued)

| Name  | Notes | Salary (including fees and allowances) 2024/25 | Performance-related pay and retention payments paid in the year 2024/25 | Compensation for loss of employment 2024/25 | Benefits in kind 2024/25 | Total remuneration excluding pension contributions 2024/25 | Employer's contribution to pension 2024/25 | Salary (including fees and allowances) 2023/24 | Performance-related pay and retention payments paid in the year 2023/24** | Total remuneration excluding pension contributions 2023/24*** |
|---|-------|--|---|---|--------------------------|--|--|--|---|---|
| George Clark, Technical Director  | j     | 136,161  | 22,342  | -   | 2,126                    | 160,629  | 2,194                                      | 179,150  | 32,683  | 213,499   |
| Isabel Coman, Director of Engineering and Asset Strategy                        |       | 196,182  | 32,735  | -   | 957                      | 229,874  | 41,686                                     | 189,000  | 10,463  | 200,214   |
| Natalie Conway, Director of Business Services                                   | k     | 39,957   | -   | -   | 201                      | 40,158   | 3,577                                      | -  | -   | -   |
| Michael Cooper, Director of Programme Management Office                         |       | 175,681  | 21,190  | -   | 2,126                    | 198,997  | 35,742                                     | 167,235  | 22,621  | 191,522   |
| Graeme Craig, Director and Chief Executive, Places for London                   |       | 209,697  | 28,687  | -   | 2,126                    | 240,510  | 44,656                                     | 202,020  | 35,461  | 239,147   |
| Justine Curry, Director of Legal  | l     | 189,705  | 44,824  | -   | 2,126                    | 236,655  | 32,396                                     | 166,830  | 52,142  | 220,638   |
| Nick Dent, Director of Customer Operations – London Underground                 |       | 205,000  | 32,236  | -   | 2,126                    | 239,362  | 43,434                                     | 196,560  | 46,616  | 244,842   |
| Patrick Doig, Group Procurement and Commercial Director                         |       | *264,159                                       | 31,013  | -   | 2,126                    | 297,298  | -  | *267,254                                       | 70,528  | 339,448   |
| Carl Eddleston, Director of Streets and Network Operations                      |       | 168,069  | 8,693   | -   | 957                      | 177,719  | 23,995                                     | 159,879  | 15,243  | 175,873   |
| Nick Fairholme, Director of Capital Delivery – Systems                          |       | 186,576  | 30,916  | -   | 2,136                    | 219,628  | 33,432                                     | 180,514  | 39,740  | 221,919   |
| Mark Farrow, Director of Strategy and Planning, Places for London               |       | 154,342  | 6,702   | -   | 2,126                    | 163,170  | 24,553                                     | 147,577  | 12,346  | 161,589   |
| Stephen Field, Director of Pensions and Chief Executive to the TfL Pension Fund | m     | *218,320                                       | 24,818  | -   | 2,126                    | 245,264  | -  | *212,604                                       | 97,000  | 311,270   |
| Jonathan Fox, Director of Rail and Sponsored Services                           | n     | 174,072  | 20,964  | -   | 2,126                    | 197,162  | 34,687                                     | 167,629  | 28,156  | 197,451   |

\* salary, fees and allowances include an allowance paid as a result of the individual opting out of part or all of the benefits provided by the TfL Savings for Retirement Plan or TfL Pension Fund. The allowance is paid at the rate of the employer contribution foregone, discounted by the employer rate of National Insurance to ensure no additional employer cost is incurred. It also includes an allowance available to those employees who are employed on fixed term contracts and who choose to join a defined contribution scheme rather than the TfL Pension Fund

\*\* the payment of performance awards for 2021/22 and 2022/23 was subject to TfL achieving the financial overlay trigger which was confirmed as met in June 2023, with payments made for both years in 2023/24

\*\*\* total remuneration for 2023/24 also includes benefits in kind as reported in last year's Statement of Accounts

j paid for providing services three days per week from 5 January 2025

k entered service 6 January 2025

l performance-related pay disclosed includes retention payment

m member of the TfL unfunded pension scheme. Salary sacrificed for pension of £9,680 (2023/24 £9,011). 2023/24 Performance-related pay disclosed includes retention payment

n currently on secondment with Network Rail and all costs recovered from Network Rail

# Notes to the Financial Statements

## 6. Remuneration (continued)

| Name  | Notes | Salary (including fees and allowances) 2024/25 | Performance-related pay and retention payments paid in the year 2024/25 | Compensation for loss of employment 2024/25 | Benefits in kind 2024/25 | Total remuneration excluding pension contributions 2024/25 | Employer's contribution to pension 2024/25 | Salary (including fees and allowances) 2023/24 | Performance-related pay and retention payments paid in the year 2023/24** | Total remuneration excluding pension contributions 2023/24*** |
|---|-------|--|---|---|--------------------------|--|--|--|---|---|
| Manisha Gangopadhyay, Director of People (Non Operations) and Change                      | o     | 149,818  | 10,835  | -   | 2,126                    | 162,779  | 26,144                                     | 115,044  | 13,050  | 129,745   |
| Jules Gascoigne, Chief Information Security Officer                                       | p     | 150,152  | 21,875  | -   | 2,126                    | 174,153  | 31,860                                     | 145,199  | 20,850  | 167,715   |
| Oliver Gearing, Director of Finance – Operations  |       | 159,877  | 7,142   | -   | -                        | 167,019  | 31,820                                     | 140,712  | 23,637  | 164,349   |
| Manish Gupta, Corporate Finance Director  | q     | 15,612   | -   | -   | 117                      | 15,729   | 1,147                                      | -  | -   | -   |
| Scott Haxton, Director of Capital Delivery – Infrastructure                               |       | 166,363  | 14,432  | -   | 2,126                    | 182,921  | 23,874                                     | 110,205  | 12,224  | 124,095   |
| Geoff Hobbs, Director of Public Transport Service Planning                                |       | 168,935  | 24,706  | -   | -                        | 193,641  | 35,692                                     | *166,557                                       | 35,060  | 201,617   |
| Lorraine Humphrey, Director of Risk and Assurance   | r     | 169,802  | 27,191  | -   | 957                      | 197,950  | 35,981                                     | 161,753  | 33,558  | 196,062   |
| Richard Jones, Director of Asset Performance Delivery                                     |       | 177,336  | 7,720   | -   | 2,126                    | 187,182  | 32,001                                     | 159,144  | 16,727  | 177,538   |
| Marian Kelly, Director of Safety, Health and Environment Business Partnering – Operations | s     | 131,694  | 11,210  | -   | 957                      | 143,861  | 27,576                                     | 121,750  | 19,666  | 141,867   |
| Siwan Lloyd-Hayward, Director of Security, Policing and Enforcement                       |       | 174,000  | 21,583  | -   | 2,126                    | 197,709  | 35,870                                     | 163,013  | 27,656  | 192,335   |
| Dan Lovatt, Director of Asset Management, Places for London                               | t     | 176,078  | 70,193  | -   | 2,126                    | 248,397  | 31,831                                     | 173,326  | 106,970   | 281,962   |
| Diane Maino, Head of Commercial Law   | u     | 172,372  | 41,472  | -   | 957                      | 214,801  | 31,917                                     | 162,051  | 35,281  | 198,083   |
| Peter McNaught, Director of Operational Readiness   |       | *231,365                                       | 30,701  | -   | 2,126                    | 264,192  | -  | *231,651                                       | 56,013  | 289,330   |

\* salary, fees and allowances include an allowance paid as a result of the individual opting out of part or all of the benefits provided by the TfL Savings for Retirement Plan or TfL Pension Fund. The allowance is paid at the rate of the employer contribution foregone, discounted by the employer rate of National Insurance to ensure no additional employer cost is incurred. It also includes an allowance available to those employees who are employed on fixed term contracts and who choose to join a defined contribution scheme rather than the TfL Pension Fund

\*\* the payment of performance awards for 2021/22 and 2022/23 was subject to TfL achieving the financial overlay trigger which was confirmed as met in June 2023, with payments made for both years in 2023/24

\*\*\* total remuneration for 2023/24 also includes benefits in kind as reported in last year's Statement of Accounts

o salary sacrificed for childcare vouchers of £1,456 (2023/24 £1,456)

p salary sacrificed for holiday buy of £2,768 (2023/24 £2,627). Performance-related pay disclosed includes retention payment

q entered service 3 March 2025

r salary sacrificed for holiday buy of £3,125 (2023/24 £2,932)

s paid for providing services 4.5 days per week

t salary sacrificed for childcare vouchers of £13 (2023/24 £13)

u salary sacrificed for holiday buy of £2,124 (2023/24 £637). Performance-related pay disclosed includes retention payment

# Notes to the Financial Statements

## 6. Remuneration (continued)

| Name   | Notes | Salary (including fees and allowances) 2024/25 | Performance-related pay and retention payments paid in the year 2024/25 | Compensation for loss of employment 2024/25 | Benefits in kind 2024/25 | Total remuneration excluding pension contributions 2024/25 | Employer's contribution to pension 2024/25 | Salary (including fees and allowances) 2023/24 | Performance-related pay and retention payments paid in the year 2023/24** | Total remuneration excluding pension contributions 2023/24*** |
|--|-------|--|---|---|--------------------------|--|--|--|---|---|
| Andrew Morsley, Director of Operational Planning                           | v     | 164,327  | 20,158  | -   | 2,126                    | 186,611  | 33,464                                     | 152,250  | 26,740  | 180,656   |
| Lorna Murphy, Director of Buses  | w     | 84,301   | -   | -   | -                        | 84,301   | 14,023                                     | -  | -   | -   |
| Digby Nicklin, Chief Finance Officer, Places for London                    | x     | 178,850  | 12,828  | -   | 2,126                    | 193,804  | 38,426                                     | 89,507   | -   | 90,335  |
| Patricia Obinna, Director of Diversity and Inclusion                       | y     | 174,226  | 13,162  | -   | 2,126                    | 189,514  | 31,198                                     | 156,931  | 32,876  | 191,473   |
| Samantha Phillips, Head of Occupational Health and Wellbeing               | z     | 155,185  | 41,332  | -   | 2,126                    | 198,643  | 32,301                                     | 150,717  | 35,482  | 187,865   |
| Claire Porter, Chief Technical Officer                                     | aa    | 89,576   | 5,931   | -   | 2,126                    | 97,633   | 19,118                                     | 88,112   | 21,053  | 110,831   |
| David Rowe, Director of Investment Planning                                |       | 161,220  | 7,736   | -   | -                        | 168,956  | 26,642                                     | 142,364  | 21,567  | 163,931   |
| Rachel Sherry, Director of Finance – Capital                               | ab    | 162,728  | 7,975   | -   | 2,126                    | 172,829  | 31,820                                     | 150,049  | 11,325  | 163,041   |
| Howard Smith, Director of the Elizabeth line                               | ac    | *206,589                                       | 33,502  | -   | 2,126                    | 242,217  | -  | *199,658                                       | 53,267  | 254,591   |
| Emma Strain, Director of Customer  | ad    | 173,414  | 26,250  | -   | 957                      | 200,621  | 33,075                                     | 152,533  | -   | 153,266   |
| Sue Taylor, Director of People (Operations), Employee Relations and Reward | ae    | 189,442  | 32,130  | -   | 2,126                    | 223,698  | 40,705                                     | 163,509  | 22,001  | 187,176   |
| Lucinda Turner, Director of Spatial Planning                               | af    | 179,735  | 22,424  | -   | 2,126                    | 204,285  | 34,589                                     | 170,868  | 44,745  | 217,279   |
| Shashi Verma, Chief Technology Officer                                     |       | 243,154  | 31,950  | -   | 957                      | 276,061  | 60,506                                     | 234,604  | 55,350  | 290,705   |

\* salary, fees and allowances include an allowance paid as a result of the individual opting out of part or all of the benefits provided by the TfL Savings for Retirement Plan or TfL Pension Fund. The allowance is paid at the rate of the employer contribution foregone, discounted by the employer rate of National Insurance to ensure no additional employer cost is incurred. It also includes an allowance available to those employees who are employed on fixed term contracts and who choose to join a defined contribution scheme rather than the TfL Pension Fund

\*\* the payment of performance awards for 2021/22 and 2022/23 was subject to TfL achieving the financial overlay trigger which was confirmed as met in June 2023, with payments made for both years in 2023/24

\*\*\* total remuneration for 2023/24 also includes benefits in kind as reported in last year's Statement of Accounts

v salary sacrificed for holiday buy of £673 (2023/24 £nil)

w entered service 2 October 2024

x entered service 25 September 2023. Salary sacrificed for Cycle to Work scheme of £2,800 (2023/24 £862)

y salary sacrificed for holiday buy of £774 (2023/24 £nil). 2023/24 performance-related pay disclosed includes retention payment

z salary sacrificed for holiday buy of £2,809 (2023/24 £646). Performance-related pay disclosed includes retention payment

aa paid for providing services three days per week. Salary sacrificed for Cycle to Work scheme of £1,637 (2023/24 £1,909) and holiday buy of £1,274 (2023/24 £382)

ab salary sacrificed for holiday buy of £641 (2023/24 £nil)

ac member of the TfL unfunded pension scheme. Salary sacrificed for pension of £9,244 (2023/24 £8,750)

ad entered service 3 April 2023

ae salary sacrificed for holiday buy of £2,588 (2023/24 £2,226)

af salary sacrificed for holiday buy of £2,315 (2023/24 £2,832)

# Notes to the Financial Statements

## 6. Remuneration (continued)

| Name   | Notes | Salary (including fees and allowances) 2024/25 | Performance-related pay and retention payments paid in the year 2024/25 | Compensation for loss of employment 2024/25 | Benefits in kind 2024/25 | Total remuneration excluding pension contributions 2024/25 | Employer's contribution to pension 2024/25 | Salary (including fees and allowances) 2023/24 | Performance-related pay and retention payments paid in the year 2023/24** | Total remuneration excluding pension contributions 2023/24*** |
|--|-------|--|---|---|--------------------------|--|--|--|---|---|
| <b>Former employees</b>  |       |  |   |   |                          |  |  |  |   |   |
| Thomas Ableman, Director of Strategy and Innovation                  | ag    | 46,466   | 22,720  | 67,597                                      | 659                      | 137,442  | 12,857                                     | 160,000  | 16,666  | 178,332   |
| Glynn Barton, Chief Operating Officer                                | ah    | 47,253   | 31,450  | -   | 377                      | 79,080   | 8,055                                      | 245,050  | 51,451  | 298,167   |
| Lester Hampson, Director of Property Development, Places for London  | ai    | 122,020  | 112,749   | -   | 1,650                    | 236,419  | 30,008                                     | 195,094  | 125,286   | 322,046   |
| Michael Hardaker, Director of Capital Delivery – Infrastructure      | aj    | 10,085   | -   | -   | 148                      | 10,233   | 3,783                                      | 196,779  | 45,590  | 242,485   |
| Joanna Hawkes, Corporate Finance Director                            | ak    | *232,879                                       | 27,912  | -   | 941                      | 261,732  | -  | *234,336                                       | 54,115  | 288,451   |
| Maureen Jackson, Director of Business Services                       | al    | 71,166   | 23,803  | -   | 958                      | 95,927   | 18,339                                     | 165,796  | 47,363  | 214,825   |
| Stewart Mills, Director of Infrastructure, Crossrail                 | am    | 154,096  | -   | 70,166                                      | 1,602                    | 225,864  | 14,658                                     | 198,260  | -   | 199,926   |
| Jonathan Wharfe, Director of Procurement and Commercial – Operations | an    | 148,876  | 49,827  | 159,538                                     | 1,832                    | 360,073  | 35,626                                     | 173,250  | 35,640  | 210,556   |
| Tricia Wright, Chief Officer – Pensions Review                       | ao    | *188,399                                       | 43,973  | 234,513                                     | 733                      | 467,618  | -  | *255,007                                       | 84,267  | 340,033   |

\* salary, fees and allowances include an allowance paid as a result of the individual opting out of part or all of the benefits provided by the TfL Savings for Retirement Plan or TfL Pension Fund. The allowance is paid at the rate of the employer contribution foregone, discounted by the employer rate of National Insurance to ensure no additional employer cost is incurred. It also includes an allowance available to those employees who are employed on fixed term contracts and who choose to join a defined contribution scheme rather than the TfL Pension Fund

\*\* the payment of performance awards for 2021/22 and 2022/23 was subject to TfL achieving the financial overlay trigger which was confirmed as met in June 2023, with payments made for both years in 2023/24

\*\*\* total remuneration for 2023/24 also includes benefits in kind as reported in last year's Statement of Accounts

ag left service 15 July 2024

ah left service 28 May 2024

ai left service 31 December 2024

aj left service 19 April 2024

ak left service 31 March 2025. Salary sacrificed for Cycle to Work scheme of £687 (2023/24 £803) and for holiday buy of £2,881 (2023/24 £3,518). Performance-related pay disclosed includes retention payment

al left service 4 September 2024. Salary sacrificed for holiday buy of £1,368 (2023/24 £2,834)

am left service 31 December 2024

an left service 31 January 2025

ao left service 27 December 2024. Member of the TfL unfunded pension scheme. Salary sacrificed for pension of £8,578 (2023/24 £10,225)

# Notes to the Financial Statements

## 6. Remuneration (continued)

### c) Severance payments

The Code requires the separate disclosure of the number and cost of compulsory and voluntary severance termination packages agreed during the year.

The majority of those who leave the TfL Group due to redundancy do so under TfL's voluntary severance terms, by choosing to accept the voluntary severance terms which are set out in a compromise agreement signed by both the employer and the employee on the termination

of their employment. These employees are classified as leaving due to 'voluntary severance'. A small number of employees who leave due to redundancy do not wish to sign a compromise agreement and accept the voluntary terms. They are classified as having left due to 'compulsory redundancy'.

Termination payments disclosed in the tables below are reported on a cash paid basis to provide certainty on the amounts reported, and include pension contributions in respect of added years, ex-gratia payments and other related costs.

| Termination payments                      | Group<br>2025<br>number | Group<br>2025<br>£m | Corporation<br>2025<br>number | Corporation<br>2025<br>£m | Group<br>2024<br>number | Group<br>2024<br>£m | Corporation<br>2024<br>number | Corporation<br>2024<br>£m |
|---|-------------------------|---------------------|-------------------------------|---------------------------|-------------------------|---------------------|-------------------------------|---------------------------|
| <b>Non-compulsory exit packages (£)</b>   |                         |                     |                               |                           |                         |                     |                               |                           |
| 0 - 20,000                                | 4                       | 0.1                 | 3                             | -                         | 14                      | 0.2                 | 1                             | -                         |
| 20,001 - 40,000                           | 9                       | 0.3                 | 3                             | 0.1                       | 25                      | 0.8                 | 1                             | -                         |
| 40,001 - 60,000                           | 8                       | 0.4                 | 6                             | 0.3                       | 13                      | 0.6                 | 3                             | 0.1                       |
| 60,001 - 80,000                           | 21                      | 1.5                 | 12                            | 0.8                       | 4                       | 0.3                 | -                             | -                         |
| 80,001 - 100,000                          | 12                      | 1.1                 | 9                             | 0.8                       | 10                      | 0.9                 | -                             | -                         |
| 100,001 - 150,000                         | 12                      | 1.4                 | 7                             | 0.8                       | 10                      | 1.3                 | 2                             | 0.2                       |
| 150,001 - 200,000                         | 5                       | 0.8                 | 3                             | 0.5                       | 4                       | 0.7                 | 1                             | 0.2                       |
| 200,001 - 250,000                         | 1                       | 0.2                 | 1                             | 0.2                       | -                       | -                   | -                             | -                         |
| 250,001 - 300,000                         | -                       | -                   | -                             | -                         | 1                       | 0.3                 | -                             | -                         |
| <b>Total non-compulsory exit packages</b> | <b>72</b>               | <b>5.8</b>          | <b>44</b>                     | <b>3.5</b>                | <b>81</b>               | <b>5.1</b>          | <b>8</b>                      | <b>0.5</b>                |
| <b>Compulsory exit packages (£)</b>       |                         |                     |                               |                           |                         |                     |                               |                           |
| 0 - 20,000                                | -                       | -                   | -                             | -                         | -                       | -                   | -                             | -                         |
| <b>Total</b>                              | <b>72</b>               | <b>5.8</b>          | <b>44</b>                     | <b>3.5</b>                | <b>81</b>               | <b>5.1</b>          | <b>8</b>                      | <b>0.5</b>                |

## Notes to the Financial Statements

### 7. Other operating (income)/expenditure

| Year ended 31 March  | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|--|---------------------|---------------------|---------------------------|---------------------------|
| Net loss on disposal of investment property                  | -                   | 1.2                 | -                         | -                         |
| Fair value loss on office buildings                          | 0.1                 | 4.1                 | -                         | -                         |
| Net (gain)/loss on disposal of property, plant and equipment | (77.8)              | 15.3                | (78.0)                    | 11.4                      |
| Write-off of property, plant and equipment                   | 40.0                | -                   | 32.6                      | -                         |
| Reversal of gain on disposal of investment property          | -                   | 112.0               | -                         | 110.8                     |
| Net gain on disposal of intangibles                          | (0.6)               | (19.7)              | -                         | -                         |
| Net gain on disposal of finance leases                       | -                   | (15.6)              | -                         | (13.2)                    |
| <b>Total other operating (income)/expenditure</b>            | <b>(38.3)</b>       | <b>97.3</b>         | <b>(45.4)</b>             | <b>109.0</b>              |

### 8. Financing and investment income

| Year ended 31 March   | Note | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---|------|---------------------|---------------------|---------------------------|---------------------------|
| Interest income on bank deposits and other investments                                      |      | 70.2                | 64.7                | 65.1                      | 59.5                      |
| Interest income on loans to subsidiaries  |      | -                   | -                   | 447.3                     | 434.4                     |
| Change in fair value of investment properties (including those classified as held for sale) | 16   | 62.2                | -                   | 15.9                      | 55.6                      |
| Net gain on disposal of investment properties   |      | 28.3                | 16.2                | 1.4                       | 6.1                       |
| Interest receivable on finance lease receivables  |      | 0.4                 | 0.8                 | 0.2                       | 0.4                       |
| Dividends receivable from subsidiaries  |      | -                   | -                   | -                         | 7.5                       |
| Other investment income   |      | 1.6                 | 4.5                 | 0.1                       | 1.9                       |
| <b>Total</b>  |      | <b>162.7</b>        | <b>86.2</b>         | <b>530.0</b>              | <b>565.4</b>              |

### 9. Financing and investment expenditure

| Year ended 31 March   | Note | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---|------|---------------------|---------------------|---------------------------|---------------------------|
| Interest payable on loans and derivatives   |      | 498.4               | 465.9               | 496.1                     | 471.1                     |
| Interest payable on right-of-use lease liabilities  |      | 114.7               | 117.4               | 9.4                       | 10.2                      |
| Interest payable on PFI liabilities   |      | 3.3                 | 4.0                 | 3.3                       | 4.0                       |
| Contingent rentals on PFI contracts   |      | 15.7                | 14.4                | 15.7                      | 14.4                      |
| Change in fair value of investment properties (including those classified as held for sale) | 16   | -                   | 107.9               | -                         | -                         |
| Net interest on defined benefit obligation  | 35   | (118.4)             | (80.4)              | (118.4)                   | (80.4)                    |
| Other financing and investment expenditure  |      | (0.4)               | 6.0                 | 0.7                       | 1.0                       |
|   |      | <b>513.3</b>        | <b>635.2</b>        | <b>406.8</b>              | <b>420.3</b>              |
| Less: amounts capitalised into qualifying assets  | 13   | (11.8)              | (11.8)              | -                         | -                         |
| <b>Total</b>  |      | <b>501.5</b>        | <b>623.4</b>        | <b>406.8</b>              | <b>420.3</b>              |

## Notes to the Financial Statements

### 10. Grant income

|   | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---|---------------------|---------------------|---------------------------|---------------------------|
| <b>Year ended 31 March</b>  |                     |                     |                           |                           |
| Non-ring-fenced resource grant from the DfT used to fund operations                   | -                   | 188.3               | -                         | 188.3                     |
| Non-ring-fenced Business Rates Retention from the GLA used to fund operations         | 1,477.0             | 1,030.8             | 1,477.0                   | 1,030.8                   |
| Other revenue grant received  | 65.2                | 268.4               | 64.0                      | 267.3                     |
| Council tax precept   | 244.1               | 178.2               | 244.1                     | 178.2                     |
| <b>Total grants allocated to revenue</b>  | <b>1,786.3</b>      | <b>1,665.7</b>      | <b>1,785.1</b>            | <b>1,664.6</b>            |
| Ring-fenced grant from the GLA used to fund capital expenditure relating to Crossrail | 35.0                | -                   | 35.0                      | -                         |
| Non-ring-fenced Business Rates Retention from the GLA used to fund capital            | 692.9               | 882.8               | 692.9                     | 882.8                     |
| Non-ring-fenced grant from DfT used to fund capital                                   | 5.0                 | 810.0               | 5.0                       | 810.0                     |
| Other capital grants and contributions received                                       | 211.9               | 146.1               | 181.8                     | 111.1                     |
| <b>Total grants allocated to capital</b>  | <b>944.8</b>        | <b>1,838.9</b>      | <b>914.7</b>              | <b>1,803.9</b>            |
| <b>Total grants</b>   | <b>2,731.1</b>      | <b>3,504.6</b>      | <b>2,699.8</b>            | <b>3,468.5</b>            |

#### Allocation of capital grants

|   |      | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---|------|---------------------|---------------------|---------------------------|---------------------------|
| <b>Year ended 31 March</b>                  | Note |                     |                     |                           |                           |
| Capital grant funding of subsidiaries*      |      | -                   | -                   | 707.9                     | 1,484.0                   |
| Applied capital grants                      | 37   | 952.5               | 1,769.1             | 214.5                     | 250.1                     |
| Transfer (from)/to unapplied capital grants | 38   | (7.7)               | 69.8                | (7.7)                     | 69.8                      |
| <b>Total capital grants</b>                 |      | <b>944.8</b>        | <b>1,838.9</b>      | <b>914.7</b>              | <b>1,803.9</b>            |

\* Capital grant funding of subsidiaries in the Corporation represent revenue expenditure funded from capital under statute (REFCUS). The sources of finance are all applied during the year. Refer to Note 39

### 11. Taxation

TfL Corporation is exempt from Corporation Tax, but its subsidiaries are assessable individually to taxation in accordance with current tax legislation.

#### a) Corporation Tax

The Group tax expense for the year, based on the rate of Corporation Tax of 25 per cent (2023/24 25 per cent) comprised:

|  | Group<br>2025<br>£m | Group<br>2024<br>£m |
|--|---------------------|---------------------|
| <b>Year ended 31 March</b>                                 |                     |                     |
| UK Corporation Tax – current year charge                   | -                   | -                   |
| UK Corporation Tax – adjustments in respect of prior years | -                   | (2.5)               |
| <b>Total current tax income</b>                            | <b>-</b>            | <b>(2.5)</b>        |
| Deferred tax – current year (income)/charge                | (32.4)              | 4.1                 |
| Deferred tax – prior year charge                           | -                   | 47.9                |
| <b>Total tax (income)/charge for the year</b>              | <b>(32.4)</b>       | <b>49.5</b>         |

#### Reconciliation of tax expense

|   | Group<br>2025<br>£m | Group<br>2024<br>£m |
|---|---------------------|---------------------|
| <b>Year ended 31 March</b>  |                     |                     |
| (Deficit)/surplus on the provision of services before tax   | (34.4)              | 442.5               |
| (Deficit)/surplus on the provision of services before tax multiplied by standard rate of Corporation Tax in the UK of 25% (2023/24 25%) | (8.6)               | 110.6               |
| <b>Effects of:</b>  |                     |                     |
| Non-taxable income/non-deductible expenses  | (56.5)              | (222.8)             |
| Prior period adjustments  | -                   | (2.5)               |
| Permanent difference in TfL Corporation   | (41.6)              | (69.2)              |
| Amount charged to current tax for which no deferred tax was recognised  | 76.6                | 188.8               |
| Recognition of previously unrecognised deferred tax   | -                   | 47.9                |
| Utilisation of tax losses carried forward for which no deferred tax was recognised  | (1.3)               | (1.3)               |
| Overseas earnings   | (1.0)               | (2.0)               |
| <b>Total tax (income)/charge for the year</b>   | <b>(32.4)</b>       | <b>49.5</b>         |

# Notes to the Financial Statements

## II. Taxation (continued)

### b) Unrecognised deferred tax assets

The Group has a potential net deferred tax asset of £279.6m (2024 £345.2m) in respect of the following items:

|  | Group<br>2025<br>£m | Group<br>2024<br>£m |
|--|---------------------|---------------------|
| Deductible temporary differences       | 3.2                 | 3.1                 |
| Tax losses                             | 276.4               | 342.1               |
| <b>Unrecognised deferred tax asset</b> | <b>279.6</b>        | <b>345.2</b>        |

No net deferred tax asset has been recognised in respect of the above as it is not considered probable that there will be sufficient future taxable profits available against which the unused tax credits can be utilised. The tax losses and the deductible temporary differences do not expire under current tax legislation.

### c) Movement in recognised deferred tax assets and liabilities during the year

Deferred tax assets have been recognised only to the extent that they are considered available to offset deferred tax liabilities as at the Balance Sheet date. Their movements during the year were in respect of the following items:

|   | Balance at<br>1 April 2024<br>£m | Movement in<br>the provision<br>of services<br>£m | Movement<br>in other<br>comprehensive<br>income during<br>the year<br>£m | Balance at<br>31 March 2025<br>£m |
|---|----------------------------------|---|--|-----------------------------------|
| <b>For the year ended 31 March 2025</b> |                                  |   |  |                                   |
| <b>Deferred tax assets</b>              |                                  |   |  |                                   |
| Tax losses                              | 1,088.7                          | 40.7  | -  | 1,129.4                           |
| Derivative financial instruments        | 15.3                             | (9.4)   | -  | 5.9                               |
| <b>Total</b>                            | <b>1,104.0</b>                   | <b>31.3</b>                                       | <b>-</b>   | <b>1,135.3</b>                    |
| <b>Deferred tax liabilities</b>         |                                  |   |  |                                   |
| Investment properties                   | (363.5)                          | 26.7  | -  | (336.8)                           |
| Property, plant and equipment           | (1,162.9)                        | (25.6)  | -  | (1,188.5)                         |
| <b>Total</b>                            | <b>(1,526.4)</b>                 | <b>1.1</b>  | <b>-</b>   | <b>(1,525.3)</b>                  |
| <b>Net deferred tax liability</b>       | <b>(422.4)</b>                   | <b>32.4</b>                                       | <b>-</b>   | <b>(390.0)</b>                    |

# Notes to the Financial Statements

## II. Taxation (continued)

### c) Movement in recognised deferred tax assets and liabilities during the year (continued)

|   | Balance at<br>1 April 2023<br>£m | Movement<br>in the<br>provision of<br>services<br>£m | Movement<br>in other<br>comprehensive<br>income during<br>the year<br>£m | Balance at<br>31 March 2024<br>£m |
|---|----------------------------------|--|--|-----------------------------------|
| <b>For the year ended 31 March 2024</b> |                                  |  |  |                                   |
| <b>Deferred tax assets</b>              |                                  |  |  |                                   |
| Tax losses                              | 781.8                            | 306.9  | -  | 1,088.7                           |
| Derivative financial instruments        | 4.6                              | 10.7   | -  | 15.3                              |
| <b>Total</b>                            | <b>786.4</b>                     | <b>317.6</b>   | <b>-</b>   | <b>1,104.0</b>                    |
| <b>Deferred tax liabilities</b>         |                                  |  |  |                                   |
| Investment properties                   | (361.1)                          | (2.4)  | -  | (363.5)                           |
| Assets held for sale                    | (12.7)                           | 12.7   | -  | -                                 |
| Property, plant and equipment           | (783.0)                          | (379.9)  | -  | (1,162.9)                         |
| <b>Total</b>                            | <b>(1,156.8)</b>                 | <b>(369.6)</b>                                       | <b>-</b>   | <b>(1,526.4)</b>                  |
| <b>Net deferred tax liability</b>       | <b>(370.4)</b>                   | <b>(52.0)</b>  | <b>-</b>   | <b>(422.4)</b>                    |

The key movements in the period were due to the following:

- The deferred tax liability arising on investment properties, including those classified as assets held for sale, has decreased due to the revaluation movements recognised in financing and investment income
- Certain properties that had not previously been held at a value were reclassified as investment property and valued at open market value prior to transfer to Places for London Limited, a subsidiary of the Corporation, during the year and in prior years. It is not considered that sufficient deferred tax assets will be available to offset this deferred tax liability in full
- The property, plant and equipment deferred tax balance has changed in the period due to assets acquired and disposed in the year, movements in the market value of assets held and capital allowances claimed
- Included in the deferred tax balances for property, plant and equipment is the deferred tax movement on revaluation gains recognised in Other Comprehensive Income
- The deferred tax asset arising in respect of derivative financial instruments has decreased during the year due to movement in the fair value of derivatives

# Notes to the Financial Statements

## 12. Intangible assets

### a) Group intangible assets

|  | Note | Software costs<br>£m | Intangible assets under construction<br>£m | Goodwill<br>£m | Total<br>£m    |
|--|------|----------------------|--|----------------|----------------|
| <b>Cost</b>                                      |      |                      |  |                |                |
| At 1 April 2023                                  |      | 570.0                | 19.5                                       | 351.8          | 941.3          |
| Additions  |      | 41.1                 | 10.5                                       | -              | 51.6           |
| Net transfers from property, plant and equipment | 13   | -                    | 33.3                                       | -              | 33.3           |
| Transfers between asset classes                  |      | 48.4                 | (48.4)                                     | -              | -              |
| Disposals  |      | (34.8)               | -  | -              | (34.8)         |
| <b>At 31 March 2024</b>                          |      | <b>624.7</b>         | <b>14.9</b>                                | <b>351.8</b>   | <b>991.4</b>   |
| Additions  |      | <b>39.5</b>          | <b>16.0</b>                                | -              | <b>55.5</b>    |
| Net transfers from property, plant and equipment | 13   | -                    | <b>36.9</b>                                | -              | <b>36.9</b>    |
| Transfers between asset classes                  |      | <b>38.9</b>          | <b>(38.9)</b>                              | -              | -              |
| Disposals  |      | <b>(10.6)</b>        | -  | -              | <b>(10.6)</b>  |
| <b>At 31 March 2025</b>                          |      | <b>692.5</b>         | <b>28.9</b>                                | <b>351.8</b>   | <b>1,073.2</b> |
| <b>Amortisation and impairment</b>               |      |                      |  |                |                |
| At 1 April 2023                                  |      | 335.0                | -  | 349.2          | 684.2          |
| Amortisation charge for the year                 | 4    | 70.0                 | -  | -              | 70.0           |
| Disposals  |      | (34.7)               | -  | -              | (34.7)         |
| <b>At 31 March 2024</b>                          |      | <b>370.3</b>         | <b>-</b>                                   | <b>349.2</b>   | <b>719.5</b>   |
| Amortisation charge for the year                 | 4    | <b>76.7</b>          | -  | -              | <b>76.7</b>    |
| Disposals  |      | <b>(9.7)</b>         | -  | -              | <b>(9.7)</b>   |
| <b>At 31 March 2025</b>                          |      | <b>437.3</b>         | <b>-</b>                                   | <b>349.2</b>   | <b>786.5</b>   |
| <b>Net book value at 31 March 2025</b>           |      | <b>255.2</b>         | <b>28.9</b>                                | <b>2.6</b>     | <b>286.7</b>   |
| Net book value at 31 March 2024                  |      | 254.4                | 14.9                                       | 2.6            | 271.9          |

Intangible assets under construction comprise software assets under development by the Group.

### b) Corporation intangible assets

|  | Note | Software costs<br>£m | Intangible assets under construction<br>£m | Total<br>£m  |
|--|------|----------------------|--|--------------|
| <b>Cost</b>                                      |      |                      |  |              |
| At 1 April 2023                                  |      | 336.7                | 11.1                                       | 347.8        |
| Additions  |      | 28.2                 | 9.5  | 37.7         |
| Net transfers from property, plant and equipment | 13   | -                    | 23.7                                       | 23.7         |
| Transfers between asset classes                  |      | 32.5                 | (32.5)                                     | -            |
| Disposals  |      | (27.8)               | -  | (27.8)       |
| <b>At 31 March 2024</b>                          |      | <b>369.6</b>         | <b>11.8</b>                                | <b>381.4</b> |
| Additions  |      | <b>38.7</b>          | <b>13.2</b>                                | <b>51.9</b>  |
| Net transfers from property, plant and equipment | 13   | -                    | <b>33.0</b>                                | <b>33.0</b>  |
| Transfers between asset classes                  |      | <b>35.0</b>          | <b>(35.0)</b>                              | -            |
| Disposals  |      | <b>(8.1)</b>         | -  | <b>(8.1)</b> |
| <b>At 31 March 2025</b>                          |      | <b>435.2</b>         | <b>23.0</b>                                | <b>458.2</b> |
| <b>Amortisation and impairment</b>               |      |                      |  |              |
| At 1 April 2023                                  |      | 180.2                | -  | 180.2        |
| Amortisation charge for the year                 | 4    | 38.2                 | -  | 38.2         |
| Disposals  |      | (27.8)               | -  | (27.8)       |
| <b>At 31 March 2024</b>                          |      | <b>190.6</b>         | <b>-</b>                                   | <b>190.6</b> |
| Amortisation charge for the year                 | 4    | <b>50.2</b>          | -  | <b>50.2</b>  |
| Disposals  |      | <b>(7.2)</b>         | -  | <b>(7.2)</b> |
| <b>At 31 March 2025</b>                          |      | <b>233.6</b>         | <b>-</b>                                   | <b>233.6</b> |
| <b>Net book value at 31 March 2025</b>           |      | <b>201.6</b>         | <b>23.0</b>                                | <b>224.6</b> |
| Net book value at 31 March 2024                  |      | 179.0                | 11.8                                       | 190.8        |

Intangible assets under construction comprise software assets under development by the Corporation.

# Notes to the Financial Statements

## 13. Property, plant and equipment

a) Group property, plant and equipment at 31 March 2025 comprised the following elements:

|  | Note | Office building<br>£m | Infrastructure<br>£m | Rolling stock<br>£m | Plant and equipment<br>£m | Assets under construction<br>£m | Total<br>£m     |
|--|------|-----------------------|----------------------|---------------------|---------------------------|---------------------------------|-----------------|
| <b>Cost or valuation</b>               |      |                       |                      |                     |                           |                                 |                 |
| At 1 April 2024                        |      | 261.3                 | 51,055.0             | 5,434.4             | 1,939.8                   | 4,241.0                         | 62,931.5        |
| Additions                              |      | -                     | 305.2                | 45.4                | 21.6                      | 1,425.3                         | 1,797.5         |
| Transfers to intangible assets         | 12   | -                     | -                    | -                   | -                         | (36.9)                          | (36.9)          |
| Transfers to investment properties     | 16   | 8.1                   | -                    | -                   | -                         | (24.1)                          | (16.0)          |
| Transfers between asset classes        |      | -                     | 500.4                | 75.3                | 29.9                      | (605.6)                         | -               |
| Disposals                              |      | -                     | (303.3)              | -                   | (82.2)                    | -                               | (385.5)         |
| Write-offs                             |      | -                     | (15.1)               | -                   | (6.8)                     | (31.4)                          | (53.3)          |
| Revaluation                            |      | 9.6                   | -                    | -                   | -                         | -                               | 9.6             |
| Reclassification*                      |      | (90.7)                | -                    | -                   | 90.7                      | -                               | -               |
| <b>At 31 March 2025</b>                |      | <b>188.3</b>          | <b>51,542.2</b>      | <b>5,555.1</b>      | <b>1,993.0</b>            | <b>4,968.3</b>                  | <b>64,246.9</b> |
| <b>Depreciation and impairment</b>     |      |                       |                      |                     |                           |                                 |                 |
| At 1 April 2024                        |      | 51.7                  | 13,555.8             | 2,744.7             | 1,255.9                   | 62.2                            | 17,670.3        |
| Depreciation charge for the year       | 4    | 5.3                   | 960.9                | 156.1               | 124.3                     | -                               | 1,246.6         |
| Impairment                             | 4    | -                     | -                    | -                   | -                         | 6.9                             | 6.9             |
| Disposals                              |      | -                     | (303.3)              | -                   | (82.0)                    | -                               | (385.3)         |
| Reversal of impairments                |      | -                     | -                    | -                   | -                         | (5.6)                           | (5.6)           |
| Write-offs                             |      | -                     | (10.3)               | -                   | (3.0)                     | -                               | (13.3)          |
| Revaluation                            |      | (6.4)                 | -                    | -                   | -                         | -                               | (6.4)           |
| Reclassification*                      |      | (50.6)                | -                    | -                   | 50.6                      | -                               | -               |
| <b>At 31 March 2025</b>                |      | <b>-</b>              | <b>14,203.1</b>      | <b>2,900.8</b>      | <b>1,345.8</b>            | <b>63.5</b>                     | <b>18,513.2</b> |
| <b>Net book value at 31 March 2025</b> |      | <b>188.3</b>          | <b>37,339.1</b>      | <b>2,654.3</b>      | <b>647.2</b>              | <b>4,904.8</b>                  | <b>45,733.7</b> |
| Net book value at 31 March 2024        |      | 209.6                 | 37,499.2             | 2,689.7             | 683.9                     | 4,178.8                         | 45,261.2        |

\* During the year, management identified certain assets with a net book value of £40.1m in the opening balance of office buildings, which should have been reclassified into plant and equipment. There is no impact on the primary statements or other notes to the accounts

# Notes to the Financial Statements

## 13. Property, plant and equipment (continued)

**b) Group property, plant and equipment at 31 March 2024**  
comprised the following elements:

|                                    | Note | Office building<br>£m | Infrastructure<br>£m | Rolling stock<br>£m | Plant and equipment<br>£m | Assets under construction<br>£m | Total<br>£m     |
|------------------------------------|------|-----------------------|----------------------|---------------------|---------------------------|---------------------------------|-----------------|
| <b>Cost or valuation</b>           |      |                       |                      |                     |                           |                                 |                 |
| At 1 April 2023                    |      | 271.5                 | 50,856.6             | 5,447.3             | 1,975.8                   | 2,912.8                         | 61,464.0        |
| Additions                          |      | 0.3                   | 256.2                | 21.2                | 51.1                      | 1,652.4                         | 1,981.2         |
| Transfers to intangible assets     | 12   | -                     | -                    | -                   | -                         | (33.3)                          | (33.3)          |
| Transfers to investment properties | 16   | 0.3                   | -                    | -                   | -                         | (18.7)                          | (18.4)          |
| Transfers between asset classes    |      | 12.5                  | 202.0                | 10.2                | 43.6                      | (268.3)                         | -               |
| Disposals                          |      | -                     | (256.3)              | (38.2)              | (119.8)                   | -                               | (414.3)         |
| Write-offs                         |      | -                     | (3.5)                | (6.1)               | (10.9)                    | (3.9)                           | (24.4)          |
| Revaluation                        |      | (23.3)                | -                    | -                   | -                         | -                               | (23.3)          |
| <b>At 31 March 2024</b>            |      | <b>261.3</b>          | <b>51,055.0</b>      | <b>5,434.4</b>      | <b>1,939.8</b>            | <b>4,241.0</b>                  | <b>62,931.5</b> |
| <b>Depreciation and impairment</b> |      |                       |                      |                     |                           |                                 |                 |
| At 1 April 2023                    |      | 52.1                  | 12,866.6             | 2,638.4             | 1,255.7                   | 62.7                            | 16,875.5        |
| Depreciation charge for the year   | 4    | 8.9                   | 947.1                | 149.6               | 122.5                     | -                               | 1,228.1         |
| Impairment                         | 4    | -                     | -                    | -                   | -                         | (0.5)                           | (0.5)           |
| Transfers to investment properties | 16   | (1.6)                 | -                    | -                   | -                         | -                               | (1.6)           |
| Disposals                          |      | -                     | (256.3)              | (38.3)              | (119.8)                   | -                               | (414.4)         |
| Write-offs                         |      | -                     | (1.6)                | (5.0)               | (2.5)                     | -                               | (9.1)           |
| Revaluation                        |      | (7.7)                 | -                    | -                   | -                         | -                               | (7.7)           |
| <b>At 31 March 2024</b>            |      | <b>51.7</b>           | <b>13,555.8</b>      | <b>2,744.7</b>      | <b>1,255.9</b>            | <b>62.2</b>                     | <b>17,670.3</b> |

## Notes to the Financial Statements

### 13. Property, plant and equipment (continued)

Borrowing costs are included in the costs of qualifying assets to the extent that the asset is funded by borrowings. As a result, the total borrowing costs capitalised during the year were £11.8m (2024 £11.8m). The cumulative borrowing costs capitalised are £978.8m (2024 £967.0m). Borrowings are capitalised at the rate of interest directly incurred on the specific borrowings taken out to fund the asset in question.

At 31 March 2025, the Group had capital commitments which are contracted for but not provided for in the financial statements amounting to £1,870.4m (2024 £1,854.2m).

#### c) Group PFI assets

The net book value above includes the following amounts in respect of PFI assets:

|  | Infrastructure and office buildings<br>£m | Plant and equipment<br>£m | Total<br>£m  |
|--|---|---------------------------|--------------|
| Gross cost                             | 209.1                                     | 16.7                      | 225.8        |
| Accumulated depreciation               | (106.6)                                   | (16.7)                    | (123.3)      |
| <b>Net book value at 31 March 2025</b> | <b>102.5</b>                              | <b>-</b>                  | <b>102.5</b> |
| Net book value at 31 March 2024        | 105.0                                     | -                         | 105.0        |

See Note 28 for the details of the associated PFI finance lease liabilities.

On 21 November 2019, the Corporation entered into an agreement with Riverlinx Limited for the design, build, financing, operations and maintenance of Silvertown Tunnel, connecting the Greenwich Peninsula and the Royal Docks in London. Our financial obligations to make payments to Riverlinx Limited commenced when the tunnel opened in April 2025 (the 'Permit to Use Date'). From the Permit to Use Date, the Corporation will make performance-based availability payments, initially at £65m annually and indexed until the expiry date of the agreement in January 2050.

#### d) Depreciation charge

The total depreciation charge for the Group for the year comprised:

| Year ended 31 March                                | Note | 2025<br>£m     | 2024<br>£m |
|--|------|----------------|------------|
| Depreciation of owned assets                       |      | 1,244.1        | 1,225.6    |
| Depreciation of assets held under PFI arrangements |      | 2.5            | 2.5        |
| <b>Total depreciation</b>                          | 4    | <b>1,246.6</b> | 1,228.1    |

#### e) Group office buildings

The existing use value of owner-occupied office buildings at 31 March 2025 has been arrived at on the basis of a valuation carried out at that date by CBRE, a real estate advisory business not connected with the Group, and by chartered surveyors working for TfL. In determining the existing use value, the capitalisation of net income method and the discounting of future cash flows to their present value has been used. This is based upon various assumptions including the anticipated future rental

income, maintenance costs and the appropriate discount rate, making reference to market evidence of transaction prices for similar properties. A deduction is made to reflect purchaser's acquisition costs.

Properties are valued in accordance with the Red Book, RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors.

The key unobservable inputs into these valuations are as follows:

| At 31 March                          | 2025     | 2024    |
|--------------------------------------|----------|---------|
| Equivalent yield range %             | 3.0-10.0 | 2.9-9.5 |
| Estimated rental values range £psqft | 30-75    | 9-75    |

## Notes to the Financial Statements

### 13. Property, plant and equipment (continued)

#### Sensitivities

Information about the impact of changes in unobservable inputs on the fair value of the properties is set out in the table below.

There are interrelationships between the unobservable inputs which are partially determined by market conditions, but with all other factors being equal:

- A higher equivalent yield would lead to a decrease in the valuation
- An increase in the estimated rental value would increase the valuation

|   | 2025<br>£m | 2024<br>£m |
|---|------------|------------|
| <b>At 31 March</b>                      |            |            |
| 50bps increase in equivalent yield      | (15.0)     | (11.4)     |
| 50bps decrease in equivalent yield      | 12.6       | 16.2       |
| 10% increase in estimated rental values | 8.4        | 11.3       |
| 10% decrease in estimated rental values | (13.3)     | (11.3)     |

#### f) Group and Corporation heritage assets

Property, plant and equipment includes a number of assets of importance to the history of London transport which are classified as heritage assets in accordance with the Code. These comprise transport-related objects and material (including vehicles, posters and photographs) held to advance the preservation, conservation and education objects of London Transport Museum. The collection consists of more than 400,000 items and is housed at the Museum's sites in Covent Garden and Acton.

These assets are primarily former operational assets of the TfL Group whose legal title is retained by the Corporation or another of its operating subsidiaries.

Due to the diverse nature of the assets held and the lack of comparable market values, the cost of obtaining a valuation of TfL's heritage assets is such that it would not be commensurate with the benefits provided to users of the financial statements. The assets therefore remain recorded in the accounts at historical cost less accumulated depreciation. The collections have been externally valued for insurance purposes only. Management do not consider these insurance valuations to be necessarily indicative of open market fair value and hence have not incorporated the insurance values into the financial statements. The last valuation was carried out as at 31 March 2025 resulting in a value of £39.9m. The net book value of these assets at 31 March 2025 was £nil (2024 £nil).

#### g) Corporation property, plant and equipment at 31 March 2025 comprised the following elements:

|  | Note | Office buildings<br>£m | Infrastructure<br>£m | Plant and equipment<br>£m | Assets under construction<br>£m | Total<br>£m    |
|--|------|------------------------|----------------------|---------------------------|---------------------------------|----------------|
| <b>Cost or valuation</b>               |      |                        |                      |                           |                                 |                |
| At 1 April 2024                        |      | (4.1)                  | 6,217.3              | 319.4                     | 676.8                           | 7,209.4        |
| Additions                              |      | -                      | 88.2                 | 13.4                      | 221.8                           | 323.4          |
| Net transfers to intangible assets     | 12   | -                      | -                    | -                         | (33.0)                          | (33.0)         |
| Transfers to investment properties     | 16   | -                      | -                    | -                         | (0.3)                           | (0.3)          |
| Transfers between asset classes        |      | 4.7                    | 203.8                | 16.8                      | (225.3)                         | -              |
| Disposals                              |      | -                      | (76.8)               | (11.3)                    | -                               | (88.1)         |
| Intercompany transfer                  |      | -                      | (48.1)               | -                         | -                               | (48.1)         |
| Write-offs                             |      | -                      | -                    | (6.8)                     | (28.8)                          | (35.6)         |
| <b>At 31 March 2025</b>                |      | <b>0.6</b>             | <b>6,384.4</b>       | <b>331.5</b>              | <b>611.2</b>                    | <b>7,327.7</b> |
| <b>Depreciation and impairment</b>     |      |                        |                      |                           |                                 |                |
| At 1 April 2024                        |      | (4.6)                  | 2,539.6              | 134.1                     | 20.7                            | 2,689.8        |
| Depreciation charge for the year       | 4    | -                      | 129.7                | 44.6                      | -                               | 174.3          |
| Impairment charge for the year         | 4    | -                      | -                    | -                         | 6.4                             | 6.4            |
| Transfers between asset classes        |      | 4.6                    | (4.6)                | -                         | -                               | -              |
| Disposals                              |      | -                      | (76.7)               | (11.3)                    | -                               | (88.0)         |
| Reversal of impairments                |      | -                      | -                    | -                         | (4.6)                           | (4.6)          |
| Write-offs                             |      | -                      | -                    | (3.0)                     | -                               | (3.0)          |
| <b>At 31 March 2025</b>                |      | <b>-</b>               | <b>2,588.0</b>       | <b>164.4</b>              | <b>22.5</b>                     | <b>2,774.9</b> |
| <b>Net book value at 31 March 2025</b> |      | <b>0.6</b>             | <b>3,796.4</b>       | <b>167.1</b>              | <b>588.7</b>                    | <b>4,552.8</b> |
| Net book value at 31 March 2024        |      | 0.5                    | 3,677.7              | 185.3                     | 656.1                           | 4,519.6        |

## Notes to the Financial Statements

### 13. Property, plant and equipment (continued)

h) Corporation property, plant and equipment at 31 March 2024 comprised the following elements:

|                                    | Note | Office buildings<br>£m | Infrastructure<br>£m | Plant and equipment<br>£m | Assets under construction<br>£m | Total<br>£m    |
|------------------------------------|------|------------------------|----------------------|---------------------------|---------------------------------|----------------|
| <b>Cost or valuation</b>           |      |                        |                      |                           |                                 |                |
| At 1 April 2023                    |      | (4.6)                  | 6,212.9              | 307.8                     | 545.3                           | 7,061.4        |
| Additions                          |      | 0.2                    | 50.3                 | 50.1                      | 250.2                           | 350.8          |
| Transfers to intangible assets     | 12   | -                      | -                    | -                         | (23.7)                          | (23.7)         |
| Transfers to investment properties | 16   | -                      | -                    | -                         | (12.5)                          | (12.5)         |
| Transfers between asset classes    |      | 0.3                    | 43.8                 | 34.8                      | (78.9)                          | -              |
| Disposals                          |      | -                      | (89.7)               | (63.5)                    | -                               | (153.2)        |
| Write-offs                         |      | -                      | -                    | (9.8)                     | (3.6)                           | (13.4)         |
| <b>At 31 March 2024</b>            |      | <b>(4.1)</b>           | <b>6,217.3</b>       | <b>319.4</b>              | <b>676.8</b>                    | <b>7,209.4</b> |
| <b>Depreciation</b>                |      |                        |                      |                           |                                 |                |
| At 1 April 2023                    |      | (4.6)                  | 2,506.0              | 159.7                     | 20.7                            | 2,681.8        |
| Depreciation charge for the year   | 4    | -                      | 123.3                | 39.9                      | -                               | 163.2          |
| Disposals                          |      | -                      | (89.7)               | (63.5)                    | -                               | (153.2)        |
| Write-offs                         |      | -                      | -                    | (2.0)                     | -                               | (2.0)          |
| <b>At 31 March 2024</b>            |      | <b>(4.6)</b>           | <b>2,539.6</b>       | <b>134.1</b>              | <b>20.7</b>                     | <b>2,689.8</b> |

The Corporation holds its office buildings at valuation. All other items of property, plant and equipment are held at depreciated cost.

Direct borrowing costs are included in the cost of qualifying assets to the extent that the asset is funded by borrowings. Total borrowing costs capitalised during the year were £nil (2024 £nil). The cumulative borrowing costs capitalised are also £nil (2024 £nil).

At 31 March 2025, the Corporation had capital commitments which are contracted for but not provided for in the financial statements amounting to £76.1m (2024 £83.1m).

In addition, and as described in section b) to this note, the Corporation has entered into an agreement with Riverlinx Limited for the design, build, financing and maintenance of Silvertown Tunnel, connecting the Greenwich Peninsula and the Royal Docks in London. Our financial obligations to make payments to Riverlinx Limited commenced when the tunnel opened in April 2025, initially at £65m annually and indexed until the expiry date of the agreement in January 2050.

## Notes to the Financial Statements

### 13. Property, plant and equipment (continued)

#### i) Corporation PFI assets

The net book value above includes the following amounts in respect of PFI assets:

|  | Infrastructure and office buildings<br>£m | Plant and equipment<br>£m | Total<br>£m  |
|--|---|---------------------------|--------------|
| Gross cost                             | 209.1                                     | 16.7                      | 225.8        |
| Accumulated depreciation               | (106.6)                                   | (16.7)                    | (123.3)      |
| <b>Net book value at 31 March 2025</b> | <b>102.5</b>                              | <b>-</b>                  | <b>102.5</b> |
| Net book value at 31 March 2024        | 105.0                                     | -                         | 105.0        |

See Note 28 for the details of the associated PFI finance lease liabilities.

#### j) Depreciation charge

The total depreciation charge for the Corporation for the year comprised:

| Year ended 31 March                                | Note | 2025<br>£m   | 2024<br>£m |
|--|------|--------------|------------|
| Depreciation of owned assets                       |      | 171.8        | 160.7      |
| Depreciation of assets held under PFI arrangements |      | 2.5          | 2.5        |
| <b>Total depreciation</b>                          | 4    | <b>174.3</b> | 163.2      |

#### k) Corporation office buildings and other infrastructure assets held at valuation

The existing use value of owner-occupied office buildings at 31 March 2025 has been arrived at on the basis of a valuation carried out at that date by CBRE, a real-estate advisory business not connected with the Group, and by chartered surveyors working for TfL. In determining the existing use value, the capitalisation of net income method and the discounting of future cash flows to their present value has been used. This is based upon various assumptions including anticipated future rental income, maintenance costs and the appropriate discount rate, making reference to market evidence of transaction prices for similar properties. A deduction is made to reflect purchaser's acquisition costs.

Properties are valued in accordance with the Red Book, RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors.

## Notes to the Financial Statements

### 14. Right-of-use assets and related lease liabilities

This note provides information for leases where the Group and/or Corporation is a lessee. For leases where the Group and/or Corporation is a lessor, see Note 20.

#### a) Group right-of-use assets at 31 March 2025 comprised the following elements:

| Note                                   | Infrastructure and office buildings<br>£m | Rolling stock<br>£m | Buses<br>£m    | Motor vehicles<br>£m | Other equipment<br>£m | Total<br>£m    |       |
|--|---|---------------------|----------------|----------------------|-----------------------|----------------|-------|
| <b>Cost or valuation</b>               |   |                     |                |                      |                       |                |       |
| At 1 April 2024                        | 611.7                                     | 1,404.6             | 1,617.8        | 15.1                 | 156.5                 | 3,805.7        |       |
| Additions                              | -   | -                   | 414.3          | 4.6                  | 0.1                   | 419.0          |       |
| Lease terminations                     | -   | -                   | (49.3)         | -                    | (4.2)                 | (53.5)         |       |
| Valuation adjustment                   | -   | 0.1                 | -              | -                    | -                     | 0.1            |       |
| <b>At 31 March 2025</b>                | <b>611.7</b>                              | <b>1,404.7</b>      | <b>1,982.8</b> | <b>19.7</b>          | <b>152.4</b>          | <b>4,171.3</b> |       |
| <b>Amortisation</b>                    |   |                     |                |                      |                       |                |       |
| At 1 April 2024                        | 189.7                                     | 476.5               | 1,071.5        | 12.8                 | 84.8                  | 1,835.3        |       |
| Charge for the year                    | 4   | 36.0                | 64.2           | 211.5                | 2.0                   | 12.1           | 325.8 |
| Disposals                              | -   | -                   | (29.1)         | -                    | (4.2)                 | (33.3)         |       |
| <b>At 31 March 2025</b>                | <b>225.7</b>                              | <b>540.7</b>        | <b>1,253.9</b> | <b>14.8</b>          | <b>92.7</b>           | <b>2,127.8</b> |       |
| <b>Net book value at 31 March 2025</b> | <b>386.0</b>                              | <b>864.0</b>        | <b>728.9</b>   | <b>4.9</b>           | <b>59.7</b>           | <b>2,043.5</b> |       |
| Net book value at 31 March 2024        | 422.0                                     | 928.1               | 546.3          | 2.3                  | 71.7                  | 1,970.4        |       |

#### b) Group right-of-use assets at 31 March 2024 comprised the following elements:

| Note                     | Infrastructure and office buildings<br>£m | Rolling stock<br>£m | Buses<br>£m    | Motor vehicles<br>£m | Other equipment<br>£m | Total<br>£m    |       |
|--------------------------|---|---------------------|----------------|----------------------|-----------------------|----------------|-------|
| <b>Cost or valuation</b> |   |                     |                |                      |                       |                |       |
| At 1 April 2023          | 598.3                                     | 1,395.5             | 1,342.0        | 14.3                 | 118.6                 | 3,468.7        |       |
| Additions                | 28.6                                      | 10.0                | 279.2          | 0.8                  | 39.5                  | 358.1          |       |
| Lease terminations       | (15.2)                                    | -                   | (3.4)          | -                    | (1.6)                 | (20.2)         |       |
| Valuation adjustment     | -   | (0.9)               | -              | -                    | -                     | (0.9)          |       |
| <b>At 31 March 2024</b>  | <b>611.7</b>                              | <b>1,404.6</b>      | <b>1,617.8</b> | <b>15.1</b>          | <b>156.5</b>          | <b>3,805.7</b> |       |
| <b>Amortisation</b>      |   |                     |                |                      |                       |                |       |
| At 1 April 2023          | 156.2                                     | 412.6               | 865.6          | 10.8                 | 69.0                  | 1,514.2        |       |
| Charge for the year      | 4   | 40.1                | 63.9           | 207.9                | 2.0                   | 16.7           | 330.6 |
| Disposals                | (6.6)                                     | -                   | (2.0)          | -                    | (0.9)                 | (9.5)          |       |
| <b>At 31 March 2024</b>  | <b>189.7</b>                              | <b>476.5</b>        | <b>1,071.5</b> | <b>12.8</b>          | <b>84.8</b>           | <b>1,835.3</b> |       |

# Notes to the Financial Statements

## 14. Right-of-use assets and related lease liabilities (continued)

### c) Group lease liabilities in relation to right-of-use assets

| At 31 March                  | 2025<br>£m     | 2024<br>£m     |
|------------------------------|----------------|----------------|
| <b>Principal outstanding</b> |                |                |
| Short-term liabilities       | 273.1          | 275.4          |
| Long-term liabilities        | 2,146.2        | 2,029.2        |
|                              | <b>2,419.3</b> | <b>2,304.6</b> |

### d) Group maturity analysis of right-of-use lease liabilities

| At 31 March  | 2025<br>£m     | 2024<br>£m     |
|--|----------------|----------------|
| <b>Contractual undiscounted payments due in:</b>   |                |                |
| Not later than one year                            | 378.5          | 372.7          |
| Later than one year but not later than two years   | 337.4          | 300.7          |
| Later than two years but not later than five years | 806.5          | 690.5          |
| Later than five years                              | 2,023.2        | 2,164.7        |
|  | <b>3,545.6</b> | <b>3,528.6</b> |
| <b>Less:</b>                                       |                |                |
| Present value discount                             | (1,126.3)      | (1,224.2)      |
| <b>Present value of minimum lease payments</b>     | <b>2,419.3</b> | <b>2,304.4</b> |

### e) Analysis of amounts included in the Group Comprehensive Income and Expenditure Statement

| Year ended 31 March  | Note | 2025<br>£m   | 2024<br>£m |
|--|------|--------------|------------|
| Amortisation of right-of-use assets  | 4    | <b>325.8</b> | 330.6      |
| Interest payable on right-of-use lease liabilities (before impact of interest rate hedges)                                   |      | <b>114.7</b> | 117.5      |
| Expense relating to short-term leases (included in gross expenditure)  |      | <b>0.1</b>   | 0.1        |
| Expense relating to leases of low-value assets that are not shown above as short-term leases (included in gross expenditure) |      | <b>0.1</b>   | 0.1        |
| Income from sub-leasing right-of-use assets (included in gross service income)   |      | <b>13.4</b>  | 13.4       |

## Notes to the Financial Statements

### 14. Right-of-use assets and related lease liabilities (continued)

#### f) Analysis of amounts included in the Statement of Cash Flows

The total cash outflow in the Group in respect of leases was £402.1m (2023/24 £414.2m).

#### g) The Group's leasing activities and how these are accounted for

As a lessee, the Group leases various infrastructure and office buildings, rolling stock, buses, motor vehicles and other equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The accounting for these leases is described within the Accounting Policies, note ab).

#### h) Future cash flows to which the lessee is potentially exposed that are/ are not reflected in the measurement of lease liabilities

##### Variable lease payments

Most of the Group's infrastructure and office buildings have variable lease payments linked to a consumer price index. Rolling stock contracts have variable lease payments interest linked to a floating rate. When there is a change in cash flows because of the change in consumer price index or change in floating rate, then the lease liability is re-measured to reflect those revised lease payments and corresponding adjustments are made to the right-of-use asset.

##### Extension and termination options

Some of the Group's lease contracts have extension and termination options. These options and related payments are only included when the Group is reasonably certain that it will exercise these options. At the date of these financial statements, there are no facts and circumstances that create an economic incentive for the Group to extend or terminate the lease.

#### i) Corporation right-of-use assets at 31 March 2025 comprised the following elements:

|  | Note | Infrastructure and office buildings<br>£m | Other equipment<br>£m | Total<br>£m  |
|--|------|---|-----------------------|--------------|
| <b>Cost or valuation</b>               |      |   |                       |              |
| At 1 April 2024                        |      | 437.7                                     | 19.1                  | 456.8        |
| <b>At 31 March 2025</b>                |      | <b>437.7</b>                              | <b>19.1</b>           | <b>456.8</b> |
| <b>Amortisation</b>                    |      |   |                       |              |
| At 1 April 2024                        |      | 121.1                                     | 16.3                  | 137.4        |
| Charge for the year                    | 4    | 25.6                                      | 1.5                   | 27.1         |
| <b>At 31 March 2025</b>                |      | <b>146.7</b>                              | <b>17.8</b>           | <b>164.5</b> |
| <b>Net book value at 31 March 2025</b> |      | <b>291.0</b>                              | <b>1.3</b>            | <b>292.3</b> |
| Net book value at 31 March 2024        |      | 316.6                                     | 2.8                   | 319.4        |

# Notes to the Financial Statements

## 14. Right-of-use assets and related lease liabilities (continued)

### j) Corporation right-of-use assets at 31 March 2024 comprised the following elements:

|  | Note | Infrastructure and office buildings<br>£m | Other equipment<br>£m | Total<br>£m  |
|--|------|---|-----------------------|--------------|
| <b>Cost or valuation</b>               |      |   |                       |              |
| At 1 April 2023                        |      | 434.4                                     | 19.1                  | 453.5        |
| Additions                              |      | 12.2                                      | -                     | 12.2         |
| Disposals                              |      | (8.9)                                     | -                     | (8.9)        |
| <b>At 31 March 2024</b>                |      | <b>437.7</b>                              | <b>19.1</b>           | <b>456.8</b> |
| <b>Amortisation</b>                    |      |   |                       |              |
| At 1 April 2023                        |      | 100.8                                     | 12.9                  | 113.7        |
| Charge for the year                    | 4    | 25.7                                      | 3.4                   | 29.1         |
| Disposals                              |      | (5.4)                                     | -                     | (5.4)        |
| <b>At 31 March 2024</b>                |      | <b>121.1</b>                              | <b>16.3</b>           | <b>137.4</b> |
| <b>Net book value at 31 March 2024</b> |      | <b>316.6</b>                              | <b>2.8</b>            | <b>319.4</b> |

### k) Corporation lease liabilities in relation to right-of-use assets

|                              | 2025<br>£m   | 2024<br>£m   |
|------------------------------|--------------|--------------|
| <b>At 31 March</b>           |              |              |
| <b>Principal outstanding</b> |              |              |
| Short-term liabilities       | 25.6         | 25.6         |
| Long-term liabilities        | 298.5        | 324.1        |
|                              | <b>324.1</b> | <b>349.7</b> |

### l) Corporation maturity analysis of right-of-use lease liabilities

|  | 2025<br>£m   | 2024<br>£m   |
|--|--------------|--------------|
| <b>At 31 March</b>                                 |              |              |
| <b>Contractual undiscounted payments due in:</b>   |              |              |
| Not later than one year                            | 33.1         | 35.0         |
| Later than one year but not later than two years   | 32.5         | 34.3         |
| Later than two years but not later than five years | 91.0         | 99.0         |
| Later than five years                              | 229.5        | 256.2        |
|  | <b>386.1</b> | <b>424.5</b> |
| <b>Less:</b>                                       |              |              |
| Present value discount                             | (62.0)       | (74.8)       |
| <b>Present value of minimum lease payments</b>     | <b>324.1</b> | <b>349.7</b> |

### m) Analysis of amounts included in the Corporation Comprehensive Income and Expenditure Statement

|  | Note | 2025<br>£m | 2024<br>£m |
|--|------|------------|------------|
| <b>Year ended 31 March</b>   |      |            |            |
| Amortisation of right-of-use assets  | 4    | 27.1       | 29.1       |
| Interest payable on right-of-use lease liabilities                             |      | 9.4        | 10.3       |
| Income from sub-leasing right-of-use assets (included in gross service income) |      | 1.8        | 1.8        |

## Notes to the Financial Statements

### 14. Right-of-use assets and related lease liabilities (continued)

#### n) Analysis of amounts included in the Corporation Statement of Cash Flows

The total cash outflow in the Corporation in respect of leases in 2024/25 was £35.0m (2023/24 £37.3m).

#### o) The Corporation's leasing activities and how these are accounted for

As a lessee, the Corporation leases various office buildings. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The accounting for these leases is described within the Accounting Policies, notes r) and ab).

#### p) Future cash flows to which the lessee is potentially exposed that are/ are not reflected in the measurement of lease liabilities.

##### Variable lease payments

Most of the Corporation's office buildings have variable lease payments linked to a consumer price index. When there is a change in cash flows because of the change in consumer price index or change in floating rate, then the lease liability is remeasured to reflect those revised lease payments and a corresponding adjustment is made to the right-of-use asset.

#### Extension and termination options

Some of the Corporation's lease contracts have extension and termination options. These options and related payments are only included when the Corporation is reasonably certain that it will exercise these options. At the date of these financial statements, there are no facts and circumstances that create an economic incentive for the Corporation to extend or terminate the lease.

#### Leases not yet commenced to which the Corporation as a lessee is committed

As at 31 March 2025 the Corporation is not party to any lease arrangements to which the Corporation as a lessee is committed but for which it has not yet recognised any right-of-use asset or liability on the Balance Sheet (2024 none).

#### q) Peppercorn leases in the Group and Corporation

TfL has a number of leases over property and other transport infrastructure under which it pays £nil or peppercorn rents. It has undertaken an exercise to assess the fair value of the assets leased under these arrangements and has concluded that they have no material value. No amounts have therefore been recorded in these financial statements in respect of these leases.

### 15. Operating leases – as a lessor

#### Operating leases – The Group and Corporation as lessor

The Group and Corporation lease out commercial, retail and office property, and land that they hold as a result of their infrastructure holdings. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

At the Balance Sheet date, the Group and Corporation had contracted with customers for the following future minimum lease payments:

|                            | Group<br>£m    | Corporation<br>£m |
|----------------------------|----------------|-------------------|
| <b>Land and buildings</b>  |                |                   |
| <b>At 31 March 2025</b>    |                |                   |
| Within one year            | 67.6           | 3.7               |
| Between one and two years  | 60.3           | 2.6               |
| Between two and five years | 135.2          | 6.3               |
| Later than five years      | 1,527.6        | 52.9              |
|                            | <b>1,790.7</b> | <b>65.5</b>       |
| <b>At 31 March 2024</b>    |                |                   |
| Within one year            | 63.6           | 2.7               |
| Between one and two years  | 54.0           | 2.3               |
| Between two and five years | 117.3          | 0.3               |
| Later than five years      | 917.2          | 45.1              |
|                            | <b>1,152.1</b> | <b>50.4</b>       |

# Notes to the Financial Statements

## 16. Investment properties

|  | Note | Group<br>£m    | Corporation<br>£m |
|--|------|----------------|-------------------|
| <b>Valuation</b>                             |      |                |                   |
| At 1 April 2023                              |      | 1,574.6        | 86.9              |
| Additions                                    |      | 88.6           | 1.0               |
| Transfers to subsidiary undertakings         |      | -              | (41.2)            |
| Transfers from assets held for sale          | 23   | 51.8           | 3.0               |
| Transfers from property, plant and equipment | 13   | 16.8           | 12.5              |
| Disposals                                    |      | (8.8)          | -                 |
| Fair value adjustments                       | 9, 8 | (107.9)        | 55.6              |
| <b>At 31 March 2024</b>                      |      | <b>1,615.1</b> | <b>117.8</b>      |
| Additions                                    |      | <b>53.0</b>    | <b>0.6</b>        |
| Transfers to subsidiary undertakings         |      | -              | <b>(73.5)</b>     |
| Transfers to assets held for sale            | 23   | <b>(52.8)</b>  | -                 |
| Transfers from property, plant and equipment | 13   | <b>16.0</b>    | <b>0.3</b>        |
| Disposals                                    |      | <b>(89.9)</b>  | <b>(2.8)</b>      |
| Fair value adjustments                       | 8    | <b>62.2</b>    | <b>15.9</b>       |
| <b>At 31 March 2025</b>                      |      | <b>1,603.6</b> | <b>58.3</b>       |

In order to create a consolidated commercial property portfolio, properties held for rental income or capital appreciation have been identified and transferred into a designated investment portfolio alongside a range of existing investment properties. In addition, the creation of new lease structures allowed the recognition, for the first time, of newly separable investment property assets. These properties have been combined

into a vehicle to deliver homes under the Mayor's Transport Strategy, and a growing sustainable income stream, as well as to facilitate the ability to generate both debt and equity to fund capital requirements.

### Reconciliation between the fair value of the investment property and the book value in the financial statements

|  | Note | Group<br>2025<br>£m | Group<br>2024<br>£m |
|--|------|---------------------|---------------------|
| <b>At 31 March</b>   |      |                     |                     |
| Fair value of investment property                          |      | <b>1,573.4</b>      | 1,615.1             |
| Add: lease liabilities presented separately                |      | <b>39.9</b>         | -                   |
| Less: lease incentives presented separately in receivables |      | <b>(9.7)</b>        | (6.0)               |
| <b>Book value of investment property</b>                   |      | <b>1,603.6</b>      | 1,609.1             |
| Investment property presented as asset held for sale       | 23   | <b>52.8</b>         | -                   |
| <b>Total</b>   |      | <b>1,656.4</b>      | 1,609.1             |

The property valuations were carried out primarily by CBRE on a Fair Value basis in accordance with the latest version of the RICS Valuation – Global Standards, but with a number valued by management, as set out below:

|                      | Fair value<br>2025<br>£m | Fair value<br>2024<br>£m |
|----------------------|--------------------------|--------------------------|
| <b>At 31 March</b>   |                          |                          |
| Valued by CBRE       | <b>1,556.1</b>           | 1,599.8                  |
| Valued by management | <b>17.3</b>              | 15.3                     |
| <b>Total</b>         | <b>1,573.4</b>           | 1,615.1                  |

The approach used by management in their valuations was to apply an index of property movements obtained from CBRE to the prior year valuations. Because of the low aggregate value of these properties, management consider that this valuation approach is appropriate.

The valuation methodology used by CBRE depend upon the nature of the property. The majority of properties are income producing assets were valued using an income capitalisation ('income cap') approach, where the key inputs were

equivalent yield (EY), estimated rental values (ERV) and future capital expenditure (Cap Ex). These are considered Level III valuations in the IFRS 13 hierarchy.

However, residential properties were valued using a sales comparison approach, where values were based on observed sales of similar properties in the same area. Observed sales values on a per square foot basis are adjusted judgementally to reflect the size, quality and location of the properties owned. These are considered Level III valuations in the IFRS 13 hierarchy.

# Notes to the Financial Statements

## 16. Investment properties (continued)

Development properties were valued using a residual appraisal, where in addition to the inputs used to value income-producing assets, a deduction is also made for developer profit (DP). Noting also that more weight is placed on the future capital expenditure estimates that in this case will include a wider range of costs due to the nature of development properties. These are considered Level III valuations in the IFRS 13 hierarchy.

The split of the valuation is set out below:

| At 31 March  | Valuation approach | 2025<br>£m     | 2024<br>£m     |
|--------------|--------------------|----------------|----------------|
| Arches       | Income cap         | 186.0          | 147.1          |
| Bus garage   | Income cap         | 97.9           | 95.5           |
| Car parks    | Income cap         | 182.9          | 162.5          |
| Development  | Residual appraisal | 33.3           | 124.4          |
| Industrial   | Income cap         | 44.9           | 50.0           |
| Office       | Income cap         | 265.9          | 258.8          |
| Other        | Income cap         | 97.0           | 103.5          |
| Residential  | Sale comparison    | 58.5           | 57.5           |
| Retail       | Income cap         | 637.2          | 615.8          |
| <b>Total</b> |                    | <b>1,603.6</b> | <b>1,615.1</b> |

Included in the amounts above are certain property interests that represent a reversionary interest in property, ground rent assets or an interest in property of a similar substance ('ground rent assets'). Breakdown as follows:

| At 31 March                     | 2025<br>£m     | 2024<br>£m     |
|---------------------------------|----------------|----------------|
| Office                          | 151.6          | 152.3          |
| Retail                          | 121.3          | 121.5          |
| Other                           | 20.5           | 21.4           |
| Residential                     | 7.7            | 7.7            |
| <b>Total ground rent assets</b> | <b>301.1</b>   | <b>302.9</b>   |
| Non-ground rent assets          | 1,302.5        | 1,312.2        |
| <b>Total</b>                    | <b>1,603.6</b> | <b>1,615.1</b> |

The key unobservable inputs into these valuations can be summarised as follows:

| At 31 March 2025       | EY range<br>% | ERV range<br>£psqft | Cap Ex range<br>£psqft | DP range<br>% |
|------------------------|---------------|---------------------|------------------------|---------------|
| Retail                 | 3.00-10.00    | 14-585              | 0-700                  | -             |
| Office                 | 3.00-10.00    | 30-75               | 0-593                  | -             |
| Leased car parks       | 3.50-10.00    | -                   | 0-44                   | -             |
| Bus stations           | 3.50-7.00     | 5-8                 | 0-31                   | -             |
| Industrial and arches  | 4.00-8.50     | 1-46                | 0-229                  | -             |
| Other properties       | 3.50-10.00    | 1-40                | 0-68                   | -             |
| Development properties | 5.00-5.50     | 30-57.50            | 260-350                | 18.50-20.00   |

| At 31 March 2024       | EY range<br>% | ERV range<br>£psqft | Cap Ex range<br>£psqft | DP range<br>% |
|------------------------|---------------|---------------------|------------------------|---------------|
| Retail                 | 4.50-10.00    | 4-585               | 0-600                  | -             |
| Office                 | 2.90-9.50     | 9-75                | 0-633                  | -             |
| Leased car parks       | 3.50-9.50     | -                   | 0-66                   | -             |
| Bus stations           | 3.50-7.00     | 5-8                 | 0-31                   | -             |
| Industrial and arches  | 4.00-8.50     | 1-41                | 0-447                  | -             |
| Other properties       | 3.50-15.00    | 2-33                | 0-192                  | -             |
| Development properties | 5.25-5.50     | 30-57.50            | 260-350                | 18.50-20.00   |

## Notes to the Financial Statements

### 16. Investment properties (continued)

#### Valuation hierarchy

The valuations are considered Level 3. There were no transfers between the hierarchies in either year presented.

#### Sensitivities

Information about the impact of changes in unobservable inputs on the fair value of the investment property portfolio is set out in the table below.

The most significant inputs in all the investment valuations except residential are the passing rent, the equivalent yield and the estimated rental value.

There are interrelationships between the unobservable inputs which are partially determined by market conditions, but with all other factors being equal:

- A higher equivalent yield would lead to a decrease in the valuation
- An increase in the estimated rental value would increase the valuation

A higher developer profit would lead to a decrease in the valuation, but only applies to development property, and changes would not be considered significant, so are not modelled below.

|   | 2025<br>£m | 2024<br>£m |
|---|------------|------------|
| <b>At 31 March</b>                      |            |            |
| 50bps increase in equivalent yield      | (151.4)    | (88.2)     |
| 50bps decrease in equivalent yield      | 126.5      | 124.5      |
| 10% increase in estimated rental values | 84.5       | 87.2       |
| 10% decrease in estimated rental values | (134.4)    | (87.2)     |

#### Other disclosures

Total rental income recognised in year is set out in Note I. This includes variable rental income of £5.0m (2023/24 £2.9m).

Details of lease arrangements with tenants in investment property and future contract minimum lease payments is set out in Note I5.

Operating expenditure recognised for the year associated with the investment properties totalled £47.6m for the Group (2023/24 £35.4m).

### 17. Investments in subsidiaries

|                     | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---------------------|---------------------------|---------------------------|
| <b>Cost</b>         |                           |                           |
| At 1 April          | 13,062.5                  | 13,062.5                  |
| Investments in year | -                         | -                         |
| <b>At 31 March</b>  | <b>13,062.5</b>           | <b>13,062.5</b>           |

During the year, the Corporation did not increase its investment in ordinary share capital. In the prior year, the Corporation did not increase its investment in ordinary share capital.

The Group holds 100 per cent of the share capital of all subsidiaries. All companies listed in the table below, with the exception of London Transport Insurance (Guernsey) Limited, are registered in England and Wales; their financial statements are lodged at Companies House and also at the Charity Commission for London Transport Museum Limited. London Transport Insurance (Guernsey) Limited is registered in Guernsey.

# Notes to the Financial Statements

## 17. Investments in subsidiaries (continued)

### The Group's subsidiaries are:

| Subsidiaries                                  | Principal activity   |
|---|--|
| City Airport Rail Enterprises Limited         | Dormant company  |
| Crossrail Limited                             | Construction of Crossrail infrastructure                           |
| Crossrail 2 Limited                           | Dormant company  |
| Docklands Light Railway Limited               | Passenger transport by rail  |
| London Bus Services Limited                   | Passenger transport by bus   |
| London Buses Limited                          | Dial-a-Ride services   |
| London Dial-a-Ride Limited                    | Dormant company  |
| London River Services Limited                 | Pier operator  |
| London Transport Insurance (Guernsey) Limited | Insurance  |
| London Transport Museum Limited               | Charitable company   |
| London Transport Museum (Trading) Limited     | Trading company  |
| London Underground Limited                    | Passenger transport by underground train                           |
| LUL Nominee BCV Limited                       | Dormant company  |
| LUL Nominee SSL Limited                       | Dormant company  |
| Places for London Limited                     | Property investment and development                                |
| Rail for London Limited                       | Passenger transport by rail  |
| Rail for London (Infrastructure) Limited      | Infrastructure manager for the Crossrail Central Operating Section |
| TfL Trustee Company Limited                   | Pension Fund Trustee   |
| Tramtrack Croydon Limited                     | Passenger transport by light rail                                  |

| Subsidiaries                               | Principal activity                  |
|--|-------------------------------------|
| Transport for London Finance Limited       | Manages financial risk of the Group |
| Transport Trading Limited                  | Holding company                     |
| TTL Blackhorse Road Properties Limited     | Holding company                     |
| TTL Build to Rent Limited                  | Holding company                     |
| TTL Earls Court Properties Limited         | Holding company                     |
| TTL Electric Vehicle Charging Limited*     | Holding company                     |
| TTL High Barnet Properties Limited**       | Dormant company                     |
| TTL Kidbrooke Properties Limited           | Holding company                     |
| TTL Landmark Court Properties Limited      | Holding company                     |
| TTL Office Properties Limited              | Holding company                     |
| TTL South Kensington Properties Limited    | Property investment                 |
| TTL Southwark Properties Limited           | Dormant company                     |
| TTL Wembley Park Properties Limited        | Holding company                     |
| TTL West London Properties Limited         | Holding company                     |
| Tube Lines Limited                         | Maintenance of underground lines    |
| Tube Lines Pension Scheme Trustees Limited | Pension Fund Trustee                |
| Victoria Coach Station Limited             | Coach station                       |
| Woolwich Arsenal Rail Enterprises Limited  | Dormant company                     |

\* Incorporated during the year

\*\* TTL Northwood Properties Limited changed its name to TTL High Barnet Properties Limited on 4 October 2024

# Notes to the Financial Statements

## 18. Investment in joint ventures

### Summary of the movement for the year for the investments in joint ventures

|                                | Group<br>£m   |
|--------------------------------|---------------|
| <b>At 1 April 2023</b>         | 79.9          |
| Additions                      | 2.3           |
| Share of profit after taxation | 0.1           |
| Distributions and dividends    | (3.5)         |
| <b>At 31 March 2024</b>        | 78.8          |
| Additions                      | <b>70.1</b>   |
| Share of profit after taxation | <b>0.3</b>    |
| Distributions and dividends    | <b>(10.6)</b> |
| <b>At 31 March 2025</b>        | <b>138.6</b>  |

### Carrying amount of the Group's interest in joint ventures at 31 March

|                                       | Note | Group<br>2025<br>£m | Group<br>2024<br>£m |
|---------------------------------------|------|---------------------|---------------------|
| <b>At 31 March</b>                    |      |                     |                     |
| Connected Living London (BTR) Limited | a    | 46.5                | 45.1                |
| Kidbrooke Partnership LLP             | b    | 9.3                 | 18.2                |
| Blackhorse Road Properties LLP        | c    | -                   | 0.3                 |
| Landmark Court Partnership Limited    | d    | -                   | -                   |
| Wembley Park Properties LLP           | e    | 14.8                | 13.8                |
| Platinum Holdco Limited               | f    | 47.9                | 1.4                 |
| Bollo Lane LLP                        | g    | 19.3                | -                   |
| Fast Places Limited                   | h    | 0.9                 | -                   |
| <b>Total</b>                          |      | <b>138.6</b>        | <b>78.8</b>         |

### Group's share of profit/(loss) for the year ended 31 March

|                                       | Group<br>2025<br>£m | Group<br>2024<br>£m |
|---------------------------------------|---------------------|---------------------|
| <b>At 31 March</b>                    |                     |                     |
| Connected Living London (BTR) Limited | -                   | (0.1)               |
| Kidbrooke Partnership LLP             | 1.8                 | -                   |
| Blackhorse Road Properties LLP        | -                   | 0.6                 |
| Landmark Court Partnership Limited    | -                   | (2.3)               |
| Wembley Park Properties LLP           | 0.9                 | 1.9                 |
| Platinum Holdco Limited               | (2.3)               | -                   |
| Bollo Lane LLP                        | (0.1)               | -                   |
| Fast Places Limited                   | -                   | -                   |
| <b>Total</b>                          | <b>0.3</b>          | <b>0.1</b>          |

### Commitments

The aggregate commitments to the joint ventures for which are contracted for but not provided as of 31 March 2025 is £55.4m.

## Notes to the Financial Statements

### 18. Investment in joint ventures (continued)

#### a) Connected Living London (BTR) Limited

In 2019/20, the Group via its subsidiary, TTL Build to Rent Limited, acquired a 49 per cent interest in a joint arrangement called Connected Living London (BTR) Limited (CLL), which was set up as a partnership together with Grainger Plc, to fund the development of a major build-to-rent portfolio across London. The registered office address of CLL is Citygate, St James Boulevard, Newcastle Upon Tyne, Tyne and Wear, United Kingdom, NE1 4JE.

During 2024/25 the Group invested a further £1.4m in the equity of CLL (2023/24 £1.1m).

#### b) Kidbrooke Partnership LLP

The Group, through its subsidiary, TTL Kidbrooke Properties Limited, holds a 49 per cent holding in the members' interest of Kidbrooke Partnership LLP (KP LLP), a property development partnership. The registered office address of KP LLP is Bruce Kenrick House, 2 Killick Street, London, United Kingdom, NI 9FL.

KP LLP has a 299-year lease over the land lying to the south east of Kidbrooke Park Road and is developing the site as a mixed-use development incorporating affordable housing. The financial year end of KP LLP is 31 March.

During 2024/25 the Group had no additional investment in the equity of KP LLP (2023/24 £nil).

#### c) Blackhorse Road Properties LLP

In 2019/20 the Group acquired a 49 per cent holding in the members' interest of Blackhorse Road Properties LLP (BRP LLP), for a cash consideration of £11.3m. The investment was purchased through a subsidiary of the Group, TTL Blackhorse Road Properties Limited. The registered office address of BRP LLP is Barratt House Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, United Kingdom, LE67 IUF.

During 2019/20, the Group granted a 999-year lease over land at Blackhorse Road to BRP LLP for a consideration of £15.9m.

#### d) Landmark Court Partnership Limited

In 2021/22 the Group acquired a 49 per cent holding in the members' interest of Landmark Court Partnership Limited (LCP Limited), for a cash consideration of £1. The investment was purchased through a subsidiary of the Group, TTL Landmark Court Properties Limited. The registered office address of LCP Limited is 100 Victoria Street, London, England, SW1E 5JL.

During 2021/22, the Group granted a 299-year lease over land at Liberty, Southwark site, at 15-33 Southwark Street to LCP Limited for a consideration of £41.8m.

#### e) Wembley Park Properties LLP

In 2022/23 the Group acquired a 49 per cent holding in the members' interest of Wembley Park Properties LLP (WPP LLP), for a cash consideration of £12m. The investment was purchased through a subsidiary of the Group, TTL Wembley Park Properties Limited. The registered office address of WPP LLP is Barratt House Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, United Kingdom, LE67 IUF.

During 2022/23, the Group granted a 999-year lease over land at Wembley Park station car park to WPP LLP for a consideration of £16.25m.

#### f) Platinum Holdco Limited

In 2023/24, the Group via its subsidiary, TTL Office Properties Limited, acquired a 49 per cent interest in a joint arrangement called Platinum Holdco Limited, which was set up as a partnership together with Helical Plc, to fund the development of its sustainable commercial office portfolio across central London. The registered office address of Platinum Holdco Limited is 22 Ganton Street, London, United Kingdom, W1F 7FD.

During 2024/25, the Group invested £48.4m (2023/24 £1.47m) in the equity of Platinum Holdco Limited.

#### g) Bollo Lane LLP

In 2024/25, the Group via its subsidiary, TTL West London Properties Limited, acquired a 49 per cent interest in a joint arrangement called Bollo Lane LLP, which was set up as a partnership together with BDW Trading Limited, to fund the development of the site to construct 650 new homes, comprising 485,630 square feet of residential floorspace, of which 50 per cent is classified as affordable housing. The registered office address of Bollo Lane LLP is Barratt House Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, United Kingdom, LE67 IUF.

During 2024/25, the Group invested £19.5m (2023/24 £nil) in the equity of Bollo Lane LLP.

#### h) Fast Places Limited

In 2024/25, the Group via its subsidiary, TTL Electric Vehicle Charging Limited, acquired a 49 per cent interest in a joint arrangement called Fast Places Limited, which was set up as a partnership together with Fastned UK Limited ('Fastned'), to build a leading, scalable EV charging network by combining Fastned's operational expertise with access to Places for London's prime land portfolio. The registered office address of Fast Places Limited is 3 Bath Place, London, United Kingdom, EC2A 3DR.

During 2024/25, the Group invested £0.9m (2023/24 £nil) in the equity of Fast Places Limited.

# Notes to the Financial Statements

## 18. Investment in joint ventures (continued)

The tables below provide summarised financial information of the Group's joint ventures. The information disclosed reconciles the amounts presented in the financial statements of the respective joint ventures with the Group's share of those amounts. The financial information below is as of 31 March unless otherwise stated.

### Joint ventures' summary Balance Sheet at 31 March 2025

|  | Connected Living London (BTR) Limited<br>£m | Kidbrooke Partnership LLP<br>£m | Blackhorse Road Properties LLP<br>£m | Landmark Court Partnership Limited<br>£m | Wembley Park Properties LLP<br>£m | Platinum Holdco Limited<br>£m | Bollo Lane LLP<br>£m | Fast Places Limited<br>£m | Total<br>£m  |
|--|---|---------------------------------|--------------------------------------|--|-----------------------------------|-------------------------------|----------------------|---------------------------|--------------|
| <b>At 31 March 2025</b>                              |   |                                 |                                      |  |                                   |                               |                      |                           |              |
| <b>Long-term assets</b>                              |   |                                 |                                      |  |                                   |                               |                      |                           |              |
| Investment property under construction               | 94.4  | -                               | -                                    | -  | -                                 | 89.5                          | -                    | 0.3                       | 184.2        |
| <b>Current assets</b>                                |   |                                 |                                      |  |                                   |                               |                      |                           |              |
| Cash   | 0.9   | 7.5                             | 1.2                                  | -  | 2.9                               | 2.8                           | 3.0                  | 1.7                       | 20.0         |
| Inventories  | -   | 11.9                            | -                                    | -  | 53.2                              | 8.9                           | 33.1                 | -                         | 107.1        |
| Other short-term assets                              | -   | 1.2                             | 0.1                                  | 1.3                                      | -                                 | 4.0                           | 5.5                  | -                         | 12.1         |
|  | 0.9   | 20.6                            | 1.3                                  | 1.3                                      | 56.1                              | 15.7                          | 41.6                 | 1.7                       | 139.2        |
| <b>Current liabilities</b>                           |   |                                 |                                      |  |                                   |                               |                      |                           |              |
| Other short-term liabilities                         | (0.4)                                       | (1.6)                           | (1.2)                                | (1.3)                                    | (25.9)                            | (9.0)                         | (2.2)                | (0.3)                     | (41.9)       |
| <b>Long-term liabilities</b>                         |   |                                 |                                      |  |                                   |                               |                      |                           |              |
| Long-term loans                                      | -   | -                               | -                                    | -  | -                                 | 1.1                           | -                    | -                         | 1.1          |
| Net assets at 100%                                   | 94.9  | 19.0                            | 0.1                                  | -  | 30.2                              | 97.3                          | 39.4                 | 1.7                       | 282.6        |
| Percentage held by the Group                         | 49%   | 49%                             | 49%                                  | 49%                                      | 49%                               | 49%                           | 49%                  | 49%                       |              |
| <b>Share of net assets attributable to the Group</b> | <b>46.5</b>                                 | <b>9.3</b>                      | <b>-</b>                             | <b>-</b>                                 | <b>14.8</b>                       | <b>47.9</b>                   | <b>19.3</b>          | <b>0.8</b>                | <b>138.6</b> |

# Notes to the Financial Statements

## 18. Investment in joint ventures (continued)

The tables below provide summarised financial information of the Group's joint ventures. The information disclosed reconciles the amounts presented in the financial statements of the respective joint ventures with the Group's share of those amounts. The financial information below is as of 31 March unless otherwise stated.

### Joint ventures' summary Balance Sheet at 31 March 2024

| At 31 March 2024                                     | Connected Living London (BTR) Limited<br>£m | Kidbrooke Partnership LLP<br>£m | Blackhorse Road Properties LLP*<br>£m | Landmark Court Partnership Limited<br>£m | Wembley Park Properties LLP<br>£m | Platinum Holdco Limited<br>£m | Bollo Lane LLP<br>£m | Fast Places Limited<br>£m | Total<br>£m |
|--|---|---------------------------------|---------------------------------------|--|-----------------------------------|-------------------------------|----------------------|---------------------------|-------------|
| <b>Long-term assets</b>                              |   |                                 |                                       |  |                                   |                               |                      |                           |             |
| Investment property under construction               | 89.3  | 37.7                            | -                                     | -  | -                                 | -                             | -                    | -                         | 127.0       |
| <b>Current assets</b>                                |   |                                 |                                       |  |                                   |                               |                      |                           |             |
| Cash   | 5.2   | 7.6                             | 2.3                                   | -  | 5.4                               | 0.8                           | -                    | -                         | 21.3        |
| Inventories  | -   | -                               | -                                     | -  | 33.0                              | -                             | -                    | -                         | 33.0        |
| Other short-term assets                              | -   | 0.1                             | 0.1                                   | 12.0                                     | -                                 | 3.4                           | -                    | -                         | 15.6        |
|  | 5.2   | 7.7                             | 2.4                                   | 12.0                                     | 38.4                              | 4.2                           | -                    | -                         | 69.9        |
| <b>Current liabilities</b>                           |   |                                 |                                       |  |                                   |                               |                      |                           |             |
| Other short-term liabilities                         | (2.2)                                       | (8.0)                           | (1.6)                                 | (11.9)                                   | (10.1)                            | (1.2)                         | -                    | -                         | (35.0)      |
| Net assets at 100%                                   | 92.3  | 37.4                            | 0.8                                   | 0.1                                      | 28.3                              | 3.0                           | -                    | -                         | 161.9       |
| Percentage held by the Group                         | 49%   | 49%                             | 49%                                   | 49%                                      | 49%                               | 49%                           | 49%                  | 49%                       |             |
| <b>Share of net assets attributable to the Group</b> | 45.1  | 18.2                            | 0.3                                   | -  | 13.8                              | 1.4                           | -                    | -                         | 78.8        |

\* Financial information is as of 28 February 2024



# Notes to the Financial Statements

## 18. Investment in joint ventures (continued)

### Joint ventures' summary Income Statement (continued)

| Year ended 31 March 2024  | Connected Living London (BTR) Limited<br>£m | Kidbrooke Partnership LLP<br>£m | Blackhorse Road Properties LLP*<br>£m | Landmark Court Partnership Limited<br>£m | Wembley Park Properties LLP<br>£m | Platinum Holdco Limited<br>£m | Bollo Lane LLP<br>£m | Fast Places Limited<br>£m | Total<br>£m |
|---|---|---------------------------------|---------------------------------------|--|-----------------------------------|-------------------------------|----------------------|---------------------------|-------------|
| Revenue   | -   | -                               | 3.7                                   | -  | 24.9                              | -                             | -                    | -                         | 28.6        |
| Costs   | -   | -                               | (2.5)                                 | -  | (17.6)                            | -                             | -                    | -                         | (20.1)      |
| Administrative expenses   | (0.2)                                       | -                               | -                                     | -  | (3.5)                             | -                             | -                    | -                         | (3.7)       |
| Profit/(loss) before taxation   | (0.2)                                       | -                               | 1.2                                   | -  | 3.8                               | -                             | -                    | -                         | 4.8         |
| Taxation  | -   | -                               | -                                     | -  | -                                 | -                             | -                    | -                         | -           |
| Profit/(loss) after tax   | (0.2)                                       | -                               | 1.2                                   | -  | 3.8                               | -                             | -                    | -                         | 4.8         |
| Other comprehensive income/(loss)   | -   | -                               | -                                     | -  | -                                 | -                             | -                    | -                         | -           |
| <b>Total comprehensive income/(loss) at 100%</b>                            | (0.2)                                       | -                               | 1.2                                   | -  | 3.8                               | -                             | -                    | -                         | 4.8         |
| Percentage of interest held by Group  | 49%   | 49%                             | 49%                                   | 49%                                      | 49%                               | 49%                           | 49%                  | 49%                       |             |
| <b>Share of total comprehensive income/(loss) attributable to the Group</b> | (0.1)                                       | -                               | 0.6                                   | (2.3)                                    | 1.9                               | -                             | -                    | -                         | 0.1         |
| <b>Share of distributions received by the Group</b>                         | -   | -                               | 1.0                                   | -  | -                                 | -                             | -                    | -                         | 1.0         |

\* Financial information is as of 28 February 2024

## Notes to the Financial Statements

### 19. Investment in associated undertakings

#### a) Earls Court Partnership Limited

The Group holds a 37 per cent holding in the ownership and voting rights of Earls Court Partnership Limited (ECPL), a property development company incorporated in England and Wales. Through its voting rights and representation on the Board of Directors of ECPL, the Group has significant influence but not control over the relevant activities of ECPL. The Group's investment is therefore accounted for using the equity method in these consolidated accounts.

The Group has invested share capital and non-interest-bearing loans into ECPL. The loan notes are non-interest-bearing and have no fixed repayment date. They have therefore been treated in these financial statements as an investment in the equity of ECPL. As at 31 March 2025 the Group had invested £44.4m (2024 £44.4m) in share capital and a further £446.5m (2024 £439.6m) in loan notes.

Summarised financial information in respect of the Group's investment in ECPL is set out below:

#### Balance Sheet of Earls Court Partnership Limited at the 100 per cent level

|  | Group<br>2025<br>£m | Group<br>2024<br>£m |
|--|---------------------|---------------------|
| <b>At 31 March</b>                     |                     |                     |
| Current assets                         | 16.3                | 18.0                |
| Investment property under construction | 420.9               | 419.5               |
| Current liabilities                    | (8.1)               | (9.3)               |
| Long-term liabilities                  | (122.2)             | (119.2)             |

#### Reconciliation of net assets to amounts included in the consolidated Group accounts

|  | Group<br>2025<br>£m | Group<br>2024<br>£m |
|--|---------------------|---------------------|
| <b>At 31 March</b>   |                     |                     |
| Net assets at 100%   | 306.9               | 309.0               |
| Percentage held by the TFL Group   | 37%                 | 37%                 |
| <b>Carrying amount of the Group's equity interest in Earls Court Partnership Limited</b> | <b>113.6</b>        | <b>114.3</b>        |

#### Group share of comprehensive income and expenditure of Earls Court Partnership Limited

| Year ended 31 March   | Group<br>2025<br>£m | Group<br>2024<br>£m |
|---|---------------------|---------------------|
| Revenue   | 1.5                 | 3.2                 |
| Loss on fair value of investment property under construction                  | (24.2)              | (153.3)             |
| Loss from continuing operations   | (20.5)              | (157.6)             |
| Other comprehensive income  | -                   | -                   |
| Total comprehensive expenditure   | (20.5)              | (157.6)             |
| Percentage interest held by the Group   | 37%                 | 37%                 |
| <b>Group share of:</b>  |                     |                     |
| Loss from continuing operations   | (7.6)               | (58.3)              |
| Other comprehensive income  | -                   | -                   |
| <b>Total Group share of comprehensive income and expenditure for the year</b> | <b>(7.6)</b>        | <b>(58.3)</b>       |
| Share of distribution received by the Group                                   | -                   | -                   |

#### Key valuation assumptions

The investment property under construction was valued at 31 March 2025 by CBRE on a market value basis. The key valuation assumptions were as follows:

| Input  | 2025  | 2024  |
|--|---|---|
| Estimated rental values on vacant space          | <b>Main development site (residual inputs)</b> <ul style="list-style-type: none"> <li>Residential capital values: £201-£1,990/sq.ft</li> <li>Commercial ERVs: £10-£68/sq. ft</li> </ul> <b>Other assets</b> <ul style="list-style-type: none"> <li>ERVs £10-£45/sq. ft</li> </ul> | Main development site (residual inputs) <ul style="list-style-type: none"> <li>Residential capital values: £265-£1,875/sq. ft</li> <li>Commercial ERVs: £10-£65/sq. ft</li> </ul> Other assets <ul style="list-style-type: none"> <li>ERVs £10-£47.50/sq. ft</li> </ul> |
| Average equivalent yield applied on vacant space | <b>Main development site (residual inputs)</b> <ul style="list-style-type: none"> <li>Residential: 4.5%</li> <li>Commercial: 5.5% to 6.5%</li> </ul> <b>Other assets</b> <ul style="list-style-type: none"> <li>5% to 7%</li> </ul>   | Main development site (residual inputs) <ul style="list-style-type: none"> <li>Residential: 4.15%</li> <li>Commercial: 5.5% to 6.5%</li> </ul> Other assets <ul style="list-style-type: none"> <li>5% to 7%</li> </ul>  |

## Notes to the Financial Statements

### 19. Investment in associated undertakings (continued)

#### ECPL's long-term liabilities

Places for London Limited (Places for London), a member of the TfL Group, holds a 37 per cent ownership interest in Earls Court Partnership Limited, via its subsidiary TTL Earls Court Properties Limited.

At 31 March 2025, ECPL had a loan of £122m due to Homes England, which under the current terms is due to be repaid on 31 March 2026. ECPL does not currently have sufficient liquid assets to settle this loan at the repayment date and therefore ECPL is currently in discussions with Homes England to extend the facility term.

While discussions have been positive, no formal agreement has yet been reached and so ECPL's directors are concurrently pursuing refinancing options with alternative external lenders or further equity from funding partners. The directors of Places for London note that the financial statements of ECPL for the year ended

31 December 2024 contain disclosure of a material uncertainty that may cast doubt over ECPL's ability to continue as a going concern in respect of ECPL's obligations to Homes England, but also note that Homes England has no recourse to Places for London, or any of its subsidiaries, in respect of this loan.

In the unlikely event that agreement to extend is not reached with Homes England – or alternative financing is not obtained – the directors of ECPL have identified certain assets that could be disposed of as a contingency to raise sufficient funds within a reasonable timeframe to settle the Homes England loan by the maturity date. While this may mean that, because of the nature of such disposals, the proceeds of those assets on disposal could be below the currently estimated fair value, the directors do not consider any such discount would be material to Places for London and TfL Group.



Places for London is developing its estate across the capital

## Notes to the Financial Statements

### 20. Finance lease receivables

#### Group finance lease receivables

The Group leases certain items of plant and equipment related to its media activities and certain property assets under a finance lease arrangement.

Finance lease receivables on the Balance Sheet are calculated as the present value of minimum lease payments outstanding. Interest is accrued at a rate of 6.29 per cent per annum.

|   | 2025<br>£m | 2024<br>£m |
|---|------------|------------|
| <b>As at 31 March</b>                             |            |            |
| <b>Principal outstanding</b>                      |            |            |
| Short-term  | 2.9        | 7.1        |
| Long-term   | 19.5       | 18.2       |
|   | 22.4       | 25.3       |
| <b>Principal outstanding</b>                      |            |            |
| At 1 April  | 25.3       | 14.3       |
| Additions   | 4.0        | 15.6       |
| Interest  | 0.9        | 1.3        |
| Repayments  | (7.8)      | (5.9)      |
|   | 22.4       | 25.3       |
| <b>Minimum cash receipts in:</b>                  |            |            |
| Not later than one year                           | 3.2        | 7.2        |
| Later than one year but not later than five years | 1.6        | 4.4        |
| Later than five years                             | 56.8       | 45.8       |
|   | 61.6       | 57.4       |
| Less unearned finance income                      | (39.2)     | (32.1)     |
|   | 22.4       | 25.3       |

### 21. Inventories

|                               | Group<br>2025<br>£m | Group<br>2024<br>£m |
|-------------------------------|---------------------|---------------------|
| <b>As at 31 March</b>         |                     |                     |
| Raw materials and consumables | 121.6               | 100.6               |
| Goods held for resale         | 0.7                 | 0.8                 |
|                               | 122.3               | 101.4               |

There is no material difference between the balance sheet value of Group inventories and their net realisable value. The Corporation had no inventories at 31 March 2025 and as at 31 March 2024.

The movement on inventories was as follows:

|                                       | Group<br>£m |
|---------------------------------------|-------------|
| Balance at 1 April 2023               | 78.7        |
| Purchases in the year                 | 130.1       |
| Recognised as an expense in the year: |             |
| Consumed in the year                  | (105.3)     |
| Goods sold in the year                | (1.8)       |
| Net write-offs in the year            | (0.3)       |
| <b>Balance at 31 March 2024</b>       | 101.4       |
| Purchases in the year                 | 157.6       |
| Recognised as an expense in the year: |             |
| Consumed in the year                  | (136.2)     |
| Goods sold in the year                | (0.2)       |
| Net write-offs in the year            | (0.3)       |
| <b>Balance at 31 March 2025</b>       | 122.3       |

# Notes to the Financial Statements

## 22. Debtors

| At 31 March                        | Group<br>2025<br>£m | Group<br>2024<br>£m |
|------------------------------------|---------------------|---------------------|
| <b>Short-term</b>                  |                     |                     |
| Trade debtors                      | 155.5               | 179.3               |
| Capital debtors                    | 1.9                 | 9.8                 |
| Other debtors                      | 46.0                | 31.0                |
| Other tax and social security      | 80.4                | 76.7                |
| Grant debtors                      | 50.8                | 177.3               |
| Interest debtors                   | 7.6                 | 6.3                 |
| Contract assets: accrued income    | 66.2                | 63.3                |
| Prepayments for goods and services | 178.0               | 64.5                |
|                                    | <b>586.4</b>        | <b>608.2</b>        |
| <b>Long-term</b>                   |                     |                     |
| Other debtors                      | 28.4                | 13.0                |
| Prepayments for goods and services | 8.0                 | 15.9                |
|                                    | <b>36.4</b>         | <b>28.9</b>         |

Trade debtors are non-interest-bearing and are generally paid within 28 days.

As at 31 March 2025, £1,274.8m (2024 £1,195.1m) was recognised as a provision for expected credit losses on trade and other debtors (see Note 34).

Contract asset balances represent accrued income recognised where balances have not yet been invoiced to the customer. Upon completion of the terms of the contract and agreement with the customer/third-party contributor, the amounts recognised as contract assets are reclassified to trade debtors.

Grant debtors represent grant income where cash has not yet been received.

| At 31 March                           | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---------------------------------------|---------------------------|---------------------------|
| <b>Short-term</b>                     |                           |                           |
| Trade debtors                         | 53.7                      | 52.3                      |
| Amounts due from subsidiary companies | 167.7                     | 119.4                     |
| Capital debtors                       | -                         | 0.8                       |
| Other debtors                         | 5.1                       | 4.8                       |
| Other tax and social security         | 14.2                      | 9.3                       |
| Grant debtors                         | 48.2                      | 170.7                     |
| Interest debtors                      | 7.3                       | 5.2                       |
| Contract assets: accrued income       | 27.6                      | 26.2                      |
| Prepayments for goods and services    | 30.7                      | 33.7                      |
|                                       | <b>354.5</b>              | <b>422.4</b>              |
| <b>Long-term</b>                      |                           |                           |
| Loans made to subsidiary companies    | 12,860.2                  | 12,213.9                  |
| Other debtors                         | 0.4                       | 0.4                       |
| Prepayments for goods and services    | 6.9                       | 5.9                       |
|                                       | <b>12,867.5</b>           | <b>12,220.2</b>           |

Trade debtors are non-interest-bearing and are generally paid within 28 days.

As at 31 March 2025, £1,262.9m (2024 £1,184.1m) was recognised as a provision for expected credit losses on trade debtors (see Note 34).

Contract assets balances represent accrued income recognised where balances have not yet been invoiced to the customer. Upon completion of the terms of the contract, the amounts recognised as contract assets are reclassified to trade debtors.

Long-term loans made to subsidiary companies are interest-bearing loans, primarily representing the pass-down of external third-party borrowings to the subsidiaries that hold the assets which have been funded by that borrowing. These loans accrue market rates of interest reflecting rates achieved on debt issued to third parties by the Corporation. The average rate of interest accruing on loans outstanding at 31 March 2025 was 3.7 per cent (2024 3.7 per cent).

## Notes to the Financial Statements

### 23. Assets held for sale

|   | Note | Group<br>£m | Corporation<br>£m |
|---|------|-------------|-------------------|
| Balance at 1 April 2023   |      | 53.7        | 3.0               |
| <b>Net assets transferred from held for sale to investment property</b> |      |             |                   |
| Investment properties   | 16   | (51.8)      | (3.0)             |
| <b>Disposals</b>  |      |             |                   |
| Investment properties   |      | (1.9)       | -                 |
| <b>Balance at 31 March 2024</b>   |      | -           | -                 |
| <b>Assets newly classified as held for sale</b>                         |      |             |                   |
| Investment properties   | 16   | 52.8        | -                 |
| <b>Balance at 31 March 2025</b>   |      | 52.8        | -                 |

Certain investment properties were reclassified as assets held for sale as the sale for these properties are expected to be completed within 12 months.

### 24. Other investments

|                                    | Group<br>2025<br>£m | Group<br>2024<br>£m |
|------------------------------------|---------------------|---------------------|
| <b>At 31 March</b>                 |                     |                     |
| <b>Short-term</b>                  |                     |                     |
| Investments held at amortised cost | 854.8               | 5.8                 |
| <b>Long-term</b>                   |                     |                     |
| Investments measured at FVTPL      | 1.4                 | 1.2                 |

|                                    | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|------------------------------------|---------------------------|---------------------------|
| <b>At 31 March</b>                 |                           |                           |
| <b>Short-term</b>                  |                           |                           |
| Investments held at amortised cost | 854.3                     | -                         |
| <b>Long-term</b>                   |                           |                           |
| Investments measured at FVTPL      | 0.4                       | 0.2                       |

Short-term investments comprise fixed deposits, UK treasury bills and other tradeable instruments with a maturity of greater than three but less than 12 months; in addition, £854.3m is held as 'loan contributions' in the London Treasury Liquidity Fund (LTLF) LP, which is subject to same day redemptions.

Long-term investments comprise 'core commitment' investment in the LTLF LP.

## Notes to the Financial Statements

### 25. Cash and cash equivalents

|  | Group<br>2025<br>£m | Group<br>2024<br>£m |
|--|---------------------|---------------------|
| <b>At 31 March</b>   |                     |                     |
| Cash at bank   | 149.5               | 143.8               |
| Cash equivalents with a maturity of less than three months | 454.2               | 1,331.8             |
| Cash in hand and in transit                                | 27.4                | 12.7                |
|  | <b>631.1</b>        | <b>1,488.3</b>      |

|  | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|--|---------------------------|---------------------------|
| <b>At 31 March</b>   |                           |                           |
| Cash at bank   | 41.3                      | 24.3                      |
| Cash equivalents with a maturity of less than three months | 412.2                     | 1,269.9                   |
|  | <b>453.5</b>              | <b>1,294.2</b>            |

Cash and cash equivalents comprise cash at banks and on hand and short-term highly liquid deposits with an original maturity of three months or less, that are held for the purpose of meeting short-term cash commitments and are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents are classified as financial assets at amortised cost.

Cash equivalents comprise fixed deposits, UK treasury bills, repo and other tradeable instruments. These are classified as cash and cash equivalents as they have a maturity of less than three months.

In accordance with contractual requirements, the Group holds deposits from third parties in segregated bank

accounts relating to performance collaterals and commercial tenant deposits. Management has applied judgement in determining the nature of these deposit arrangements and concluded that the criteria for recognition is not met as the Group does not have control over the economic benefits associated with these funds. Accordingly, these are not recognised as assets or liabilities in the consolidated financial statements.

At 31 March 2025, the total deposits held in segregated accounts amounted to £49.3m (2024 £45.2m).

The Group holds these funds and disburses them strictly in accordance with the contractual restrictions. The Group does not earn interest on these balances.

### 26. Creditors

#### a) Group creditors at 31 March comprised:

|  | Group<br>2025<br>£m | Group<br>2024<br>m |
|--|---------------------|--------------------|
| <b>Short-term</b>  |                     |                    |
| Trade creditors  | 188.9               | 157.9              |
| Accrued interest   | -                   | 184.9              |
| Capital works  | 493.8               | 476.6              |
| Retentions on capital contracts  | 9.3                 | 7.2                |
| Capital grants received in advance   | 47.0                | 34.6               |
| Wages and salaries   | 179.5               | 249.8              |
| Other taxation and social security creditors   | 35.0                | 71.9               |
| Contract liabilities: receipts in advance for Travelcards, bus passes and Oyster cards | 182.8               | 174.7              |
| Contract liabilities representing other deferred income                                | 47.9                | 51.2               |
| Accruals and other payables  | 735.4               | 647.9              |
|  | <b>1,919.6</b>      | <b>2,056.7</b>     |
| <b>Long-term</b>   |                     |                    |
| Capital grants received in advance   | 3.7                 | 3.2                |
| Retentions on capital contracts  | (2.7)               | (3.5)              |
| Contract liabilities representing other deferred income                                | 26.2                | 27.6               |
| Deferred income arising from operating leases  | 109.0               | 109.7              |
| Accruals and other payables  | 143.7               | 177.0              |
|  | <b>279.9</b>        | <b>314.0</b>       |

As at 31 March 2025, accrued interest is now presented as part of short-term borrowings in Note 27.

# Notes to the Financial Statements

## 26. Creditors (continued)

The performance obligations related to deferred income balances recorded as at 31 March 2025, which are expected to be met in more than one year, relate to:

- i. License revenue and funding received from developers for improvements to bus services, which together total £54.3m (2024 £20.3m), of which, £18.8m (2024 £19.3m) relates to obligations that are to be satisfied within one to three years, and £1.4m (2024 £0.9m) within three to five years and £34.2m (2024 £nil) over five years

- ii. Maintenance income of £3.9m (2024 £4.1m) expected to be released over 30 years
- iii. Other miscellaneous contracts, together totalling £38.8m (2024 £3.2m)

Set out below is the amount of revenue recognised by the Group during the year from:

|   | Group<br>2025<br>£m | Group<br>2024<br>£m |
|---|---------------------|---------------------|
| <b>Year ended 31 March</b>                          |                     |                     |
| Amounts included in contract liabilities at 1 April | 80.6                | 85.1                |
| Performance obligations satisfied in previous years | -                   | -                   |

### b) Corporation creditors at 31 March comprised:

|   | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---|---------------------------|---------------------------|
| <b>At 31 March</b>                                      |                           |                           |
| <b>Short-term</b>                                       |                           |                           |
| Trade creditors   | 76.3                      | 78.2                      |
| Accrued interest  | -                         | 184.6                     |
| Capital works   | 101.6                     | 101.5                     |
| Capital grants received in advance                      | 11.0                      | 18.8                      |
| Amounts due to subsidiary companies                     | 106.8                     | 78.6                      |
| Wages and salaries                                      | 44.7                      | 50.9                      |
| Other taxation and social security creditors            | 4.1                       | 9.1                       |
| Contract liabilities representing other deferred income | 21.9                      | 22.2                      |
| Accruals and other payables                             | 156.0                     | 189.9                     |
|   | <b>522.4</b>              | <b>733.8</b>              |
| <b>Long-term</b>  |                           |                           |
| Retentions on capital contracts                         | 1.2                       | 0.4                       |
| Contract liabilities representing other deferred income | 15.6                      | 15.5                      |
| Deferred income arising from operating leases           | 35.4                      | 109.7                     |
| Accruals and other payables                             | -                         | 37.8                      |
|   | <b>52.2</b>               | <b>163.4</b>              |

As at 31 March 2025, accrued interest is now presented as part of short-term borrowings in Note 27.

## Notes to the Financial Statements

### 26. Creditors (continued)

Total long-term contract liabilities balances in the Corporation are broadly consistent with the prior year.

At 31 March 2025, the significant balance of remaining performance obligations in relation to contract liabilities expected to be recognised in more than one year, relate to:

- i. License revenue totalling £43.7m (2024 £8.2m), of which £9.5m is expected to be satisfied within five years (2024 £8.2m) and £34.2m (2024 £nil) over five years
- ii. Maintenance income of £3.9m (2024 £4.1m) is expected to be released over 30 years
- iii. Other miscellaneous contracts totalling £38.8m (2024 £3.2m)

Set out below is the amount of revenue recognised during the year from:

|   | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---|---------------------------|---------------------------|
| <b>Year ended 31 March</b>                          |                           |                           |
| Amounts included in contract liabilities at 1 April | 92.3                      | 8.9                       |
| Performance obligations satisfied in previous years | -                         | -                         |

### 27. Borrowings and overdrafts

|                    | Group<br>2025<br>£m | Group<br>2024<br>£m |
|--------------------|---------------------|---------------------|
| <b>At 31 March</b> |                     |                     |
| <b>Short-term</b>  |                     |                     |
| Borrowings         | 2,354.3             | 864.0               |
| <b>Long-term</b>   |                     |                     |
| Borrowings         | 11,364.7            | 12,071.6            |

|                    | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|--------------------|---------------------------|---------------------------|
| <b>At 31 March</b> |                           |                           |
| <b>Short-term</b>  |                           |                           |
| Borrowings         | 2,354.3                   | 864.0                     |
| <b>Long-term</b>   |                           |                           |
| Borrowings         | 11,367.9                  | 12,075.6                  |

As at 31 March 2025, accrued interests of £121.3m are now presented as part of the short-term borrowings. The accrued interest was previously presented in short-term creditors in Note 26.

Further information about the maturity and interest rate profiles of the Group and Corporation's borrowings is provided in Note 34 (Funding and financial risk management).

We have direct access to the UK Debt Management Office via the Public Works Loan Board and a £3bn Commercial Paper programme in place, with both sources utilised throughout the financial year to manage liquidity requirements. Additionally, we have a £750m loan facility, with the DfT, ringfenced for the purposes of the Crossrail project, of which we repaid £70m during the year.

## Notes to the Financial Statements

### 27. Borrowings and overdrafts (continued)

The Group's liabilities arising from financing activities include borrowings, right-of-use lease liabilities, PFI liabilities and other financing liabilities.

#### Changes in liabilities arising from financing activities

|   | Group<br>2025<br>£m | Group<br>2024<br>£m |
|---|---------------------|---------------------|
| <b>Balance at 1 April</b>                           |                     |                     |
| Short-term  | 1,175.4             | 1,014.2             |
| Long-term   | 14,256.7            | 14,324.3            |
|   | <b>15,432.1</b>     | <b>15,338.5</b>     |
| Borrowings drawn down                               | 1,381.5             | 187.5               |
| Non-cash increase in other financing liabilities    | 44.5                | -                   |
| Net repayment of other financing liabilities        | (12.2)              | (6.5)               |
| Repayment of borrowings                             | (709.6)             | (163.9)             |
| Repayment of PFI liabilities                        | (15.5)              | (14.3)              |
| Repayment of right-of-use lease liabilities         | (284.4)             | (296.7)             |
| Non-cash increase in right-of-use lease liabilities | 399.1               | 385.8               |
| Other movements*                                    | 111.5               | 1.7                 |
| <b>At 31 March</b>                                  | <b>16,347.0</b>     | <b>15,432.1</b>     |
| Short-term  | 2,679.6             | 1,175.4             |
| Long-term   | 13,667.4            | 14,256.7            |
|   | <b>16,347.0</b>     | <b>15,432.1</b>     |

The Corporation's liabilities arising from financing activities include borrowings, right-of-use lease liabilities, PFI liabilities and other financing liabilities.

#### Changes in liabilities arising from financing activities

|   | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---|---------------------------|---------------------------|
| <b>Balance at 1 April</b>                           |                           |                           |
| Short-term  | 905.1                     | 735.0                     |
| Long-term   | 12,460.9                  | 12,639.3                  |
|   | <b>13,366.0</b>           | <b>13,374.3</b>           |
| Borrowings drawn down                               | 1,381.5                   | 187.5                     |
| Repayment of borrowings                             | (709.6)                   | (163.9)                   |
| Repayment of PFI lease liabilities                  | (15.5)                    | (14.3)                    |
| Repayment of right-of-use lease liabilities         | (25.5)                    | (27.1)                    |
| Non-cash increase in right-of-use-lease liabilities | (0.1)                     | 8.7                       |
| Other movements*                                    | 110.7                     | 0.8                       |
| <b>At 31 March</b>                                  | <b>14,107.5</b>           | <b>13,366.0</b>           |
| Short-term  | 2,395.3                   | 905.1                     |
| Long-term   | 11,712.2                  | 12,460.9                  |
|   | <b>14,107.5</b>           | <b>13,366.0</b>           |

\* Other movements are non-cash and relate to the unwind of discounts and fees. The other movements during the year also includes the accrued interests which were previously shown in short-term creditors.

## Notes to the Financial Statements

### 28. Private finance initiative contracts

#### Private Finance Initiative contracts

The Group is party to the following PFI arrangements where the Group controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement. These arrangements are treated as service concession arrangements and, as stipulated by the Code, are accounted for in accordance with IPSAS 32 Service Concession Arrangements – Grantor (IPSAS 32). IPSAS 32 provided a symmetry with IFRIC 12 – Service Concession Arrangements on relevant accounting issues from the grantor's point of view.

The Group therefore recognises PFI assets as items of plant, property and equipment together with a liability to pay for them (see Note 13 for details of PFI assets). The fair values of services received under the contract are recorded as operating expenses.

The unitary charge is apportioned between the repayment of the liability, financing costs and charges for services. The service is recognised as an expense in net operating costs and the finance costs are charged to financial expenses in the Comprehensive Income and Expenditure Statement.

| Contract                    | Contract dates | Description   |
|-----------------------------|----------------|---|
| <b>TfL</b>                  |                |   |
| AI3 Thames Gateway contract | 2000 to 2030   | Design and construction of improvements to the AI3 infrastructure (including communication and traffic signals systems) and ongoing maintenance and operation of the AI3 between Butcher Row and Wennington.<br><br>The contract requires TfL to make an annual unitary payment, charged monthly and calculated according to the service provided by the concession company and the payment mechanisms defined in the contract. |

#### PFI finance lease liabilities

|                    | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|--------------------|---------------------|---------------------|---------------------------|---------------------------|
| At 1 April         | 76.7                | 91.0                | 76.7                      | 91.0                      |
| Payments           | (18.8)              | (18.3)              | (18.8)                    | (18.3)                    |
| Interest           | 3.3                 | 4.0                 | 3.3                       | 4.0                       |
| <b>At 31 March</b> | <b>61.2</b>         | <b>76.7</b>         | <b>61.2</b>               | <b>76.7</b>               |

|                    | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|--------------------|---------------------|---------------------|---------------------------|---------------------------|
| <b>At 31 March</b> |                     |                     |                           |                           |
| Short-term         | 15.4                | 15.5                | 15.4                      | 15.5                      |
| Long-term          | 45.8                | 61.2                | 45.8                      | 61.2                      |
|                    | <b>61.2</b>         | <b>76.7</b>         | <b>61.2</b>               | <b>76.7</b>               |

#### Group and Corporation

Amounts payable under the PFI arrangements cover payments for repayment of capital, payments of interest and payment of service charges. The gross amount payable breaks down as follows:

|                            | Payments of<br>interest<br>£m | Repayment<br>of capital<br>£m | Payments<br>for service<br>charges<br>£m | Total amount<br>payable<br>under non-<br>cancellable<br>PFI<br>arrangements<br>£m |
|----------------------------|-------------------------------|-------------------------------|--|---|
| <b>At 31 March 2025</b>    |                               |                               |  |   |
| Less than one year         | 2.7                           | 15.4                          | 31.7                                     | 49.8  |
| Between one and five years | 3.9                           | 45.0                          | 108.5                                    | 157.4   |
| Between six and 10 years   | -                             | 0.8                           | 1.8                                      | 2.6   |
|                            | <b>6.6</b>                    | <b>61.2</b>                   | <b>142.0</b>                             | <b>209.8</b>  |
| <b>At 31 March 2024</b>    |                               |                               |  |   |
| Less than one year         | 3.3                           | 15.5                          | 31.4                                     | 50.2  |
| Between one and five years | 6.3                           | 56.2                          | 118.6                                    | 181.1   |
| Between six and 10 years   | 0.2                           | 5.0                           | 23.4                                     | 28.6  |
|                            | <b>9.8</b>                    | <b>76.7</b>                   | <b>173.4</b>                             | <b>259.9</b>  |

## Notes to the Financial Statements

### 29. Other financing liabilities

#### Group other financing liabilities at 31 March comprised:

|                           | Group<br>2025<br>£m | Group<br>2024<br>£m |
|---------------------------|---------------------|---------------------|
| <b>Short-term</b>         |                     |                     |
| Deferred capital payments | 36.8                | 20.5                |
| <b>Long-term</b>          |                     |                     |
| Deferred capital payments | 110.7               | 94.7                |

Other financing liabilities comprise deferred capital payments in respect of the acquisition of property, plant and equipment. Gross payments with a nominal value of £160.6m (2024 £130.9m) fall due over the period to March 2033. These have been discounted back at an effective rate of interest of 2.4 per cent (2024 3.2 per cent) to the present value recorded in the table above.

### 30. Provisions

#### a) Group provisions

|   | At 1 April<br>2024<br>£m | Payments<br>in the year<br>£m | Charge for<br>the year<br>£m | Releases in<br>the year<br>£m | At 31 March<br>2025<br>£m |
|---|--------------------------|-------------------------------|------------------------------|-------------------------------|---------------------------|
| Compensation, contractual and statutory | 196.4                    | (31.0)                        | 62.1                         | (15.9)                        | 211.6                     |
| Capital investment activities           | 40.2                     | (1.8)                         | -                            | (3.1)                         | 35.3                      |
| Environmental harm                      | 13.3                     | (5.1)                         | 0.4                          | (0.5)                         | 8.1                       |
| Severance and other                     | 36.1                     | (4.4)                         | 8.3                          | (9.4)                         | 30.6                      |
|   | 286.0                    | (42.3)                        | 70.8                         | (28.9)                        | 285.6                     |

| <b>At 31 March</b> | 2025<br>£m | 2024<br>£m |
|--------------------|------------|------------|
| <b>Due</b>         |            |            |
| Short-term         | 244.5      | 230.9      |
| Long-term          | 41.1       | 55.1       |
|                    | 285.6      | 286.0      |

## Notes to the Financial Statements

### 30. Provisions (continued)

#### b) Corporation provisions

|   | At 1 April<br>2024<br>£m | Payments<br>in the year<br>£m | Charge for<br>the year<br>£m | Releases in<br>the year<br>£m | At 31 March<br>2025<br>£m |
|---|--------------------------|-------------------------------|------------------------------|-------------------------------|---------------------------|
| Compensation, contractual and statutory | 78.0                     | (21.6)                        | 29.1                         | (0.6)                         | 84.9                      |
| Capital investment activities           | 39.6                     | (1.8)                         | -                            | (2.5)                         | 35.3                      |
| Severance and other                     | 24.0                     | (1.1)                         | 1.0                          | (8.5)                         | 15.4                      |
|   | 141.6                    | (24.5)                        | 30.1                         | (11.6)                        | 135.6                     |

| At 31 March | 2025<br>£m | 2024<br>£m |
|-------------|------------|------------|
| <b>Due</b>  |            |            |
| Short-term  | 110.5      | 107.3      |
| Long-term   | 25.1       | 34.3       |
|             | 135.6      | 141.6      |

#### c) Nature of provisions

##### Compensation, contractual and statutory

The Group has provisions for expected compensation and contractual claims that arise in respect of disputes arising in the ordinary course of business. The provisions recorded as at 31 March are based on management's best estimate at the Balance Sheet date of the likely loss to be incurred through settlement. Reflecting the inherent uncertainty with many legal proceedings and claim settlements, the timing and amount of the outflows could differ from the amount provided. Based on current estimates management expects that these amounts, which are based on known facts and take account of past experience for similar items, will be settled within the next one to five years. Where material the provision held is discounted to its present value.

In addition, the Group also recognised a provision in respect of an ongoing investigation in relation to a certain statutory requirement. In this case, the Group has assessed there to be a probable outflow of resources and has made an estimate based on best information available.

##### Capital investment activities

Capital investment activities include compulsory purchases, claims in respect of structural damage or diminution in value of properties affected by transport schemes, and other related third-party claims. Estimates are made with reference to relevant market trends. Compulsory Purchase Order provision amounts have been based on the professional estimates of lawyers and surveyors of the land acquisition, development value, disturbance, statutory interest and professional fees for both sides of the negotiation on a case-by-case basis. Due to the nature of these liabilities and the need to negotiate settlement amounts, there is considerable uncertainty regarding when Compulsory Purchase Order cases will be settled and payments made. At present management expects these provisions to be settled within the next five years.

##### Environmental harm

Environmental harm relates to potential costs associated with damage to the environment as a result of actions taken in the past. Management expects this provision to be settled within the next five years.

##### Severance and other

Severance and other provisions include voluntary severance costs arising from reorganisations and other smaller claims. Management expects these provisions to be settled within the next year.

## Notes to the Financial Statements

### 31. Contingencies

There are a number of uncertainties surrounding projects, including claims in the course of negotiations, which may affect the Group's financial performance. Where claims are possible but not probable, or are unquantifiable, such claims are treated as contingent liabilities. Contingent liabilities are monitored to ensure that, where a possible obligation has become probable or a transfer of economic benefits has become probable, a provision is made.

### 32. Derivative financial instruments

#### Group derivatives in cash flow hedge relationships

|                                    | Fair value<br>2025<br>£m | Notional<br>amount<br>2025<br>£m | Fair value<br>2024<br>£m | Notional<br>amount 2024<br>£m |
|------------------------------------|--------------------------|----------------------------------|--------------------------|-------------------------------|
| <b>At 31 March</b>                 |                          |                                  |                          |                               |
| <b>Long-term assets</b>            |                          |                                  |                          |                               |
| Interest rate swaps                | 2.4                      | 369.7                            | 28.4                     | 145.5                         |
| Foreign currency forward contracts | 0.2                      | -                                | 0.2                      | 7.7                           |
|                                    | 2.6                      | 369.7                            | 28.6                     | 153.2                         |
| <b>Current assets</b>              |                          |                                  |                          |                               |
| Foreign currency forward contracts | 0.4                      | 25.4                             | 0.3                      | 14.3                          |
|                                    | 0.4                      | 25.4                             | 0.3                      | 14.3                          |
| <b>Current liabilities</b>         |                          |                                  |                          |                               |
| Foreign currency forward contracts | (10.9)                   | 126.7                            | (10.6)                   | 149.0                         |
|                                    | (10.9)                   | 126.7                            | (10.6)                   | 149.0                         |
| <b>Long-term liabilities</b>       |                          |                                  |                          |                               |
| Interest rate swaps                | (10.0)                   | 645.7                            | (40.8)                   | 578.0                         |
| Foreign currency forward contracts | (3.7)                    | 81.7                             | (7.8)                    | 192.6                         |
|                                    | (13.7)                   | 727.4                            | (48.6)                   | 770.6                         |

#### Group derivatives not in hedge relationships

|                                    | Fair value<br>2025<br>£m | Notional<br>amount<br>2025<br>£m | Fair value<br>2024<br>£m | Notional<br>amount 2024<br>£m |
|------------------------------------|--------------------------|----------------------------------|--------------------------|-------------------------------|
| <b>At 31 March</b>                 |                          |                                  |                          |                               |
| <b>Long-term assets</b>            |                          |                                  |                          |                               |
| Foreign currency forward contracts | 0.1                      | 3.1                              | -                        | -                             |
|                                    | 0.1                      | 3.1                              | -                        | -                             |
| <b>Current assets</b>              |                          |                                  |                          |                               |
| Foreign currency forward contracts | 1.0                      | 174.3                            | 0.4                      | 54.9                          |
|                                    | 1.0                      | 174.3                            | 0.4                      | 54.9                          |
| <b>Current liabilities</b>         |                          |                                  |                          |                               |
| Foreign currency forward contracts | (12.8)                   | 581.8                            | (0.2)                    | 103.0                         |
|                                    | (12.8)                   | 581.8                            | (0.2)                    | 103.0                         |
| <b>Long-term liabilities</b>       |                          |                                  |                          |                               |
| Foreign currency forward contracts | (0.2)                    | 3.0                              | -                        | -                             |
|                                    | (0.2)                    | 3.0                              | -                        | -                             |

The Corporation has not entered into any derivative financial instrument contracts. Further detail on the Group's derivative instruments is set out in Note 34.

# Notes to the Financial Statements

## 33. Guarantees

Section 160 of the GLA Act 1999 sets out the conditions under which the Corporation may give certain guarantees, indemnities or similar arrangements. Under section 161 of the GLA Act 1999 TfL is obliged to disclose in its Annual Report details of all guarantees etc. so given.

### Financial guarantees

TfL and its subsidiaries have entered into joint and several guarantees in favour of HSBC Bank plc as security for any bank indebtedness outstanding from time to time. TfL has also separately guaranteed any liabilities owing to HSBC Bank plc by its subsidiary, Crossrail Limited.

The Corporation has given guarantees in respect of some of its subsidiary companies' contracts. The amount that could be payable under the guarantees (as described below) varies depending on a number of factors, including, inter alia, responsibility for the costs arising from an early termination of the underlying contract, which are not known before the event. For information only, the approximate maximum amounts of debt that were envisaged to be drawn by the counterparty at the signing of the agreements are disclosed below. For the avoidance of doubt, these amounts do not represent the amounts that could be payable by TfL under the guarantees but are shown here to give an indication of the relative size of each contract.

|  | <b>Estimated maximum debt drawn by counterparty at start of contract<br/>£m</b> |
|--|---|
| Agreement with 345 Rail Leasing Limited  | 1,050   |
| Agreement with London Rail Leasing Ltd   | 350   |
| Agreement with Lloyds Bank PLC           | 109   |
| Agreement with Pittville Leasing Ltd     | 51  |
| Agreement with Lombard North Central Plc | 7   |

### Other guarantees

TfL also guarantees the payments of certain of its subsidiaries under a number of other service and construction contracts. It has guaranteed amounts owed by London Bus Services Limited to the Fuel Cells and Hydrogen Joint Undertaking under a Grant agreement for the 3EMOTION (Environmentally Friendly, Efficient Electric Motion) project. It has guaranteed London Underground Limited's payment obligations as a tenant in respect of an operating lease for the Stratford City Business District. It has guaranteed the payment obligations of Docklands Light Railway Limited and Keolis Amey Docklands Limited (the DLR Franchisee) to the DLR Pension Scheme. It has guaranteed Rail for London Limited's payment obligations under the Class 345 Rolling Stock and Depot Service Provision Agreement.

Unlike the agreements listed in the financial guarantees above, these contracts are not based on an initial amount of debt and so cannot be quantified in a similar manner.

TfL also acts as a guarantor in respect of all liabilities under third-party derivative contracts entered into by its subsidiary, Transport for London Finance Limited. The fair value of net liabilities outstanding under derivative contracts at 31 March 2025 is £33.6m (2024 £30.1m).

No arrangements were entered into with another person under which that person gives a guarantee which TfL has power to give under section 160 (4) of the GLA Act and no indemnities associated with the guarantees were given by virtue of section 160 (5) of the GLA Act.

The majority of guarantees granted by TfL are in respect of the obligations of its subsidiaries. These obligations are, in any case, recorded as liabilities on the Group Balance Sheet. The probability of any amounts becoming payable by the Corporation under the above guarantees and indemnities is considered remote. As at 31 March 2025 the fair value of all financial guarantees granted has been recorded as £nil (2024 £nil).

# Notes to the Financial Statements

## 34. Funding and financial risk management

### Introduction

TfL is a statutory corporation established under the GLA Act 1999. TfL is funded by revenues, grant and prudential borrowing. The Group's debt is issued by the statutory corporation, Transport for London, in the form of loans from the Public Works Loan Board, the European Investment Bank and EDC, the GLA (via the Mayor's Green Finance Fund), the NWF (formerly UKIB), Medium Term Notes under the £5bn TfL Euro Medium Term Note programme, and short-term Commercial Paper under the £3bn TfL Euro Commercial Paper programme.

### Treasury management

TfL has a Treasury Management Strategy which is required to be updated on at least an annual basis. The Treasury Management Strategy for 2024/25 was prepared having regard to the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) Regulations 2003 (as amended), the key recommendations of the Code of Practice and Cross-Sectoral Guidance Notes for Treasury Management in the Public Services (2021 Edition) (the Treasury Management Code) and the Prudential Code for Capital Finance in Local Authorities (2021 Edition) (the Prudential Code), both issued by CIPFA, as well as the key recommendations of the Statutory Guidance on Local Authority Investments (2018 Edition) issued by the Ministry for Housing, Communities and local Government (the Investment Guidance). The strategy was approved by the TfL Finance Committee (a sub-committee of the TfL Board) prior to the start of the financial year.

The Group's principal financial instruments comprise borrowings, investments, derivatives, lease liabilities and receivables, PFI liabilities and cash and cash equivalents. These financial instruments are used to manage funding and liquidity requirements. Other financial instruments that arise directly from the Group's operations include trade receivables and payables and other financing liabilities.

The Group monitors the risk profile of its borrowing, investment and derivative programmes against approved benchmarks and provides regular reports to the Chief Finance Officer. Semi-annual reports on overall performance against the approved strategy are considered by the Finance Committee. Section 49 of the TfL Act 2008 confers upon TfL the powers to use derivative financial instruments for risk management purposes only via qualifying subsidiaries.

### The Prudential Borrowing regime

TfL has the power to borrow as it is treated as a local authority for the purposes of financial management under the Local Government Act 2003. In accordance with this Act, the Mayor, in consultation with TfL, sets an affordable borrowing limit for external debt (including direct borrowing and other long-term liabilities). In setting this limit, the Mayor and TfL are required by regulation to have regard to the Prudential Code. In accordance with the Prudential Code and Treasury Management Code, the TfL Board annually approves a long-term capital strategy and a set of indicators for prudent and affordable borrowing, for estimates of capital expenditure, for interest rate exposures and the maturity profile of its borrowing.

TfL also agrees its maximum annual incremental borrowing capacity with Government.

### Financial risks and risk management

The Group is exposed to a number of financial risks in the normal course of its business operations, the key ones being:

- Credit risk
- Market risk
- Liquidity risk

Each of these risks is managed in accordance with the Group's comprehensive risk management process. The TfL Board, through its Finance Committee, approves and monitors the risk management processes, including documented treasury policies, counterparty limits, and controlling and reporting structures.

### Credit risk

Credit risk is managed on a Group-wide basis. Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet contractual obligations. The following categories comprise the main credit exposures of the Group:

#### (i) Trade receivables and contract assets

The Group earns the majority of its revenue through prepaid fares. Financial assets arise from: penalty charges, fare revenues not earned on a prepaid basis, commercial

activities such as property rental or advertising and amounts due under contractual arrangements from partners or suppliers. The maximum exposure to credit risk at the reporting date is the carrying value disclosed in Note 22.

A significant portion of the financial assets arising in the Corporation are with other Group companies. Per note 33, the Corporation has granted guarantees in respect of the obligations of its subsidiaries, mitigating credit risk attached to settlement of these intercompany financial assets.

Customer credit risk is managed by a central credit control function subject to TfL's policy, procedures and control framework. Counterparties are assessed individually for their creditworthiness at the time of entering into contracts and an internal credit rating is assigned.

At each reporting date, the Group applies the IFRS 9 simplified approach to measuring expected credit losses. This approach uses a lifetime expected loss allowance for all trade receivables and contract assets. In determining the expected loss rates, trade receivables and contract assets are considered together based on shared credit risk characteristics. Historical loss rates over the short to medium term are applied to groupings of various customer segments within trade receivables and contract assets. These rates are adjusted to reflect expectations about future credit losses.

## Notes to the Financial Statements

### 34. Funding and financial risk management (continued)

Despite the application of a loss allowance, these balances remain subject to enforcement activity and recoveries will be credited against the same line item as the expected credit loss within operating profit. On that basis, the loss allowance as at 31 March 2025 was determined as follows for both trade receivables and contract assets:

#### Trade debtors and contract assets: Group

|  | Not overdue<br>£m | Overdue by<br>less than<br>3 months<br>£m | Overdue by<br>between<br>3 and<br>6 months<br>£m | Overdue by<br>between<br>6 months<br>and 1 year<br>£m | Overdue by<br>more than<br>1 year<br>£m | Total<br>£m      |
|--|-------------------|---|--|---|---|------------------|
| <b>At 31 March 2025</b>                                      |                   |   |  |   |   |                  |
| Expected credit loss rate                                    | 0.1%              | 65.9%                                     | 91.9%  | 99.2%   | 100.0%                                  |                  |
| Estimated total gross carrying amount at default             | 175.2             | 104.8                                     | 112.2  | 229.6   | 874.6                                   | 1,496.4          |
| <b>Expected credit loss allowance</b>                        | <b>(0.3)</b>      | <b>(69.0)</b>                             | <b>(103.1)</b>                                   | <b>(227.8)</b>  | <b>(874.6)</b>                          | <b>(1,274.8)</b> |
| <b>At 31 March 2024</b>                                      |                   |   |  |   |   |                  |
| Expected credit loss rate                                    | 0.1%              | 70.1%                                     | 92.7%  | 98.8%   | 99.9%                                   |                  |
| Estimated total gross carrying amount at default (restated)* | 196.9             | 113.2                                     | 123.2  | 220.7   | 783.8                                   | 1,437.8          |
| <b>Expected credit loss allowance</b>                        | <b>(0.7)</b>      | <b>(79.4)</b>                             | <b>(114.2)</b>                                   | <b>(218.0)</b>  | <b>(782.9)</b>                          | <b>(1,195.2)</b> |

#### Trade debtors and contract assets: Corporation

|  | Not overdue<br>£m | Overdue by<br>less than<br>3 months<br>£m | Overdue by<br>between<br>3 and<br>6 months<br>£m | Overdue by<br>between<br>6 months<br>and 1 year<br>£m | Overdue by<br>more than<br>1 year<br>£m | Total<br>£m      |
|--|-------------------|---|--|---|---|------------------|
| <b>At 31 March 2025</b>                                      |                   |   |  |   |   |                  |
| Expected credit loss rate                                    | -                 | 72.6%                                     | 92.2%  | 99.0%   | 100.0%                                  |                  |
| Estimated total gross carrying amount at default             | 44.7              | 93.7                                      | 111.1  | 228.5   | 866.2                                   | 1,344.2          |
| <b>Expected credit loss allowance</b>                        | <b>-</b>          | <b>(68.1)</b>                             | <b>(102.4)</b>                                   | <b>(226.2)</b>  | <b>(866.2)</b>                          | <b>(1,262.9)</b> |
| <b>At 31 March 2024</b>                                      |                   |   |  |   |   |                  |
| Expected credit loss rate                                    | -                 | 74.2%                                     | 93.2%  | 99.0%   | 100.0%                                  |                  |
| Estimated total gross carrying amount at default (restated)* | 40.7              | 105.6                                     | 121.7  | 218.5   | 776.1                                   | 1,262.6          |
| <b>Expected credit loss allowance</b>                        | <b>-</b>          | <b>(78.4)</b>                             | <b>(113.4)</b>                                   | <b>(216.2)</b>  | <b>(776.1)</b>                          | <b>(1,184.1)</b> |

Finance lease receivables for the Group and Corporation are not overdue and no allowance has been recognised.

\* During the period, the Group updated the presentation of this Note to exclude other debtors. Consequently, the prior year comparatives have been restated

## Notes to the Financial Statements

### 34. Funding and financial risk management (continued)

#### Expected credit loss allowance

|                                      | Group<br>2025<br>£m | Corporation<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2024<br>£m |
|--------------------------------------|---------------------|---------------------------|---------------------|---------------------------|
| <b>At 1 April</b>                    | 1,195.1             | 1,184.1                   | 994.7               | 965.7                     |
| Provision for expected credit losses | 479.8               | 478.5                     | 439.8               | 451.7                     |
| Write offs                           | (400.1)             | (399.7)                   | (239.4)             | (233.3)                   |
| <b>At 31 March</b>                   | 1,274.8             | 1,262.9                   | 1,195.1             | 1,184.1                   |

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there may be no reasonable expectation of recovery include, amongst other things, failure of a debtor to engage in a repayment plan or advice from TfL's legal department. TfL has a statutory duty to maximise recovery of charges and fees, including road user charges.

#### (ii) Cash and cash equivalents

All cash balances are invested in accordance with TfL's Treasury Management Strategy, which was developed with regard to the Treasury Management Code and the Investment Guidance, and which requires a prudent approach to the investment of surplus funds with priority given to security and liquidity.

Throughout 2024/25 investments were made within limits approved by the Finance Committee. Counterparty limits are set according to the assessed risk of each counterparty and are linked to the credit rating of the institution. Exposures are monitored against these limits on a regular basis.

TfL considers the risk of the overall portfolio as well as individual investments, seeking to diversify its investments and has regard to the exposure to any one counterparty, country, industry, investment type and credit. The investment portfolio is allocated across sovereigns, government agencies, financial institutions, corporates and money market funds.

Certain banks hold collateral on TfL's account to provide security for TfL's reverse repurchase agreement investments. As at 31 March 2025, the fair value of the collateral held amounted to £nil (2024 £100m).

Short-term investments, which have a maturity of less than three months, classified as cash and cash equivalents as at 31 March 2025 totalled £1,266.5m (2024 £1,269.9m).

During the prior year, TfL invested in the London Treasury Liquidity Fund (LTLF) LP. While the assets of the Fund comprise a single pool of assets, investments by the limited partners are structured as two components, either core commitments or loan contributions. TfL became a limited partner in July 2023 and made an initial core commitment investment of £0.2m with no further investment to date. The core commitment has been recognised at fair value and subsequently measured at FVTPL. In line with the accounting policy the core commitment is held as long-term investments due to redemption rules. Starting in 2024/25, TfL made loan contribution investments of £854.3m into the fund. The loan contributions have been recognised at fair value and subsequently measured at amortised cost as TfL's objective is to hold to collect contractual cash flows and be in receipt of solely principal plus interest. The loan contribution is held as short-term investments.

## Notes to the Financial Statements

### 34. Funding and financial risk management (continued)

As at 31 March, principal funds managed centrally on behalf of the Group and placed on deposit by the Corporation were as follows:

|   | Amount<br>£m   | Minimum<br>Credit Rating<br>(S&P/<br>Moody's/<br>Fitch) | Weighted<br>average<br>days to<br>maturity |
|---|----------------|---|--|
| <b>At 31 March 2025</b>                           |                |   |  |
| Money market funds                                | 359.2          | AAA/AAA/AAA   | 1  |
| Banks (including Gilt-backed repos)               | 53.0           | P-I/A-I/FI  | 12   |
| <b>Subtotal</b>                                   | <b>412.2</b>   |   | <b>2</b>                                   |
| London Treasury Liquidity Fund loan contributions | 854.3          |   |  |
| <b>Total</b>                                      | <b>1,266.5</b> |   |  |
| <b>At 31 March 2024</b>                           |                |   |  |
| UK Debt Management Office                         | 360.2          | P-I/A-I+/FI+  | 30   |
| Other Government agencies                         | 141.4          | P-I/A-I+/FI+  | 35   |
| Money market funds                                | 246.3          | AAA/AAA/AAA   | 1  |
| Banks (including Gilt-backed repos)               | 399.9          | P-I/A-I/FI  | 12   |
| Corporates  | 122.1          | P-I/A-I/FI  | 43   |
| <b>Total</b>                                      | <b>1,269.9</b> |   | <b>20</b>                                  |

All of the entity's cash and investments are considered to have low credit risk; they are highly rated by major rating agencies, have a low risk of default and the counterparties have a strong capacity to meet obligations in the near term. While low risk, these remain subject to the impairment requirements of IFRS 9 at each reporting date. The identified 12-month expected loss allowance at 31 March 2025 and as at 31 March 2024 was immaterial.

#### (iii) Derivative financial instruments

Counterparty limits are established and monitored in accordance with TfL's policy relating to the use of derivative investments, which was approved by the TfL Finance Committee. The Group spreads its exposure over a number of counterparties and has strict policies on how much exposure can be assigned to each counterparty.

The Group's maximum credit risk exposure relating to financial derivative instruments is noted in the maturity profile of derivatives tables within the market risk section of this note. The credit risk with regard to financial derivative instruments is limited because TfL has arrangements in place with each bank wherein, should the derivative be in an asset position for TfL and the market value reaches a contractually defined threshold, TfL can call upon the bank to post collateral in cash or eligible securities. TfL only envisages using these rights in the event that the financial strength of the institution has deteriorated since the limits were approved.

#### (iv) Guarantees

The Corporation provides guarantees to third parties under section 160 of the GLA Act, as disclosed in Note 33, which are deemed necessary for the fulfilment of its policies. The Group's policy is to recognise financial guarantees at the higher of an expected credit loss allowance and the amount initially recognised as fair value less any amortisation that has occurred to date. As at 31 March 2025, the fair value of the Corporation's financial guarantees has been assessed as £nil (2024 £nil).

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and inflation will affect the Group's income, expenditure or the value of its holdings of financial instruments. The Group, through its wholly owned subsidiary, Transport for London Finance Limited, uses derivatives (hedging instruments) to reduce exposure to interest rate and foreign exchange rate movements (the hedged risks) on existing contracts and highly probable future transactions. The Group does not use derivative financial instruments for speculative purposes.

On inception, all interest rate derivatives and foreign currency derivative instruments hedging commercial contracts are designated in highly effective hedge relationships and hedge accounting is applied. If a derivative should no longer satisfy the hedging criteria in accordance with adopted IFRS 9 Financial Instruments (IFRS 9), hedge accounting ceases and the derivative is fair valued immediately through the Comprehensive Income and Expenditure Statement.

The use of derivative instruments can itself give rise to credit and market risk. Market risk is the possibility that future changes in interest rates may make a derivative more or less valuable. Since the Group uses derivatives for risk management, market risk relating to derivative instruments is principally offset by changes in the cash flows of the transactions being hedged.

## Notes to the Financial Statements

### 34. Funding and financial risk management (continued)

For the years ended 31 March 2025 and 2024 all derivatives in designated cash flow hedge relationships were assessed as highly effective and no ineffectiveness was recognised. Accordingly, the full movement in the fair value of those derivatives was taken to reserves.

#### (i) Foreign exchange risk

During 2024/25, TfL held certain short-term investments denominated in Euros. These foreign currency denominated investments were swapped back to GBP through the use of forward foreign exchange contracts. These contracts were not in formally designated hedging relationships for accounting purposes, as the currency gain or loss on retranslation of the investments is offset within net cost of services at the Group level by the movement in the fair value of the derivative instruments. As at 31 March 2025, the Group no longer held foreign exchange contracts to hedge future Euro receipts as it no longer held Euro investments (2024 Euro receipts in relation to Euro investments were €66.3m).

During 2024/25, TfL issued Commercial Paper denominated in Euros and US Dollars. These foreign currency denominated borrowings were swapped back to GBP through the use of forward foreign exchange contracts. These contracts were not in formally designated hedging relationships for accounting purposes, as

the currency gain or loss on retranslation of the borrowings is offset within net cost of services at the Group level by the movement in the fair value of the derivative instruments. As at 31 March 2025, the Group held foreign exchange contracts to hedge €349.0m and \$593.0m future Euro and US Dollars payments in relation to its Euro and US Dollar Commercial Paper (2024 €99.5m and \$24.9m). Throughout the year, the hedging strategy provided an effective offset of fair value movements due to having foreign currency borrowings. The unrealised exchange net loss was £11.7m as at 31 March 2025 (2024 £nil). These derivative instruments mature in the period to September 2025.

For 2024/25, the broad policy on managing transactional foreign exchange risk arising from contractual obligations with overseas providers was to retain the risk where there was a value in doing so, where the exposure was highly probable and the risk profile highly certain. For exposures not meeting these criteria, the exchange risk was passed on to the vendor. These exchange rate exposures were managed through the use of forward foreign exchange contracts whose critical terms are closely aligned to the exposure, such as notional amount, expected maturity date and currency. Hedge accounting is applied to these derivative instruments.

Where funds were received in specific currencies in which the Group expected to have future exposures, the Treasury Management Strategy made allowances to place these funds on deposit. This gave the Group the flexibility to offer certain payments in specific foreign currencies where required.

#### Effects of hedge accounting – Foreign currency hedges in relation to capital expenditure

At 31 March 2025, the Group held forward foreign exchange derivative contracts in Euros, Canadian Dollars and Swedish Krona. These forward contracts hedge planned foreign currency capital expenditure payments with a nominal value of £233.9m (2024 £319.5m). At 31 March 2025, these contracts had a combined net fair value of £(14.1)m (2024 £(17.9)m). The fair value of forward contracts was recognised in equity at 31 March 2025, with the exception of some Euro contracts for which the outstanding positions were closed out with offsetting contracts for a net fair value of £0.1m. Hedge accounting was discontinued as the set future hedged payments were no longer considered probable, and the fair value gain/loss is recognised in the income statement. For all other currencies and contracts, once hedged purchases occur, the subsequent realised gain or loss will be transferred to fixed asset additions as a basis adjustment.

For all existing hedge relationships the hedge ratio is 1:1. The economic relationship of all hedging relationships has been assessed as effective and the change in value of hedged items has been offset by the change in value of hedging instruments.

It is expected that the hedged purchases will take place in the period to September 2029. Detail on the maturity of these contracts is disclosed later in this note.

The Group has no other material financial assets or liabilities denominated in foreign currencies, and thus has no general translation exposure to gains or losses arising from movements in exchange rates.

# Notes to the Financial Statements

## 34. Funding and financial risk management (continued)

### Sensitivity analysis on foreign exchange risk at 31 March

|   | Net nominal value 2025<br>£m | Fair value 2025<br>£m | Fair value after a 10% increase in GBP against other currency 2025<br>£m | Fair value after a 10% decrease in GBP against other currency 2025<br>£m | Net nominal value 2024<br>£m | Fair value 2024<br>£m | Fair value after a 10% increase in GBP against other currency 2024<br>£m | Fair value after a 10% decrease in GBP against other currency 2024<br>£m |
|---|------------------------------|-----------------------|--|--|------------------------------|-----------------------|--|--|
| <b>Impact on Comprehensive Income and Expenditure</b> |                              |                       |  |  |                              |                       |  |  |
| <b>Net sell</b>                                       |                              |                       |  |  |                              |                       |  |  |
| Euros   | -                            | -                     | -  | -  | (57.2)                       | 0.3                   | 5.4  | (6.0)  |
| <b>Net buy</b>  |                              |                       |  |  |                              |                       |  |  |
| Euros   | 292.0                        | (0.2)                 | (26.6)   | 32.2   | 85.5                         | (0.1)                 | (7.9)  | 9.3  |
| USD dollars   | 458.0                        | (11.7)                | (53.0)   | 38.9   | 19.8                         | 0.1                   | (1.7)  | 2.3  |
| Chinese Yuan Renminbi                                 | -                            | -                     | -  | -  | -                            | (0.1)                 | -  | (0.1)  |
|   | n/a                          | (11.9)                | (79.6)   | 71.1   | n/a                          | 0.2                   | (4.2)  | 5.5  |
| <b>Impact on Hedging Reserves</b>                     |                              |                       |  |  |                              |                       |  |  |
| <b>Net buy</b>  |                              |                       |  |  |                              |                       |  |  |
| Euros   | 187.0                        | (11.8)                | (28.7)   | 8.6  | 296.3                        | (16.4)                | (42.4)   | 15.4   |
| Canadian dollars                                      | 33.3                         | (1.9)                 | (4.8)  | 1.7  | 6.0                          | (0.1)                 | (0.6)  | 0.5  |
| Swedish Krona   | 13.7                         | (0.3)                 | (1.5)  | 1.2  | 17.3                         | (1.4)                 | (2.9)  | 0.4  |
|   | n/a                          | (14.0)                | (35.0)   | 11.5   | n/a                          | (17.9)                | (45.9)   | 16.3   |
| <b>Total (liability)/asset</b>                        | n/a                          | (25.9)                | (114.6)  | 82.6   | n/a                          | (17.7)                | (50.1)   | 21.8   |

### (ii) Interest rate risk

The Group is mainly exposed to interest rate risk on its planned future borrowings. As TfL is required by legislation to produce a balanced Budget and also produces a balanced Business Plan, any uncertainty over the cost of future borrowing requires funding to be set aside in the Business Plan against that risk rather than being invested in the transport system.

The table below shows the interest rate profile of the Group:

| At 31 March  | Interest rate (%) | 2025<br>£m | 2024<br>£m |
|--|-------------------|------------|------------|
| Variable rate borrowings                                   | Floating rates    | -          | 463.0      |
| <b>Fixed rate borrowings based on final maturity dates</b> |                   |            |            |
| Less than one year   | 0.758 - 5.460     | 2,114.8    | 751.7      |
| One to five years  | 0.673 - 5.360     | 739.2      | 959.9      |
| Over five years  | 1.058 - 5.858     | 10,743.7   | 10,761.0   |
|  |                   | 13,597.7   | 12,935.6   |

In addition to raising borrowings at fixed rates, to achieve certainty over the cost of planned borrowings, TfL, through its wholly owned subsidiary, Transport for London Finance Limited, can employ derivatives to fix the floating interest rates risk of highly probable and existing borrowings. Transport for London Finance Limited also holds interest rate swaps to fix the floating interest rate risk within committed lease payments for rolling stock. The critical terms of these derivative instruments are closely aligned to the payment schedules and hedge accounting is applied.

The Group is also exposed to interest rate risk in respect of its investments. Investments are made in accordance with the Treasury Management Strategy, which prioritises security and liquidity over yield.

# Notes to the Financial Statements

## 34. Funding and financial risk management (continued)

### Effects of hedge accounting – Interest rate swaps

As at 31 March 2025, the Group, through its wholly owned subsidiary, Transport for London Finance Limited, held 10 float to fixed interest rate swaps at a total notional value of £1,015.4m (2024 seven interest rate swaps at a total notional value of £723.5m).

During the year, three additional interest rate swaps were entered into in March 2025, hedging interest rate risk on interest related to Commercial Paper borrowings at a total notional value of £300.0m initially. These new swaps were designated in a hedge relationship with interest on a notional balance of £300.0m of Commercial Paper now hedged. Also in March 2025, one interest rate swap hedging interest rate risk on lease payments was restructured whereby the swap was terminated and re-entered into at a new current market rate. This swap was designated in a hedge relationship with the original lease payments continuing to be hedged.

The net fair value of outstanding interest rate swap contracts at 31 March 2025 was a liability of £7.6m (2024 net liability of £12.4m). The fair value is recognised in equity at 31 March 2025 and will be transferred to net financing costs within the Comprehensive Income and Expenditure Statement as the hedged lease and borrowings interest payments occur.

For all existing relationships, the hedge ratio is 1:1. The economic relationship of all hedging relationships has been assessed as effective and the change in value of hedged items has been offset by the change in value of hedging instruments.

It is expected that the hedged interest payments will take place in the period to January 2039. Details on the maturity of these contracts are disclosed later in this note.

### Sensitivity analysis on interest rate risk (a) Fair value sensitivity analysis for fixed interest instruments

All of the Group's non-derivative financial instruments with fixed rates of interest are accounted for at amortised cost. Fluctuations in market interest rates would therefore have no impact on the Balance Sheet or on net income figures in respect of these items.

### (b) Fair value sensitivity analysis for derivative instruments

As at 31 March 2025, the Group holds interest rate derivative contracts with a combined notional value of £1,015.4m (2024 £723.5m) which are designated as cash flow hedges.

An increase/(decrease) of 100 basis points in interest rates would increase/(decrease) the fair value of the derivative instruments by £66.1m/£(89.5)m (2024 £65.4m/£(71.7)m).

### (iii) Inflation risk

The Group has a number of exposures to inflation including staff pay awards, operating costs and passenger income. The Group has not entered into any derivative instrument to manage its exposure to inflation risk. Historically this risk has been partially offset with index-linked revenues and index-linked costs creating a natural hedge within the Group.

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Maintaining sufficient cash reserves and having access to a diverse range of flexible funding sources ensures the Group has sufficient liquidity to meet its liabilities, in both normal and stressed conditions.

Liquidity risk is primarily managed by maintaining a minimum level of cash reserves of at least 60 days' worth of forecast annual operating expenditure, equivalent to approximately £1.3bn.

The Corporation has access to several external sources of financing, which are sufficient to meet anticipated funding

requirements, within the affordable borrowing limit set by the Mayor. Providing market conditions permit access, the Corporation can raise debt on the capital markets through its established £5bn Medium Term Note programme and £3bn Commercial Paper programme. Alternatively, and in addition, TfL has direct access to reliable funding from the Public Works Loan Board and has an arranged uncommitted £0.1bn overdraft facility and a further £0.1bn uncommitted money market line facility. Funding facilities are not subject to financial covenants. TfL can also secure financing from financial institutions.

Debt maturities are diversified over short-, medium- and long-term horizons that broadly equate to the lives of the assets that were funded by this source. This ensures refinancing risk is minimised. The contractual maturities of the Group and Corporation's borrowing and other financial liabilities are listed later in this note.

Due to the active liquidity management and mitigations outlined, there is no significant risk that TfL will be unable to fund its planned financial commitments.

# Notes to the Financial Statements

## 34. Funding and financial risk management (continued)

### Maturity profile of derivatives

The Group's foreign currency derivatives have the following maturities:

|   | Average<br>exchange<br>rate<br>2025 | Fair value<br>2025<br>£m | Notional<br>amount<br>2025<br>£m | Average<br>exchange<br>rate<br>2024 | Fair value<br>2024<br>£m | Notional<br>amount<br>2024<br>£m |
|---|-------------------------------------|--------------------------|----------------------------------|-------------------------------------|--------------------------|----------------------------------|
| <b>At 31 March</b>                        |                                     |                          |                                  |                                     |                          |                                  |
| <b>Foreign currency forward contracts</b> |                                     |                          |                                  |                                     |                          |                                  |
| <b>Buy Euro</b>                           |                                     |                          |                                  |                                     |                          |                                  |
| Less than one year                        | 0.888                               | (9.7)                    | 421.4                            | 0.898                               | (9.7)                    | 213.7                            |
| Between one and two years                 | 0.896                               | (1.9)                    | 45.0                             | 0.905                               | (5.9)                    | 110.2                            |
| Between two and five years                | 0.921                               | (0.4)                    | 12.5                             | 0.914                               | (0.9)                    | 55.7                             |
| After five years                          | -                                   | -                        | -                                | 0.953                               | (0.1)                    | 2.1                              |
| <b>Sell Euro</b>                          |                                     |                          |                                  |                                     |                          |                                  |
| Less than one year                        | -                                   | -                        | -                                | 0.859                               | 0.3                      | (57.2)                           |
| <b>Total Euro</b>                         | <b>0.899</b>                        | <b>(12.0)</b>            | <b>478.9</b>                     | <b>0.907</b>                        | <b>(16.3)</b>            | <b>324.5</b>                     |
| <b>Buy US Dollars</b>                     |                                     |                          |                                  |                                     |                          |                                  |
| Less than one year                        | 0.796                               | (11.6)                   | 458.0                            | 0.787                               | 0.1                      | 19.8                             |
| <b>Total US Dollars</b>                   | <b>0.796</b>                        | <b>(11.6)</b>            | <b>458.0</b>                     | <b>0.787</b>                        | <b>0.1</b>               | <b>19.8</b>                      |
| <b>Buy Canadian Dollars</b>               |                                     |                          |                                  |                                     |                          |                                  |
| Less than one year                        | 0.583                               | (0.8)                    | 11.1                             | 0.589                               | (0.1)                    | 3.5                              |
| Between one and two years                 | 0.586                               | (0.7)                    | 11.7                             | 0.594                               | -                        | 2.1                              |
| Between two and five years                | 0.587                               | (0.5)                    | 10.5                             | 0.593                               | -                        | 0.4                              |
| <b>Total Canadian Dollars</b>             | <b>0.585</b>                        | <b>(2.0)</b>             | <b>33.3</b>                      | <b>0.591</b>                        | <b>(0.1)</b>             | <b>6.0</b>                       |
| <b>Buy Swedish Krona</b>                  |                                     |                          |                                  |                                     |                          |                                  |
| Less than one year                        | 0.081                               | (0.1)                    | 11.6                             | 0.082                               | (0.7)                    | 3.0                              |
| Between one and two years                 | 0.086                               | (0.2)                    | 2.0                              | 0.081                               | (0.5)                    | 12.3                             |
| Between two and five years                | -                                   | -                        | -                                | 0.086                               | (0.2)                    | 2.0                              |
| <b>Total Swedish Krona</b>                | <b>0.081</b>                        | <b>(0.3)</b>             | <b>13.6</b>                      | <b>0.082</b>                        | <b>(1.4)</b>             | <b>17.3</b>                      |
| <b>Grand total</b>                        | <b>n/a</b>                          | <b>(25.9)</b>            | <b>983.8</b>                     | <b>n/a</b>                          | <b>(17.7)</b>            | <b>367.6</b>                     |



We manage our finances to ensure we can offer services for all

# Notes to the Financial Statements

## 34. Funding and financial risk management (continued)

### Maturity profile of derivatives (continued)

The Group's interest rate derivatives have the following maturities:

|                             | Average<br>contracted<br>fixed<br>interest rate<br>2025<br>(%) | Fair value<br>2025<br>£m | Notional<br>amount<br>2025<br>£m | Average<br>contracted<br>fixed<br>interest rate<br>2024<br>(%) | Fair value<br>2024<br>£m | Notional<br>amount<br>2024<br>£m |
|-----------------------------|--|--------------------------|----------------------------------|--|--------------------------|----------------------------------|
| <b>At 31 March</b>          |  |                          |                                  |  |                          |                                  |
| <b>Interest rate hedges</b> |  |                          |                                  |  |                          |                                  |
| Between two and five years  | 3.965  | (0.1)                    | 100.0                            | -  | -                        | -                                |
| After five years            | 4.294  | (7.5)                    | 915.4                            | 3.942  | (12.4)                   | 723.5                            |
| <b>Total</b>                | <b>4.262</b>   | <b>(7.6)</b>             | <b>1,015.4</b>                   | <b>3.942</b>   | <b>(12.4)</b>            | <b>723.5</b>                     |

TfL was conferred the legal powers to enter into derivatives for the purpose of risk mitigation via qualifying subsidiaries. The Corporation does not itself have the legal powers to enter into derivative transactions. TfL has entered into these contracts for the purpose of risk management and intends to hold these contracts to maturity as hedges against the underlying transactions.

The following tables detail the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

|  | Less than<br>one year<br>£m | Between<br>one and<br>two years<br>£m | Between<br>two and<br>five years<br>£m | More than<br>five years<br>£m | Total<br>£m |
|--|-----------------------------|---------------------------------------|--|-------------------------------|-------------|
| <b>Group – at 31 March 2025</b>            |                             |                                       |  |                               |             |
| <b>Derivatives settled gross</b>           |                             |                                       |  |                               |             |
| <b>Foreign exchange forward contracts:</b> |                             |                                       |  |                               |             |
| Amounts receivable                         | 925.6                       | 66.2                                  | 27.4                                   | -                             | 1,019.2     |
| Amounts payable                            | (950.8)                     | (70.9)                                | (29.5)                                 | -                             | (1,051.2)   |
| <b>Derivatives settled net</b>             |                             |                                       |  |                               |             |
| Interest rate swaps                        | (0.5)                       | (3.9)                                 | (9.3)                                  | 8.4                           | (5.3)       |
|  | (25.7)                      | (8.6)                                 | (11.4)                                 | 8.4                           | (37.3)      |
| <b>Group – at 31 March 2024</b>            |                             |                                       |  |                               |             |
| <b>Derivatives settled gross</b>           |                             |                                       |  |                               |             |
| <b>Foreign exchange forward contracts:</b> |                             |                                       |  |                               |             |
| Amounts receivable                         | 366.3                       | 133.6                                 | 67.3                                   | 2.5                           | 569.7       |
| Amounts payable                            | (377.5)                     | (142.7)                               | (70.8)                                 | (2.7)                         | (593.7)     |
| <b>Derivatives settled net</b>             |                             |                                       |  |                               |             |
| Interest rate swaps                        | 6.4                         | 0.5                                   | (10.4)                                 | (12.3)                        | (15.8)      |
|  | (4.8)                       | (8.6)                                 | (13.9)                                 | (12.5)                        | (39.8)      |

The total asset or liability due to the Group as recognised on the Balance Sheet is the fair value of the derivatives, as this represents the cost to terminate. As such it differs from the total net contractual payments shown in the table above.

At 31 March 2025, the fair value of the interest rate derivatives was a net liability of £7.6m (2024 £12.4m). The fair value of forward exchange derivatives was a net liability of £25.9m (2024 £17.7m).

# Notes to the Financial Statements

## 34. Funding and financial risk management (continued)

### Contractual maturity of financial liabilities

The following table details the Group and the Corporation's remaining contractual maturity for their non-derivative financial liabilities. The table has been drawn up on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group or Corporation can be required to pay and, therefore differs from the carrying value and the fair value. The table includes both interest and principal cash flows.

|                                    | Less than one year<br>£m | Between one and two years<br>£m | Between two and five years<br>£m | More than five years<br>£m | Total<br>£m     |
|------------------------------------|--------------------------|---------------------------------|----------------------------------|----------------------------|-----------------|
| <b>Group – as at 31 March 2025</b> |                          |                                 |                                  |                            |                 |
| Trade and other creditors          | 1,641.9                  | 141.0                           | -                                | -                          | 1,782.9         |
| Borrowings – principal             | 2,269.4                  | 249.3                           | 912.5                            | 10,221.4                   | 13,652.6        |
| Borrowings – interest              | 423.0                    | 409.7                           | 1,106.9                          | 6,491.6                    | 8,431.2         |
| Right-of-use lease liabilities     | 378.5                    | 337.4                           | 806.5                            | 2,023.2                    | 3,545.6         |
| PFI liabilities                    | 18.1                     | 21.4                            | 27.5                             | 0.8                        | 67.8            |
| Other financing liabilities        | 23.3                     | 12.7                            | 38.2                             | 38.2                       | 112.4           |
|                                    | <b>4,754.2</b>           | <b>1,171.5</b>                  | <b>2,891.6</b>                   | <b>18,775.2</b>            | <b>27,592.5</b> |
| <b>Group – as at 31 March 2024</b> |                          |                                 |                                  |                            |                 |
| Trade and other creditors          | 1,796.2                  | 173.5                           | -                                | -                          | 1,969.7         |
| Borrowings – principal             | 869.9                    | 595.7                           | 815.9                            | 10,680.0                   | 12,961.5        |
| Borrowings – interest              | 522.8                    | 435.5                           | 1,171.0                          | 6,487.5                    | 8,616.8         |
| Right-of-use lease liabilities     | 372.7                    | 300.7                           | 690.5                            | 2,164.7                    | 3,528.6         |
| PFI liabilities                    | 18.8                     | 18.1                            | 44.4                             | 5.2                        | 86.5            |
| Other financing liabilities        | 23.9                     | 13.4                            | 40.1                             | 53.5                       | 130.9           |
|                                    | <b>3,604.3</b>           | <b>1,536.9</b>                  | <b>2,761.9</b>                   | <b>19,390.9</b>            | <b>27,294.0</b> |

|  | Less than one year<br>£m | Between one and two years<br>£m | Between two and five years<br>£m | More than five years<br>£m | Total<br>£m     |
|--|--------------------------|---------------------------------|----------------------------------|----------------------------|-----------------|
| <b>Corporation – as at 31 March 2025</b> |                          |                                 |                                  |                            |                 |
| Trade and other creditors                | 489.5                    | 1.2                             | -                                | -                          | 490.7           |
| Borrowings – principal                   | 2,269.4                  | 249.3                           | 912.5                            | 10,221.4                   | 13,652.6        |
| Borrowings – interest                    | 423.0                    | 409.7                           | 1,106.9                          | 6,491.6                    | 8,431.2         |
| Right-of-use lease liabilities           | 33.1                     | 32.5                            | 91.0                             | 229.5                      | 386.1           |
| PFI lease liabilities                    | 18.1                     | 21.4                            | 27.5                             | 0.8                        | 67.8            |
|  | <b>3,233.1</b>           | <b>714.1</b>                    | <b>2,137.9</b>                   | <b>16,943.3</b>            | <b>23,028.4</b> |
| <b>Corporation – as at 31 March 2024</b> |                          |                                 |                                  |                            |                 |
| Trade and other creditors                | 692.8                    | 38.2                            | -                                | -                          | 731.0           |
| Borrowings – principal                   | 869.9                    | 595.7                           | 815.9                            | 10,680.0                   | 12,961.5        |
| Borrowings – interest                    | 522.8                    | 435.5                           | 1,171.0                          | 6,487.5                    | 8,616.8         |
| Right-of-use lease liabilities           | 35.0                     | 34.3                            | 99.0                             | 256.2                      | 424.5           |
| PFI lease liabilities                    | 18.8                     | 18.1                            | 44.4                             | 5.2                        | 86.5            |
|  | <b>2,139.3</b>           | <b>1,121.8</b>                  | <b>2,130.3</b>                   | <b>17,428.9</b>            | <b>22,820.3</b> |

## Notes to the Financial Statements

### 34. Funding and financial risk management (continued)

#### Fair values

In accordance with IFRS 13, the fair values of the financial assets and liabilities are calculated as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents – approximates to the carrying amount
- Short-term investments – approximates to the carrying amount because of the short maturity of these instruments
- Long-term investments – for assets measured at amortised cost, by reference to bid prices at the close of business on the balance sheet date, within Level 1 of the fair value hierarchy as defined within IFRS 13. For the core commitment investment in the London Treasury Liquidity Fund LP, which is measured at FVTPL, it is classed as Level 2
- Trade and other debtors – approximates to the carrying amount
- Derivative financial instruments – in the absence of quoted market prices, derivatives are valued by using quoted forward prices for the underlying commodity/currency and discounted using quoted interest rates (both as at the close of business on the balance sheet date). Hence, derivatives are within Level 2 of the fair value hierarchy as defined within IFRS 13:
  - i. Forward exchange contracts – based on market data and exchange rates at the balance sheet date
  - ii. Interest rate swaps and forward starting interest rate swaps – based on the net present value of discounted cash flows
- Trade and other creditors – approximates to the carrying amount
- Long-term borrowings – determined by calculating the discounted value of the future cash flows (redemption and interest) using appropriate discount rates, based on observable market data, in effect at the balance sheet date at Level 2 of the fair value hierarchy. Fair value approximates to the carrying amount in the case of short-term Commercial Paper
- Right-of-use lease liabilities – approximates to the carrying amount
- PFI liabilities – approximates to the carrying amount
- Other financing liabilities – determined by calculating the discounted value of the future cashflows using appropriate discount rates, based on observable market data, in effect at the balance sheet date at Level 2 of the fair value hierarchy

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# Notes to the Financial Statements

## 34. Funding and financial risk management (continued)

The fair values of the Group's financial assets and liabilities together with the carrying amounts recorded in the Balance Sheet are illustrated below:

|  | Carrying value<br>2025<br>£m | Fair value<br>2025<br>£m | Carrying value<br>2024<br>£m | Fair value<br>2024<br>£m |
|--|------------------------------|--------------------------|------------------------------|--------------------------|
| <b>At 31 March</b>                                 |                              |                          |                              |                          |
| <b>Long term</b>                                   |                              |                          |                              |                          |
| <b>Financial assets measured at amortised cost</b> |                              |                          |                              |                          |
| Finance lease receivables                          | 19.5                         | 19.5                     | 18.2                         | 18.2                     |
| Debtors  | 28.4                         | 28.4                     | 13.0                         | 13.0                     |
| <b>Financial assets measured at fair value</b>     |                              |                          |                              |                          |
| Derivative in cash flow hedge relationship         | 2.6                          | 2.6                      | 28.6                         | 28.6                     |
| Derivatives not in a hedge relationship            | 0.1                          | 0.1                      | -                            | -                        |
| Long-term investments                              | 1.4                          | 1.4                      | 1.2                          | 1.2                      |
| <b>Current</b>                                     |                              |                          |                              |                          |
| <b>Financial assets measured at amortised cost</b> |                              |                          |                              |                          |
| Cash and cash equivalents                          | 631.1                        | 631.1                    | 1,488.3                      | 1,488.3                  |
| Short-term investments                             | 854.8                        | 854.8                    | 5.8                          | 5.8                      |
| Debtors  | 408.4                        | 408.4                    | 543.7                        | 543.7                    |
| Finance lease receivables                          | 2.9                          | 2.9                      | 7.1                          | 7.1                      |
| <b>Financial assets measured at fair value</b>     |                              |                          |                              |                          |
| Derivative in cash flow hedge relationship         | 1.0                          | 1.0                      | 0.3                          | 0.3                      |
| Derivatives not in a hedge relationship            | 0.4                          | 0.4                      | 0.4                          | 0.4                      |
| <b>Total financial assets</b>                      | <b>1,950.6</b>               | <b>1,950.6</b>           | <b>2,106.6</b>               | <b>2,106.6</b>           |

|   | Carrying value<br>2025<br>£m | Fair value<br>2025<br>£m | Carrying value<br>2024<br>£m | Fair value<br>2024<br>£m |
|---|------------------------------|--------------------------|------------------------------|--------------------------|
| <b>At 31 March</b>                                      |                              |                          |                              |                          |
| <b>Long-term</b>  |                              |                          |                              |                          |
| <b>Financial liabilities measured at amortised cost</b> |                              |                          |                              |                          |
| Creditors   | (141.0)                      | (141.0)                  | (173.5)                      | (173.5)                  |
| Borrowings  | (11,364.7)                   | (10,400.4)               | (12,071.6)                   | (11,957.7)               |
| Right-of-use lease liabilities                          | (2,146.2)                    | (2,146.2)                | (2,029.2)                    | (2,029.2)                |
| PFI liabilities   | (45.8)                       | (45.8)                   | (61.2)                       | (61.2)                   |
| Other financing liabilities                             | (110.7)                      | (101.2)                  | (94.7)                       | (94.7)                   |
| <b>Financial liabilities measured at fair value</b>     |                              |                          |                              |                          |
| Derivatives in a cash flow hedge relationship           | (13.7)                       | (13.7)                   | (48.6)                       | (48.6)                   |
| Derivatives not in a hedge relationship                 | (0.2)                        | (0.2)                    | -                            | -                        |
| <b>Current</b>  |                              |                          |                              |                          |
| <b>Financial liabilities measured at amortised cost</b> |                              |                          |                              |                          |
| Creditors   | (1,641.9)                    | (1,641.9)                | (1,796.2)                    | (1,796.2)                |
| Borrowings  | (2,354.3)                    | (2,266.9)                | (864.0)                      | (903.7)                  |
| Right-of-use lease liabilities                          | (273.1)                      | (273.1)                  | (275.4)                      | (275.4)                  |
| PFI liabilities   | (15.4)                       | (15.4)                   | (15.5)                       | (15.5)                   |
| Other financing liabilities                             | (36.8)                       | (39.0)                   | (20.5)                       | (20.5)                   |
| <b>Financial liabilities measured at fair value</b>     |                              |                          |                              |                          |
| Derivatives in a cash flow hedge relationship           | (10.9)                       | (10.9)                   | (10.6)                       | (10.6)                   |
| Derivatives not in a hedge relationship                 | (12.8)                       | (12.8)                   | (0.2)                        | (0.2)                    |
| <b>Total financial liabilities</b>                      | <b>(18,167.5)</b>            | <b>(17,108.5)</b>        | <b>(17,461.2)</b>            | <b>(17,387.0)</b>        |
| <b>Net financial liabilities</b>                        | <b>(16,216.9)</b>            | <b>(15,157.9)</b>        | <b>(15,354.6)</b>            | <b>(15,280.4)</b>        |

# Notes to the Financial Statements

## 34. Funding and financial risk management (continued)

The fair values of financial assets and liabilities of the Corporation determined in accordance with IFRS 13, together with the carrying amounts recorded in the Balance Sheet are:

|   | Carrying value<br>2025<br>£m | Fair value<br>2025<br>£m | Carrying value<br>2024<br>£m | Fair value<br>2024<br>£m |
|---|------------------------------|--------------------------|------------------------------|--------------------------|
| <b>At 31 March</b>                                      |                              |                          |                              |                          |
| <b>Long-term</b>  |                              |                          |                              |                          |
| <b>Financial assets measured at amortised cost</b>      |                              |                          |                              |                          |
| Debtors   | 12,860.6                     | 12,860.6                 | 12,214.4                     | 12,214.4                 |
| <b>Financial assets measured at fair value</b>          |                              |                          |                              |                          |
| Long-term investments                                   | 0.4                          | 0.4                      | 0.2                          | 0.2                      |
| <b>Current</b>  |                              |                          |                              |                          |
| <b>Financial assets measured at amortised cost</b>      |                              |                          |                              |                          |
| Cash and cash equivalents                               | 453.5                        | 453.5                    | 1,294.2                      | 1,294.2                  |
| Debtors   | 323.8                        | 323.8                    | 388.7                        | 388.7                    |
| <b>Total financial assets</b>                           | <b>13,638.3</b>              | <b>13,638.3</b>          | <b>13,897.5</b>              | <b>13,897.5</b>          |
| <b>Long-term</b>  |                              |                          |                              |                          |
| <b>Financial liabilities measured at amortised cost</b> |                              |                          |                              |                          |
| Creditors   | (1.2)                        | (1.2)                    | (38.2)                       | (38.2)                   |
| Borrowings  | (11,367.9)                   | (10,400.4)               | (12,075.6)                   | (11,957.7)               |
| Right-of-use lease liabilities                          | (298.5)                      | (298.5)                  | (324.1)                      | (324.1)                  |
| PFI liabilities   | (45.8)                       | (45.8)                   | (61.2)                       | (61.2)                   |
| <b>Current</b>  |                              |                          |                              |                          |
| <b>Financial liabilities measured at amortised cost</b> |                              |                          |                              |                          |
| Creditors   | (489.5)                      | (489.5)                  | (692.8)                      | (692.8)                  |
| Borrowings  | (2,354.3)                    | (2,266.9)                | (864.0)                      | (903.7)                  |
| Right-of-use lease liabilities                          | (25.6)                       | (25.6)                   | (25.6)                       | (25.6)                   |
| PFI liabilities   | (15.4)                       | (15.4)                   | (15.5)                       | (15.5)                   |
| <b>Total financial liabilities</b>                      | <b>(14,598.2)</b>            | <b>(13,543.3)</b>        | <b>(14,097.0)</b>            | <b>(14,018.8)</b>        |
| <b>Net financial (liabilities)/assets</b>               | <b>(959.9)</b>               | <b>95.0</b>              | <b>(199.5)</b>               | <b>(121.3)</b>           |



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# Notes to the Financial Statements

## 34. Funding and financial risk management (continued)

### Income, Expense, Gains and Losses – Group

|  | Financial liabilities measured at amortised cost 2025 £m | Financial assets at amortised cost 2025 £m | Financial assets at FVOCI 2025 £m | Financial assets FVTPL 2025 £m | Financial liabilities FVTPL 2025 £m | Total 2025 £m | Financial liabilities measured at amortised cost 2024 £m | Financial assets at amortised cost 2024 £m | Financial assets at FVOCI 2024 £m | Financial assets FVTPL 2024 £m | Financial liabilities FVTPL 2024 £m | Total 2024 £m  |
|--|--|--|-----------------------------------|--------------------------------|-------------------------------------|---------------|--|--|-----------------------------------|--------------------------------|-------------------------------------|----------------|
| <b>At 31 March</b>   |  |  |                                   |                                |                                     |               |  |  |                                   |                                |                                     |                |
| Interest expense   | 486.6  | -  | -                                 | -                              | -                                   | 486.6         | 454.1  | -  | -                                 | -                              | -                                   | 454.1          |
| Interest on defined benefit pension                                  | -  | -  | (118.4)                           | -                              | -                                   | (118.4)       | -  | -  | (80.4)                            | -                              | -                                   | (80.4)         |
| Interest on right of use lease and PFI liabilities                   | 118.0  | -  | -                                 | -                              | -                                   | 118.0         | 121.4  | -  | -                                 | -                              | -                                   | 121.4          |
| Reduction in fair value  | -  | -  | -                                 | -                              | -                                   | -             | -  | -  | 107.9                             | -                              | -                                   | 107.9          |
| Expected and actual credit losses                                    | -  | 495.9                                      | -                                 | -                              | -                                   | 495.9         | -  | 445.8                                      | -                                 | -                              | -                                   | 445.8          |
| Impairment losses  | -  | -  | -                                 | -                              | -                                   | -             | (0.5)  | -  | -                                 | -                              | -                                   | (0.5)          |
| Fee expense  | -  | -  | -                                 | -                              | -                                   | -             | 55.1   | -  | -                                 | -                              | -                                   | 55.1           |
| Other financing and investment expenditure                           | (0.4)  | -  | -                                 | -                              | -                                   | (0.4)         | 6.0  | -  | -                                 | -                              | -                                   | 6.0            |
| <b>Total expense in deficit/surplus on the provision of services</b> | <b>604.2</b>   | <b>495.9</b>                               | <b>(118.4)</b>                    | <b>-</b>                       | <b>-</b>                            | <b>981.7</b>  | <b>636.1</b>   | <b>445.8</b>                               | <b>27.5</b>                       | <b>-</b>                       | <b>-</b>                            | <b>1,109.4</b> |
| Interest income  | -  | -  | -                                 | (70.2)                         | -                                   | (70.2)        | -  | -  | -                                 | (64.7)                         | -                                   | (64.7)         |
| Finance lease interest   | (0.4)  | -  | -                                 | -                              | -                                   | (0.4)         | (0.8)  | -  | -                                 | -                              | -                                   | (0.8)          |
| Other investment income  | -  | -  | -                                 | (1.6)                          | -                                   | (1.6)         | -  | -  | -                                 | (4.5)                          | -                                   | (4.5)          |
| <b>Total income in deficit/surplus on the provision of services</b>  | <b>(0.4)</b>   | <b>-</b>                                   | <b>-</b>                          | <b>(71.8)</b>                  | <b>-</b>                            | <b>(72.2)</b> | <b>(0.8)</b>   | <b>-</b>                                   | <b>-</b>                          | <b>(69.2)</b>                  | <b>-</b>                            | <b>(70.0)</b>  |
| <b>Net loss for the year</b>   | <b>603.8</b>   | <b>495.9</b>                               | <b>(118.4)</b>                    | <b>(71.8)</b>                  | <b>-</b>                            | <b>909.5</b>  | <b>635.3</b>   | <b>445.8</b>                               | <b>27.5</b>                       | <b>(69.2)</b>                  | <b>-</b>                            | <b>1,039.4</b> |

# Notes to the Financial Statements

## 34. Funding and financial risk management (continued)

### Income, Expense, Gains and Losses – Corporation

|  | Financial liabilities measured at amortised cost 2025 £m | Financial assets at amortised cost 2025 £m | Financial assets at FVOCI 2025 £m | Financial assets FVTPL 2025 £m | Total 2025 £m  | Financial liabilities measured at amortised cost 2024 £m | Financial assets at amortised cost 2024 £m | Financial assets at FVOCI 2024 £m | Financial assets FVTPL 2024 £m | Total 2024 £m  |
|--|--|--|-----------------------------------|--------------------------------|----------------|--|--|-----------------------------------|--------------------------------|----------------|
| <b>At 31 March</b>   |  |  |                                   |                                |                |  |  |                                   |                                |                |
| Interest expense   | 496.1  | -  | -                                 | -                              | 496.1          | 471.1  | -  | -                                 | -                              | 471.1          |
| Interest on defined benefit pension                          | -  | -  | (118.4)                           | -                              | (118.4)        | -  | -  | (80.4)                            | -                              | (80.4)         |
| Interest on right of use lease and PFI liabilities           | 12.7   | -  | -                                 | -                              | 12.7           | 14.2   | -  | -                                 | -                              | 14.2           |
| Expected and actual credit losses                            | -  | 478.5                                      | -                                 | -                              | 478.5          | -  | 451.9                                      | -                                 | -                              | 451.9          |
| Fee expense  | -  | -  | -                                 | -                              | -              | 4.3  | -  | -                                 | -                              | 4.3            |
| Other financing and investment expenditure                   | 0.7  | -  | -                                 | -                              | 0.7            | 1.0  | -  | -                                 | -                              | 1.0            |
| <b>Total expense in surplus on the provision of services</b> | <b>509.5</b>   | <b>478.5</b>                               | <b>(118.4)</b>                    | <b>-</b>                       | <b>869.6</b>   | <b>490.6</b>   | <b>451.9</b>                               | <b>(80.4)</b>                     | <b>-</b>                       | <b>862.1</b>   |
| Interest income  | -  | (512.4)                                    | -                                 | -                              | (512.4)        | -  | (493.9)                                    | -                                 | -                              | (493.9)        |
| Other investment income                                      | -  | -  | -                                 | (0.1)                          | (0.1)          | -  | -  | -                                 | (1.9)                          | (1.9)          |
| <b>Total income in surplus on the provision of services</b>  | <b>-</b>   | <b>(512.4)</b>                             | <b>-</b>                          | <b>(0.1)</b>                   | <b>(512.5)</b> | <b>-</b>   | <b>(493.9)</b>                             | <b>-</b>                          | <b>(1.9)</b>                   | <b>(495.8)</b> |
| <b>Net loss for the year</b>                                 | <b>509.5</b>   | <b>(33.9)</b>                              | <b>(118.4)</b>                    | <b>(0.1)</b>                   | <b>357.1</b>   | <b>490.6</b>   | <b>(42.0)</b>                              | <b>(80.4)</b>                     | <b>(1.9)</b>                   | <b>366.3</b>   |

# Notes to the Financial Statements

## 35. Pensions

The majority of the Group's staff were members of the Public Sector Section of the TfL Pension Fund. The majority of the Group's remaining staff were members of London Pension Fund Authority Pension Fund, the Principal Civil Service Pension Scheme, the Crossrail Shared Cost Section of the Railways Pension Scheme (Crossrail Section) or the Tube Lines defined contribution scheme.

### a) Reconciliation of amounts included in net cost of services and amounts included in staff costs

| For the year ended 31 March                               | Note | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---|------|---------------------|---------------------|---------------------------|---------------------------|
| TfL Pension Fund  |      | 323.3               | 290.5               | 103.3                     | 53.7                      |
| Local Government Pension Fund                             |      | 1.0                 | 0.7                 | 1.0                       | 0.7                       |
| Crossrail Section of the Railways Pension Scheme          |      | 0.3                 | 0.5                 | -                         | -                         |
| Unfunded schemes  |      | 0.3                 | 0.2                 | 0.3                       | 0.2                       |
| <b>Total for schemes accounted for as defined benefit</b> |      | <b>324.9</b>        | <b>291.9</b>        | <b>104.6</b>              | <b>54.6</b>               |
| Principal Civil Service Pension Scheme                    |      | 0.6                 | 0.6                 | 0.6                       | 0.6                       |
| Other schemes and accrued costs                           |      | (10.9)              | 9.3                 | 0.4                       | 3.3                       |
| Less: pension costs capitalised                           |      | (0.3)               | (0.5)               | -                         | -                         |
| <b>Amounts included in net cost of services</b>           |      | <b>314.3</b>        | <b>301.3</b>        | <b>105.6</b>              | <b>58.5</b>               |
| Less: scheme expenses                                     |      | (23.2)              | (19.9)              | (23.2)                    | (19.9)                    |
| Add: current service costs capitalised                    |      | 0.3                 | 0.5                 | -                         | -                         |
| <b>Amount included in staff costs</b>                     | 4    | <b>291.4</b>        | <b>281.9</b>        | <b>82.4</b>               | <b>38.6</b>               |

### b) Defined benefit schemes

This section deals with those pension funds to which the Group contributes that are accounted for under IAS 19 as defined benefit schemes.

#### Public Sector Section of the TfL Pension Fund (TfL Pension Fund)

The TfL Pension Fund is a final salary scheme established under trust. The Fund's Trustee is the TfL Trustee Company Limited, a wholly owned subsidiary of TfL. Under the rules of the Fund, its 18 Trustee Directors are nominated in equal numbers by TfL and on behalf of the Fund's membership.

Every three years, the TfL Pension Fund actuary makes valuations and recommends the level of contributions to be made by the participating employers to ensure the long-term solvency of the Fund. The latest available valuation of the Fund was carried out as at 31 March 2024 by the Actuary, a partner of consulting actuaries Willis Towers Watson, using the projected unit method. A revised Schedule of Contributions was agreed between the Trustee and the employers following the formal funding valuation of the Public Sector Section.

Under the valuation report, the Fund held a surplus of £3,044m as at 31 March 2024. Assets totalled £14,998m and the defined benefit obligation totalled £11,954m. A revised Schedule of Contributions was agreed between the Trustee and the employers following the formal funding valuation. This set out a future service contribution rate of 10.5 per cent for the employers (a reduction from 27.3 per cent) and five per cent for members (no change).

The underlying assets and defined benefit obligation of the TfL Pension Fund cover a number of Group entities and cannot be readily split between each undertaking. No contractual agreement is in place to allocate the total net obligation between the member entities. Thus, in accordance with IAS 19, the Corporation, as the Scheme sponsor, has recognised the total net defined benefit obligation in its own individual accounts.

# Notes to the Financial Statements

## 35. Pensions (continued)

A separate valuation of the TfL Pension Fund has been prepared, by actuaries at the XPS Pensions Group, for accounting purposes on an IAS 19 basis as at 31 March 2024. The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, while the present value of the schemes' defined benefit obligation is derived from cash flow projections. Due to the timescale covered, neither the assumptions nor the cash flow projections may necessarily be borne out in practice. Management has assessed that TfL has an unconditional right to a refund of surplus assets for accounting purposes under IAS 19 assuming the gradual settlement of plan liabilities after consideration of the Trust Deed and Rules. Therefore, any net surplus is recognised in full.

The defined benefit obligation for the TfL Pension Fund has been calculated using the mortality assumptions adopted for the latest available funding valuation as at 31 March 2024. Standard mortality tables were used, adjusted to reflect the recent mortality experience of the Fund's pensioners at that date. An allowance was made for future mortality improvements based on the CMI 2023 projections with a long-term improvement rate of 1.25 per cent per annum. No weighting has been given to 2020 or 2021 mortality experience, given the exceptional impact of the coronavirus pandemic on these years.

The discounted scheme liabilities have an average duration of 14 years.

### London Pension Fund Authority Pension Fund (Local Government Pension Fund)

The London Pension Fund Authority Pension Fund is a funded multi-employer defined benefit scheme, administered by the London Pension Fund Authority. The Corporation is able to identify its share of the assets and defined benefit obligation of the scheme and this scheme has therefore been accounted for as a defined benefit scheme under IAS 19. Employer's contributions were payable at the rate of 15.3 per cent for 2024/25 (2023/24 15.3 per cent) of pensionable pay, plus a lump sum deficit reduction payment of £nil (2023/24 £nil). The Corporation's share of the underlying assets and defined benefit obligation resulted in an IAS 19 surplus as at 31 March 2025 of £nil (2024 deficit of £7.3m). The discounted scheme liabilities have an average duration of 15 years.

The last full actuarial valuation available was carried out at 31 March 2022. The report showed a funding surplus of £1.63bn at that date. The annual report and financial statements for the whole scheme can be found on the London Pension Fund Authority's website ([www.lpfa.org.uk](http://www.lpfa.org.uk)). A separate valuation as at 31 March 2025 has been prepared for accounting purposes on an IAS 19 basis by Barnett Waddington LLP.

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited), ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgement has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact to the liability or if it can be reliably estimated. As a result, the Group does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements. In June 2025, the UK Government announced plans to introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met necessary standards at the time.

Based on the legal advice received, including a detailed review of the legal document, the Group has assessed there is no impact to the TfL Pension Fund or the Crossrail Shared Cost Section of the Railways Pension Scheme.

### Crossrail Shared Cost Section of the Railways Pension Scheme (Crossrail Section)

Crossrail Limited (CRL) participates in the Crossrail Section of the Railways Pension Scheme which is accounted for in these financial statements as a defined benefit pension scheme under IAS 19.

The latest available full actuarial valuation of the Scheme was carried out at 31 December 2022. The report showed a funding surplus of £4.6m. This was translated into a current employer contribution level of 24.9 per cent. A separate valuation has been prepared for accounting purposes on an IAS 19 basis as at 31 March 2025 by actuaries at the XPS Pensions Group. Assumptions underlying this valuation have been updated from the full actuarial valuation of the scheme carried out at 31 December 2022. The Group's share of the underlying assets and defined benefit obligation resulted in an IAS 19 surplus, as at 31 March 2025, of £5.7m (2024 surplus of £3.4m). The discounted Crossrail Section liabilities have a duration of approximately 18 years. Management has assessed that TfL has an unconditional right to a refund of surplus assets for accounting purposes under IAS 19 assuming the gradual settlement of plan liabilities after consideration of the deed of the established section together with the Adopted Rules. Therefore, any net surplus is recognised in full.

# Notes to the Financial Statements

## 35. Pensions (continued)

The defined benefit obligation for the Crossrail Section has been calculated using the mortality assumptions adopted for the funding valuation as at 31 December 2022. Standard mortality tables were used, adjusted to reflect the recent mortality experience of the Scheme's pensioners at that date. An allowance was made for future mortality improvements based on the CMI 2022 projections with a long-term improvement rate of 1.25 per cent per annum. No weighting has been given to 2020 or 2021 mortality experience.

### Unfunded pension costs

The Corporation bears the cost of the augmentation of the pensions of certain employees, who retire early under voluntary severance arrangements.

In addition, the Corporation also bears the cost of:

- Ex-gratia payments, which are made to certain former employees on retirement in respect of service prior to the establishment of pension funds for those employees

- Supplementary pensions, which are made to certain former employees who retired prior to index linking of pensions
- Pensions of London Regional Transport former board members who did not qualify to join the TfL Pension Fund
- Other unfunded defined benefit pensions accruing to certain employees

XPS Pensions Group, consulting actuaries, were instructed to report on the financial position of the unfunded pension defined benefit obligation as at 31 March 2025 for the purpose of IAS 19 only. The report does not constitute a formal actuarial valuation of the unfunded pension defined benefit obligation. The valuation as at 31 March 2025 was £74.6m (2024 £83.9m) and is fully provided for in these financial statements.



We care about our colleagues as well as our customers

# Notes to the Financial Statements

## 35. Pensions (continued)

### Assumptions for defined benefit sections

The main actuarial assumptions used for the TfL Pension Fund, the Crossrail Shared Cost Section of the Railways Pension Scheme, the Local Government Pension Scheme (together 'the Schemes') and unfunded schemes were:

|   | IAS 19<br>valuation<br>at 31 March<br>2025<br>% | IAS 19<br>valuation at<br>31 March<br>2024<br>% |
|---|---|---|
| RPI Inflation   | 3.05-3.20                                       | 3.15-3.25                                       |
| CPI Inflation   | 2.70-2.90                                       | 2.70-2.90                                       |
| Rate of increase in salaries                                  | 2.70-3.90                                       | 2.70-3.90                                       |
| Rate of increase in pensions in payment and deferred pensions | 2.70-3.10                                       | 2.70-3.15                                       |
| Discount rate   | 5.75-5.80                                       | 4.85-4.90                                       |

The Group's retirement benefit plans typically expose the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk. Sensitivity analyses for the most significant actuarial assumptions made in relation to these risks are as set out below. The analyses have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate were 0.1 per cent higher/(lower), the defined benefit obligation would decrease by £160.7m/ (increase by £163.7m)
- If the expected salary growth were increased/(decreased) by 0.1 per cent, the defined benefit obligation would increase by £42.1m/(decrease by £41.1m)

- If life expectancy were increased/ (decreased) by one year, the defined benefit obligation would increase by £366.6m/(decrease by £379.5.6m)
- If the inflation rate were 0.1 per cent higher/(lower), the defined benefit obligation would increase by £142.3m/ (decrease by £140.2m)

The sensitivity analyses presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

### c) Accounting for defined benefit schemes

The total assets in the schemes were:

|                                   | Value<br>2025<br>£m | Value<br>2024<br>£m |
|-----------------------------------|---------------------|---------------------|
| <b>At 31 March</b>                |                     |                     |
| Equities and alternatives         | 11,797.1            | 12,656.0            |
| Bonds                             | 3,365.2             | 2,316.7             |
| Cash and other                    | 26.8                | 25.5                |
| <b>Total fair value of assets</b> | <b>15,189.1</b>     | <b>14,998.2</b>     |

The TfL Pension Fund, the Crossrail Shared Cost Section of the Railways Pension Scheme and the Local Government Pension Scheme assets consist of the following categories, by proportion of the total assets held:

|                    | 2025<br>%  | 2024<br>%  |
|--------------------|------------|------------|
| <b>At 31 March</b> |            |            |
| Equities           | 85         | 90         |
| Bonds              | 15         | 10         |
|                    | <b>100</b> | <b>100</b> |

The unfunded pension schemes have no assets to cover their defined benefit obligation.

# Notes to the Financial Statements

## 35. Pensions (continued)

### Total pension surplus at 31 March

| Group  | 2025<br>£m     | 2024<br>£m     |
|--|----------------|----------------|
| Fair value of scheme assets                        | 15,189.1       | 14,998.2       |
| Actuarial valuation of defined benefit obligation  | (11,575.2)     | (12,729.4)     |
| <b>Total surplus before asset ceiling</b>          | <b>3,613.9</b> | <b>2,268.8</b> |
| Impact of asset ceiling                            | (19.4)         | -              |
| <b>Net surplus recognised in the Balance Sheet</b> | <b>3,594.5</b> | <b>2,268.8</b> |

| Group  | 2025<br>£m     | 2024<br>£m     |
|--|----------------|----------------|
| TfL Pension Fund                                   | 3,663.4        | 2,342.0        |
| Local Government Pension Fund                      | -              | 7.3            |
| Crossrail Section of the Railways Pension Scheme   | 5.7            | 3.4            |
| Unfunded schemes                                   | (74.6)         | (83.9)         |
| <b>Net surplus recognised in the Balance Sheet</b> | <b>3,594.5</b> | <b>2,268.8</b> |

| Corporation  | 2025<br>£m     | 2024<br>£m     |
|--|----------------|----------------|
| Fair value of scheme assets                        | 15,107.2       | 14,907.6       |
| Actuarial valuation of defined benefit obligation  | (11,499.0)     | (12,642.2)     |
| <b>Total surplus before asset ceiling</b>          | <b>3,608.2</b> | <b>2,265.4</b> |
| Impact of asset ceiling                            | (19.4)         | -              |
| <b>Net surplus recognised in the Balance Sheet</b> | <b>3,588.8</b> | <b>2,265.4</b> |

| Corporation  | 2025<br>£m     | 2024<br>£m     |
|--|----------------|----------------|
| TfL Pension Fund                                   | 3,663.4        | 2,342.0        |
| Local Government Pension Fund                      | -              | 7.3            |
| Unfunded schemes                                   | (74.6)         | (83.9)         |
| <b>Net surplus recognised in the Balance Sheet</b> | <b>3,588.8</b> | <b>2,265.4</b> |

### Analysis of amounts included in the Comprehensive Income and Expenditure Statement Analysis of amounts charged to net cost of services

| Year ended 31 March                                 | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---|---------------------|---------------------|---------------------------|---------------------------|
| Current service cost                                | 301.4               | 272.0               | 301.4                     | 271.7                     |
| Less contributions paid by subsidiaries             | -                   | -                   | (220.0)                   | (236.8)                   |
| Past service cost                                   | 0.3                 | -                   | 0.3                       | -                         |
| <b>Total included in staff costs</b>                | <b>301.7</b>        | <b>272.0</b>        | <b>81.7</b>               | <b>34.9</b>               |
| Scheme expenses                                     | 23.2                | 19.9                | 23.0                      | 19.7                      |
| <b>Total amount charged to net cost of services</b> | <b>324.9</b>        | <b>291.9</b>        | <b>104.7</b>              | <b>54.6</b>               |

### Amounts charged to financing and investment expenditure

| Year ended 31 March                                      | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|--|---------------------|---------------------|---------------------------|---------------------------|
| Net interest income on scheme defined benefit obligation | (118.4)             | (80.4)              | (118.4)                   | (80.4)                    |

### Amount recognised in other comprehensive income and expenditure

| Year ended 31 March   | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---|---------------------|---------------------|---------------------------|---------------------------|
| Net remeasurement gain recognised in the year                 | (1,235.4)           | (602.4)             | (1,232.9)                 | (600.2)                   |
| Changes in impact of asset ceiling                            | 19.4                | -                   | 19.4                      | -                         |
| <b>Total remeasurement of the net defined benefit surplus</b> | <b>(1,216.0)</b>    | <b>(602.4)</b>      | <b>(1,213.6)</b>          | <b>(600.2)</b>            |

# Notes to the Financial Statements

## 35. Pensions (continued)

### Analysis of scheme defined benefit obligation into amounts arising from schemes that are wholly or partly funded and wholly unfunded

|  | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|--|---------------------|---------------------|---------------------------|---------------------------|
| <b>At 31 March</b>                             |                     |                     |                           |                           |
| Wholly unfunded schemes                        | 74.6                | 83.9                | 74.6                      | 83.9                      |
| Wholly or partly funded schemes                | 11,500.6            | 12,645.5            | 11,424.4                  | 12,558.3                  |
| <b>Total scheme defined benefit obligation</b> | <b>11,575.2</b>     | <b>12,729.4</b>     | <b>11,499.0</b>           | <b>12,642.2</b>           |

### Reconciliation of defined benefit obligation

|  | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|--|---------------------|---------------------|---------------------------|---------------------------|
| Actuarial value of defined benefit obligation at 1 April         | 12,729.4            | 12,649.9            | 12,642.2                  | 12,559.7                  |
| Current service cost   | 301.4               | 272.0               | 301.3                     | 271.7                     |
| Interest cost  | 607.1               | 591.8               | 602.8                     | 587.5                     |
| Employee contributions   | 67.3                | 60.3                | 67.3                      | 60.3                      |
| Remeasurement losses/(gains) on scheme liabilities:              |                     |                     |                           |                           |
| Net remeasurement – financial                                    | (1,703.0)           | (346.1)             | (1,690.0)                 | (344.5)                   |
| Net remeasurement – experience                                   | 83.3                | 150.9               | 83.5                      | 153.6                     |
| Net remeasurement – demographic                                  | 32.1                | (140.9)             | 32.0                      | (139.9)                   |
| Actual benefit payments  | (542.7)             | (508.5)             | (540.5)                   | (506.2)                   |
| Past service cost  | 0.3                 | -                   | 0.3                       | -                         |
| <b>Actuarial value of defined benefit obligation at 31 March</b> | <b>11,575.2</b>     | <b>12,729.4</b>     | <b>11,499.0</b>           | <b>12,642.2</b>           |

### Reconciliation of fair value of the scheme assets

|  | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|--|---------------------|---------------------|---------------------------|---------------------------|
| Fair value of assets at 1 April                      | 14,998.2            | 14,193.2            | 14,907.6                  | 14,101.6                  |
| Expected return on assets net of expenses            | 725.5               | 672.2               | 721.2                     | 667.9                     |
| Scheme expenses                                      | (23.2)              | (19.9)              | (23.0)                    | (19.7)                    |
| Return on assets excluding interest expense/(income) | (352.2)             | 266.3               | (341.5)                   | 269.4                     |
| Actual employer contributions                        | 309.8               | 328.8               | 89.7                      | 91.7                      |
| Contributions paid by subsidiaries                   | -                   | -                   | 220.0                     | 236.8                     |
| Employee contributions                               | 67.3                | 60.3                | 67.3                      | 60.3                      |
| Actual benefits paid                                 | (536.3)             | (502.7)             | (534.1)                   | (500.4)                   |
| <b>Fair value of assets at 31 March</b>              | <b>15,189.1</b>     | <b>14,998.2</b>     | <b>15,107.2</b>           | <b>14,907.6</b>           |

The expected return on scheme assets is set equal to the discount rate. The actual return on scheme assets in the year was a gain of £373.3m (2023/24 a gain of £938.5m).

Total contributions of £162.5m are expected to be made to the schemes in the year ending 31 March 2026.

# Notes to the Financial Statements

## 35. Pensions (continued)

### d) Other pension arrangements Principal Civil Service Pension Scheme and Alpha – Civil Servants and Others Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. From 1 April 2015 most PCSPS members switched to the new Civil Servants and Others Pension Scheme, (also known as Alpha). The Group is unable to identify its share of the underlying assets and defined benefit obligations of these schemes on a consistent and reasonable basis and, as permitted by the multi-employer exemption in IAS 19, the Group treats contributions to the PCSPS and Alpha as if they were contributions to a defined contribution plan. A full actuarial valuation was last carried out at 31 March 2022. Details can be found in the [Civil Service Superannuation Resource Accounts](#)

During 2024/25 minimum employers' contributions represented an average of 10.6 per cent of pensionable pay (2023/24 27.3 per cent). Employer contributions are reviewed every four years. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

### Docklands Light Railway Pension Scheme

The Docklands Light Railway Pension Scheme (DLR Scheme) is a defined benefit scheme established under trust in the UK that provides both pensions in retirement and death benefits to members. The Trustees are responsible for the operation and governance of the DLR Scheme, including making decisions regarding funding and investment strategy in conjunction with Docklands Light Railway Limited (DLR), a subsidiary of the TfL Group, as the Principal Employer of the Scheme.

Every three years the Scheme Actuary of the DLR Scheme carries out a valuation to assess the funding position and to determine the future levels of contributions. The most recent available valuation was effective 31 March 2024. The schedule of contributions agreed following the 31 March 2024 valuation is dated 1 April 2025. The next triennial valuation is scheduled for 31 March 2027.

Keolis Amey Docklands Limited (KAD) was awarded the franchise to operate the DLR from 7 December 2014 and is a Participating Employer in the DLR Scheme over the year to 31 March 2025.

A new franchise period began on 1 April 2025. Keolis Amey were re-appointed to operate the franchise and a new entity, Keolis Amey Docklands 2025 Limited ('KAD 2025'), became a Participating Employer in the DLR Scheme from 1 April 2025 in place of KAD. Employees of KAD who were active members of the Scheme had their employment transferred to KAD 2025 and continued as active members.

The contributions payable by KAD 2025 to the DLR Scheme are set out in the Schedule of Contributions dated 1 April 2025. These are to pay 12.7 per cent per annum of pensionable salaries into the Scheme, the Pension Protection Fund (PPF) levy and additional contributions if actual pensionable salary increases exceed CPI +2.0 per cent per annum.

For active members participating in a salary sacrifice arrangement, KAD 2025 will contribute an extra five per cent per annum of pensionable salaries.

In addition, if the PPF levy exceeds £50,000 in any one Scheme year, DLR (as the Principal Employer) will pay the excess over £50,000.

Over the year beginning 1 April 2025 the contributions payable to the DLR Scheme are expected to be around £2.2m from KAD, based on the schedule of contributions currently in force. This makes no allowance for additional contributions that may arise if Pensionable Salary growth exceeds CPI inflation + 2.0 per cent per annum or any changes as a result of a new schedule of contributions.

A valuation of the DLR Scheme has been prepared for accounting purposes on an IAS 19 basis as at 31 March 2025. The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions, while the present value of the DLR Scheme's defined benefit obligation is based on future cash flow projections. Neither the assumptions nor the cash flow projections may necessarily be borne out in practice.

The discounted DLR Scheme liabilities have a duration of approximately 14 years.

The scheme's funding arrangements outlined above mean that DLR is currently unable to identify its share of this obligation on a consistent and reasonable basis. The Group has therefore taken the exemption permitted under IAS 19 for multi-employer schemes and treats contributions to the DLR Scheme as if they were contributions to a defined contribution plan. No defined benefit obligation has been recognised in the Balance Sheet in respect of this scheme.

Contributions totalling £4.8m were paid by DLR in 2024/25. These costs are not reflected within staff costs for the TfL Group but are instead reflected elsewhere within the operating expenditure of the Group, as the costs relate to the staff costs of DLR's concessionaire.

### Defined contribution schemes

The Group contributes to a number of defined contribution schemes, with total contributions, including contributions to the PCSPS and Alpha schemes as outlined in the paragraphs above.



Pension funds and services ensure our people are supported

## Notes to the Financial Statements

### 35. Pensions (continued)

#### e) Type of pension assets per the TfL Pension Fund accounts (%)

|                            | Group 2025<br>quoted | Group 2025<br>unquoted | Group 2024<br>quoted | Group 2024<br>unquoted |
|----------------------------|----------------------|------------------------|----------------------|------------------------|
| Bonds                      | 6                    | 0                      | 5                    | 0                      |
| Equities                   | 13                   | 3                      | 15                   | 3                      |
| Loans                      | 0                    | 2                      | 0                    | 2                      |
| Pooled investment vehicles | 27                   | 43                     | 25                   | 40                     |
| Liquidity funds            | 4                    | 0                      | 7                    | 0                      |
| AVC investments            | 1                    | 0                      | 1                    | 0                      |
| Cash                       | 1                    | 0                      | 1                    | 0                      |
| Other investment balances  | 0                    | 0                      | 1                    | 0                      |
|                            | 52                   | 48                     | 55                   | 45                     |

#### Type of pension assets per the London Pension Fund Authority (%)

|   | Group 2025<br>quoted | Group 2025<br>unquoted | Group 2024<br>quoted | Group 2024<br>unquoted |
|---|----------------------|------------------------|----------------------|------------------------|
| Equities                                | 54                   | 0                      | 54                   | 0                      |
| Private equity                          | 0                    | 6                      | 0                    | 7                      |
| Fixed income                            | 4                    | 0                      | 2                    | 0                      |
| Investment, hedge funds and unit trusts | 0                    | 0                      | 3                    | 0                      |
| Credit                                  | 0                    | 14                     | 0                    | 12                     |
| Infrastructure                          | 0                    | 11                     | 0                    | 11                     |
| Real estate                             | 0                    | 9                      | 0                    | 9                      |
| Cash                                    | 2                    | 0                      | 2                    | 0                      |
|   | 60                   | 40                     | 61                   | 39                     |

Quoted assets represent unadjusted quoted prices in an active market and inputs other than quoted prices which are observable.

# Notes to the Financial Statements

## 36. Cash flow notes

### a) The cash flows for operating activities include the following items:

|   | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---|---------------------|---------------------|---------------------------|---------------------------|
| Interest and other investment income received | 100.0               | 66.9                | 510.6                     | 501.4                     |
| Interest paid                                 | (680.7)             | (433.9)             | (588.5)                   | (341.1)                   |
|   | (580.7)             | (367.0)             | (77.9)                    | 160.3                     |

### b) Adjustments to the deficit/surplus on the provision of services for non-cash movements

|   | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---|---------------------|---------------------|---------------------------|---------------------------|
| Depreciation, amortisation and impairment of property, plant and equipment, intangibles and right-of-use assets | 1,650.6             | 1,628.2             | 253.4                     | 230.5                     |
| Reversal of movements in the value of investment properties   | (62.2)              | 107.9               | (15.9)                    | (55.6)                    |
| Reversal of unrealised gains on revaluation of foreign currency borrowings                                      | (11.4)              | -                   | (11.4)                    | -                         |
| Increase in interest receivable   | (90.6)              | (83.5)              | (120.5)                   | (82.7)                    |
| (Decrease)/increase in interest payable   | (60.8)              | 81.6                | (63.3)                    | 79.2                      |
| Movement in pensions liability  | 8.7                 | (42.7)              | 8.7                       | (42.9)                    |
| Fair value adjustments on non-hedged derivatives  | 12.1                | -                   | -                         | -                         |
| Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised               | 130.1               | 25.9                | 158.0                     | 52.6                      |
| Tax received  | -                   | 2.5                 | -                         | -                         |
| Reversal of gain on disposal of investment property   | -                   | 112.0               | -                         | 110.8                     |
| Gain on recognition of finance leases   | (4.9)               | (15.4)              | -                         | (13.2)                    |
| <b>Adjustments to net deficit/surplus for non-cash movements before movements in working capital</b>            | <b>1,571.6</b>      | <b>1,816.5</b>      | <b>209.0</b>              | <b>278.7</b>              |
| (Decrease)/increase in creditors  | (19.3)              | 185.9               | (131.3)                   | (155.6)                   |
| (Increase)/decrease in debtors  | (36.4)              | 195.5               | (54.4)                    | 70.6                      |
| Increase in inventories   | (20.9)              | (22.7)              | -                         | -                         |
| Increase/(decrease) in provisions   | 4.5                 | 70.6                | (1.7)                     | 16.1                      |
| <b>Adjustments to net deficit/surplus for total non-cash movements</b>  | <b>1,499.5</b>      | <b>2,245.8</b>      | <b>21.6</b>               | <b>209.8</b>              |

# Notes to the Financial Statements

## 36. Cash flow notes (continued)

### c) Adjustments to the deficit/surplus on the provision of services for investing or financing items

|   | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---|---------------------|---------------------|---------------------------|---------------------------|
| Proceeds from the sale of property, plant and equipment, intangibles and investment properties              | (196.7)             | (41.4)              | (204.8)                   | (47.3)                    |
| Reversal of capital grants receivable   | (944.8)             | (1,838.9)           | (914.7)                   | (1,803.9)                 |
| <b>Adjustments for items included in the net deficit/surplus that are investing or financing activities</b> | <b>(1,141.5)</b>    | <b>(1,880.3)</b>    | <b>(1,119.5)</b>          | <b>(1,851.2)</b>          |

### d) Investing activities

|   | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---|---------------------|---------------------|---------------------------|---------------------------|
| <b>Year ended 31 March</b>  |                     |                     |                           |                           |
| Capital grants received   | 1,084.2             | 1,762.8             | 1,029.4                   | 1,724.4                   |
| Purchase of property, plant and equipment                                     | (1,734.1)           | (2,235.8)           | (326.0)                   | (387.8)                   |
| Purchase of investment property   | (53.0)              | -                   | (0.6)                     | -                         |
| Prepayment for purchase of property, plant and equipment                      | (77.2)              | -                   | -                         | -                         |
| Purchase of intangible assets   | (55.5)              | (51.6)              | (51.9)                    | (37.7)                    |
| Proceeds from the sale of property, plant and equipment and intangible assets | 77.3                | 18.5                | 127.3                     | 0.1                       |
| Net (purchases)/sales of other investments                                    | (849.1)             | 8.5                 | (854.5)                   | (0.2)                     |
| Issue of loans to subsidiaries  | -                   | -                   | (716.3)                   | -                         |
| Repayments of loans to subsidiaries   | -                   | -                   | 70.0                      | 77.0                      |
| Finance leases granted in year  | -                   | (1.5)               | -                         | -                         |
| Finance leases repaid in year   | 7.8                 | 5.9                 | -                         | -                         |
| Proceeds from sale of investment property                                     | 118.2               | 26.9                | 77.7                      | 47.3                      |
| Investment in equity of associates and joint ventures                         | (77.0)              | (4.9)               | -                         | -                         |
| Dividends and return of capital from associates and joint ventures            | 10.6                | -                   | -                         | -                         |
| <b>Net cash flows from investing activities</b>                               | <b>(1,547.8)</b>    | <b>(471.2)</b>      | <b>(644.9)</b>            | <b>1,423.1</b>            |

### e) Financing activities

|   | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---|---------------------|---------------------|---------------------------|---------------------------|
| <b>Year ended 31 March</b>  |                     |                     |                           |                           |
| Cash payments for reduction of the outstanding liabilities relating to lease and PFI arrangements | (299.9)             | (311.0)             | (41.0)                    | (41.4)                    |
| Cash payments for reduction of other financing liabilities  | (12.2)              | (6.5)               | -                         | -                         |
| Net proceeds from new borrowing   | 1,381.5             | 187.5               | 1,381.5                   | 187.5                     |
| Repayments of borrowings  | (709.7)             | (164.2)             | (708.8)                   | (164.1)                   |
| <b>Net cash flows from financing activities</b>   | <b>359.7</b>        | <b>(294.2)</b>      | <b>631.7</b>              | <b>(18.0)</b>             |

# Notes to the Financial Statements

## 37. Unusable reserves

| At 31 March                               | 2025<br>£m      | 2024<br>£m      |
|---|-----------------|-----------------|
| <b>Group</b>                              |                 |                 |
| Capital Adjustment Account                | 32,453.8        | 32,092.4        |
| Pension Reserve                           | 3,588.8         | 2,265.4         |
| Accumulated Absences Reserve              | (16.2)          | (16.7)          |
| Retained Earnings Reserve in Subsidiaries | (556.3)         | (16.4)          |
| Revaluation Reserve                       | 214.7           | 201.9           |
| Hedging Reserve                           | (21.3)          | (60.3)          |
| Cost of Hedging Reserve                   | (0.9)           | (1.9)           |
| Financial Instruments Adjustment Account  | (88.8)          | (100.5)         |
| Merger reserve                            | 466.1           | 466.1           |
| Deferred capital receipts                 | 13.2            | 13.2            |
|   | <b>36,053.1</b> | <b>34,843.2</b> |

| At 31 March                              | 2025<br>£m      | 2024<br>£m      |
|--|-----------------|-----------------|
| <b>Corporation</b>                       |                 |                 |
| Capital Adjustment Account               | 17,472.8        | 17,382.3        |
| Pension Reserve                          | 3,588.8         | 2,265.4         |
| Accumulated Absences Reserve             | (16.2)          | (16.7)          |
| Revaluation Reserve                      | 22.0            | 22.1            |
| Financial Instruments Adjustment Account | (88.8)          | (100.5)         |
| Deferred capital receipts                | 13.2            | 13.2            |
|  | <b>20,991.8</b> | <b>19,565.8</b> |

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by TfL as finance for the costs of acquisition, construction and enhancement. The account also contains accumulated gains and losses on investment properties.

In the table below, the Corporation Capital Adjustment Account remains unchanged at Group level. The adjustments for the Group financial statements arise due to an alignment of accounting policies between

the Group and its subsidiaries for assets not held in the Corporation. Under the Code, capital grants are recognised in the Comprehensive Income and Expenditure Statement and are then transferred to the Capital Adjustment Account (CAA) when utilised. No amortisation of grants or disposal of grants is recognised in the Comprehensive Income and Expenditure Statement. TfL's subsidiary companies account under full IFRS (rather than the Code) and are required to recognise deferred capital grants on the balance sheet and recognise grant amortisation in arriving at their retained earnings. An accounting policy alignment is performed on consolidation to recognise the grant receipts in the Comprehensive Income and Expenditure Statement (from where they are then transferred to the CAA). Equally, the amortisation and grant disposals are removed from the Comprehensive Income and Expenditure Statement and are shown in the CAA so that the total CAA adjustment is equal to the deferred capital grant carried in the subsidiaries' books.

# Notes to the Financial Statements

## 37. Unusable reserves (continued)

### Capital Adjustment Account (continued)

|  | Note | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|--|------|---------------------|---------------------|---------------------------|---------------------------|
| Balance at 1 April   |      | 32,092.5            | 30,924.4            | 17,382.2                  | 17,263.6                  |
| <b>Amounts attributable to the Corporation</b>   |      |                     |                     |                           |                           |
| Charges for depreciation and impairment of non-current assets  |      | (253.5)             | (230.5)             | (253.5)                   | (230.5)                   |
| Capital proceeds from disposals of investment properties   |      | 77.7                | 47.3                | 77.7                      | 47.3                      |
| Net book value of disposals of investment properties   |      | (76.3)              | (41.2)              | (76.3)                    | (41.2)                    |
| Release of Revaluation Reserve relating to historical revaluation gains recognised in respect of properties disposed during the year |      | -                   | 0.2                 | -                         | 0.2                       |
| Movements in the market value of investment properties recognised in the deficit/surplus on the provision of services after tax      |      | 15.9                | 55.6                | 15.9                      | 55.6                      |
| Capital grants and contributions   | 10   | 922.4               | 1,734.1             | 922.4                     | 1,734.1                   |
| REFCUS   | 10   | (707.9)             | (1,484.0)           | (707.9)                   | (1,484.0)                 |
| Minimum Revenue provision  |      | 66.9                | 48.5                | 66.9                      | 48.5                      |
| Loss on disposal of property, plant and equipment  |      | 45.4                | (11.4)              | 45.4                      | (11.4)                    |
| <b>Adjustments for the alignment of Group accounting policies for assets not held in the Corporation</b>                             |      |                     |                     |                           |                           |
| Charges for depreciation, impairment and disposals for assets not held in the Corporation  |      | (467.3)             | (469.5)             | -                         | -                         |
| Capital grants and contributions applied to assets not held in the Corporation   | 10   | 738.0               | 1,519.0             | -                         | -                         |
| <b>Balance at 31 March</b>   |      | <b>32,453.8</b>     | <b>32,092.5</b>     | <b>17,472.8</b>           | <b>17,382.2</b>           |

### Pension Reserve

The Pension Reserve represents pension and other post-retirement defined benefit obligations shown on the Balance Sheet, excluding those reflected on the balance sheets of the subsidiary companies. The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Group and Corporation account for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the defined benefit

obligations recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Group and Corporation make employer's contributions to pension funds or eventually pay any pensions for which they are directly responsible. The debit balance on the pension reserve therefore shows a substantial shortfall in the benefits earned by past and current employees against the resources that have been set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

|   | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---|---------------------|---------------------|---------------------------|---------------------------|
| Balance at 1 April  | 2,265.4             | 1,541.9             | 2,265.4                   | 1,541.9                   |
| Net remeasurement losses on pension assets and defined benefit obligations  | 1,233.0             | 600.2               | 1,233.0                   | 600.2                     |
| Impact of asset ceiling   | (19.4)              | -                   | (19.4)                    | -                         |
| Reversal of charges relating to retirement benefits   | (206.3)             | (211.0)             | 13.7                      | 25.8                      |
| Employer's pension contributions, contributions from subsidiaries and direct payments to pensioners payable in the year | 316.1               | 334.3               | 96.1                      | 97.5                      |
| <b>Balance at 31 March</b>  | <b>3,588.8</b>      | <b>2,265.4</b>      | <b>3,588.8</b>            | <b>2,265.4</b>            |

## Notes to the Financial Statements

### 37. Unusable reserves (continued)

#### Accumulated Absences Reserve

The Accumulated Absences Reserve absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the reserve.

|   | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---|---------------------|---------------------|---------------------------|---------------------------|
| Balance at 1 April  | (16.7)              | (13.2)              | (16.7)                    | (13.2)                    |
| Settlement or cancellation of accrual made at the end of the preceding year | 16.7                | 13.2                | 16.7                      | 13.2                      |
| Amounts accrued at the end of the current year                              | (16.2)              | (16.7)              | (16.2)                    | (16.7)                    |
| <b>Balance at 31 March</b>  | <b>(16.2)</b>       | <b>(16.7)</b>       | <b>(16.2)</b>             | <b>(16.7)</b>             |

#### Retained Earnings Reserve in Subsidiaries

The Retained Earnings Reserve in Subsidiaries represents the retained earnings in the Group's subsidiary companies. These are disclosed as unusable reserves, unless the subsidiary declares a dividend to the Corporation and they are able to fund these via their own cash reserves. The majority of assets held in subsidiaries are related to transport infrastructure and are not readily convertible to cash.

|  | Group<br>2025<br>£m | Group<br>2024<br>£m |
|--|---------------------|---------------------|
| Balance at 1 April   | (16.4)              | 1,034.3             |
| Deficit on the provision of services after tax in subsidiaries   | (272.4)             | (6.2)               |
| Transfer of current year capital grants and contributions to the Capital Adjustment Account                                | (738.3)             | (1,519.0)           |
| Transfer of adjustments between Group and Corporation financial statements to the Capital Adjustment Account               | 467.3               | 469.6               |
| Remeasurement gains on defined benefit pension plan assets and liabilities   | 2.4                 | 2.2                 |
| Release of Revaluation Reserve relating to the difference between fair value depreciation and historical cost depreciation | 1.1                 | 2.7                 |
| <b>Balance at 31 March</b>   | <b>(556.3)</b>      | <b>(16.4)</b>       |

## Notes to the Financial Statements

### 37. Unusable reserves (continued)

#### Revaluation Reserve

The Revaluation Reserve contains the accumulated gains made arising from increases in the value of property, plant and equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation
- Disposed of and the gains are transferred to retained earnings

|  | Note | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|--|------|---------------------|---------------------|---------------------------|---------------------------|
| Balance at 1 April   |      | 201.9               | 216.2               | 22.1                      | 22.4                      |
| Revaluation of assets  | 13   | 16.0                | (11.4)              | -                         | -                         |
| Release of Revaluation Reserve relating to historical revaluation gains recognised in respect of properties disposed   |      | (1.6)               | (0.2)               | (0.1)                     | (0.3)                     |
| Release of Revaluation Reserve relating to the difference between fair value depreciation and historical cost depreciation, and to historical revaluation gains recognised in respect of properties disposed during the year |      | (1.6)               | (2.7)               | -                         | -                         |
| <b>Balance at 31 March</b>   |      | <b>214.7</b>        | <b>201.9</b>        | <b>22.0</b>               | <b>22.1</b>               |

#### Hedging Reserve

The Hedging Reserve holds the gain or loss on a hedging instrument that is determined to be an effective hedge. The ineffective portion, if any, is recognised immediately through the Comprehensive Income and Expenditure Statement. The gain or loss deferred in reserves is recognised in the Comprehensive Income and Expenditure Statement in the period(s) during which the hedged forecast transaction affects profit or loss, or recognised as an adjustment to the cost of a capital asset where capital expenditure is hedged.

|  | Group<br>2025<br>£m | Group<br>2024<br>£m |
|--|---------------------|---------------------|
| Balance at 1 April   | (60.3)              | (17.4)              |
| Net change in fair value of cash flow interest rate hedges             | 5.0                 | (37.2)              |
| Net change in fair value of cash flow foreign exchange hedges          | 3.8                 | (6.8)               |
| Reclassification of interest rate fair value losses to profit and loss | 1.1                 | 1.1                 |
| Discontinued hedging relationship                                      | 29.1                | -                   |
| <b>Balance at 31 March</b>   | <b>(21.3)</b>       | <b>(60.3)</b>       |

The Corporation does not have a Hedging Reserve as it has not entered into any derivative transactions, nor does it have legal powers to do so.

## Notes to the Financial Statements

### 37. Unusable reserves (continued)

#### Cost of Hedging Reserve

The Cost of Hedging Reserve holds the gain or loss on a hedging instrument arising from changes in the fair value of the time value of an option when the intrinsic value of the option has been designated in an effective hedging relationship. The gain or loss deferred in reserves is recognised in the Comprehensive Income and Expenditure Statement in the period(s) during which the hedged forecast transaction affects profit or loss. The ineffective portion, if any, is recognised immediately through the Comprehensive Income and Expenditure Statement.

|   | Group<br>2025<br>£m | Group<br>2024<br>£m |
|---|---------------------|---------------------|
| Balance at 1 April  | (1.9)               | (2.4)               |
| Reclassification of cashflow foreign exchange hedge losses to the Balance Sheet | 1.0                 | 0.5                 |
| <b>Balance at 31 March</b>  | <b>(0.9)</b>        | <b>(1.9)</b>        |

The Corporation does not have a Cost of Hedging Reserve as it has not entered into any derivative transactions, nor does it have legal powers to do so.

#### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account provides a balancing mechanism between the different rates at which gains and losses (such as premium on the early repayment of debt) are recognised under the Code and are required by statute to be met from the General Fund.

|                            | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|----------------------------|---------------------|---------------------|---------------------------|---------------------------|
| Balance at 1 April         | (100.5)             | (112.3)             | (100.5)                   | (112.3)                   |
| Release of premium         | 11.7                | 11.8                | 11.7                      | 11.8                      |
| <b>Balance at 31 March</b> | <b>(88.8)</b>       | <b>(100.5)</b>      | <b>(88.8)</b>             | <b>(100.5)</b>            |

#### Merger Reserve

The Merger Reserve of £466.1m arose as a result of the transfer of the net assets of London Regional Transport, including the share capital of London Underground Limited (LUL), to TfL in 2003. It represents the share capital of LUL and was taken as a credit to the merger reserve.

|  | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|--|---------------------|---------------------|---------------------------|---------------------------|
| <b>Balance at 1 April and 31 March</b> | <b>466.1</b>        | <b>466.1</b>        | <b>-</b>                  | <b>-</b>                  |

#### Deferred capital receipts reserve

The deferred capital receipts reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, TfL does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the capital receipts reserve.

|  | Group<br>2025<br>£m | Group<br>2024<br>£m | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|--|---------------------|---------------------|---------------------------|---------------------------|
| <b>Balance at 1 April and 31 March</b> | <b>13.2</b>         | <b>13.2</b>         | <b>13.2</b>               | <b>13.2</b>               |

# Notes to the Financial Statements

## 38. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by

the Corporation in the year in accordance with proper accounting practice in order to determine the resources that are specified

by statutory provisions as being available to the Corporation to meet future capital and revenue expenditure. The General Fund

reserve represents monies available to finance the day-to-day activities of TfL.

### Corporation

| Year ended 31 March 2025   | Note | General Fund<br>£m | Capital Adjustment Account<br>£m | Capital receipts reserve<br>£m | Pension Reserve<br>£m | Street Works Reserve<br>£m | Capital Grants Unapplied Account<br>£m | Financial Instruments Adjustment Account<br>£m | Accumulated Absences Reserve<br>£m |
|--|------|--------------------|----------------------------------|--------------------------------|-----------------------|----------------------------|--|--|------------------------------------|
| <b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>   |      |                    |                                  |                                |                       |                            |  |  |                                    |
| Charges for depreciation, amortisation and impairment of non-current assets  | 4    | 253.5              | (253.5)                          | -                              | -                     | -                          | -                                      | -  | -                                  |
| Net book value of disposals  |      | 138.1              | (138.1)                          | -                              | -                     | -                          | -                                      | -  | -                                  |
| Capital proceeds from disposals  | 39   | (139.5)            | -                                | 139.5                          | -                     | -                          | -                                      | -  | -                                  |
| Capital receipts applied   |      | -                  | 139.5                            | (139.5)                        | -                     | -                          | -                                      | -  | -                                  |
| Movements in the market value of investment properties   | 9    | (15.9)             | 15.9                             | -                              | -                     | -                          | -                                      | -  | -                                  |
| Capital grants and contributions   | 10   | (214.5)            | 214.5                            | -                              | -                     | -                          | -                                      | -  | -                                  |
| Capital grants and contributions applied to REFCUS   |      | (707.9)            | 707.9                            | -                              | -                     | -                          | -                                      | -  | -                                  |
| REFCUS   |      | 707.9              | (707.9)                          | -                              | -                     | -                          | -                                      | -  | -                                  |
| Unapplied capital grants   | 10   | 7.7                | -                                | -                              | -                     | -                          | (7.7)                                  | -  | -                                  |
| Loss on disposal of non-current assets   | 7    | (78.0)             | 78.0                             | -                              | -                     | -                          | -                                      | -  | -                                  |
| Write off on non-current assets  | 7    | 32.6               | (32.6)                           | -                              | -                     | -                          | -                                      | -  | -                                  |
| Reversal of items relating to retirement benefits  |      | (13.7)             | -                                | -                              | 13.7                  | -                          | -                                      | -  | -                                  |
| Transfers to/from Street Works Reserve   |      | (4.3)              | -                                | -                              | -                     | 4.3                        | -                                      | -  | -                                  |
| Difference between the remuneration charged on an accruals basis and the remuneration chargeable in accordance with statutory requirements   |      | (0.5)              | -                                | -                              | -                     | -                          | -                                      | -  | 0.5                                |
| <b>Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement which are required to be charged in accordance with statutory requirements</b> |      |                    |                                  |                                |                       |                            |  |  |                                    |
| Employer's pension contributions and direct payments to pensioners payable in the year   |      | (95.9)             | -                                | -                              | 95.9                  | -                          | -                                      | -  | -                                  |
| Minimum Revenue provision  | 40   | (66.9)             | 66.9                             | -                              | -                     | -                          | -                                      | -  | -                                  |
| Amortisation of premium on financing   |      | (11.7)             | -                                | -                              | -                     | -                          | -                                      | 11.7   | -                                  |
|  |      | (209.0)            | 90.6                             | -                              | 109.6                 | 4.3                        | (7.7)                                  | 11.7   | 0.5                                |

# Notes to the Financial Statements

## 38. Adjustments between accounting basis and funding basis under regulations (continued)

### Corporation (continued)

| Year ended 31 March 2024   | Note | General fund<br>£m | Capital Adjustment Account<br>£m | Capital receipts reserve<br>£m | Pension Reserve<br>£m | Street Works Reserve<br>£m | Capital Grants Unapplied Account<br>£m | Financial Instruments Adjustment Account<br>£m | Accumulated Absences Reserve<br>£m |
|--|------|--------------------|----------------------------------|--------------------------------|-----------------------|----------------------------|--|--|------------------------------------|
| <b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>   |      |                    |                                  |                                |                       |                            |  |  |                                    |
| Charges for depreciation, amortisation and impairment of non-current assets  | 4    | 230.5              | (230.5)                          | -                              | -                     | -                          | -                                      | -  | -                                  |
| Net book value of disposals  |      | 41.1               | (41.1)                           | -                              | -                     | -                          | -                                      | -  | -                                  |
| Capital proceeds from disposals  | 39   | (47.2)             | -                                | 47.2                           | -                     | -                          | -                                      | -  | -                                  |
| Capital receipts applied   |      | -                  | 47.2                             | (47.2)                         | -                     | -                          | -                                      | -  | -                                  |
| Movements in the market value of investment properties   | 8    | (55.6)             | 55.6                             | -                              | -                     | -                          | -                                      | -  | -                                  |
| Capital grants and contributions   | 10   | (250.1)            | 250.1                            | -                              | -                     | -                          | -                                      | -  | -                                  |
| Capital grants and contributions applied to REFCUS   |      | (1,484.0)          | 1,484.0                          | -                              | -                     | -                          | -                                      | -  | -                                  |
| REFCUS   |      | 1,484.0            | (1,484.0)                        | -                              | -                     | -                          | -                                      | -  | -                                  |
| Unapplied capital grants   | 10   | (69.8)             | -                                | -                              | -                     | -                          | 69.8                                   | -  | -                                  |
| Loss on disposal of non-current assets   | 7    | 11.4               | (11.4)                           | -                              | -                     | -                          | -                                      | -  | -                                  |
| Reversal of items relating to retirement benefits  |      | (25.8)             | -                                | -                              | 25.8                  | -                          | -                                      | -  | -                                  |
| Transfers to/from Street Works Reserve   |      | (4.8)              | -                                | -                              | -                     | 4.8                        | -                                      | -  | -                                  |
| Difference between the remuneration charged on an accruals basis and the remuneration chargeable in accordance with statutory requirements   |      | 3.5                | -                                | -                              | -                     | -                          | -                                      | -  | (3.5)                              |
| <b>Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement which are required to be charged in accordance with statutory requirements</b> |      |                    |                                  |                                |                       |                            |  |  |                                    |
| Employer's pension contributions and direct payments to pensioners payable in the year   |      | (97.5)             | -                                | -                              | 97.5                  | -                          | -                                      | -  | -                                  |
| Minimum Revenue provision  | 40   | (48.5)             | 48.5                             | -                              | -                     | -                          | -                                      | -  | -                                  |
| Amortisation of premium on financing   |      | (11.8)             | -                                | -                              | -                     | -                          | -                                      | 11.8   | -                                  |
|  |      | (324.6)            | 118.4                            | -                              | 123.3                 | 4.8                        | 69.8                                   | 11.8   | (3.5)                              |

#### Revenue expenditure funded from capital under statute (REFCUS)

Revenue expenditure funded from capital under statute is expenditure that may be capitalised under statutory provisions but

which does not result in the creation of a non-current asset for the Corporation/ Group. For example, grant paid to a third party for the purchase or development of an asset.

REFCUS expenditure is charged to the relevant service revenue account in the year it is incurred. When this expenditure is funded by capital grants or contributions, the related funding is recognised as revenue income. Both the expenditure

and the associated grant or contribution are then reversed out of the General Fund Balance via the Movement in Reserves Statement and transferred to the Capital Adjustment Account.

## Notes to the Financial Statements

### 39. Sources of finance

#### Capital expenditure analysed by source of finance:

| Year ended 31 March   | Note | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---|------|---------------------------|---------------------------|
| <b>Capital expenditure</b>  |      |                           |                           |
| Intangible asset additions  | 12   | 51.9                      | 37.7                      |
| Property, plant and equipment additions                             | 13   | 323.3                     | 350.8                     |
| Investment property   | 16   | 0.6                       | 1.0                       |
| Loans made to subsidiaries in year for capital purposes             |      | 716.3                     | -                         |
| Capital grants allocated to subsidiaries in year                    | 10   | 707.9                     | 1,484.0                   |
| <b>Total capital expenditure</b>                                    |      | <b>1,800.0</b>            | <b>1,873.5</b>            |
| <b>Sources of finance</b>   |      |                           |                           |
| Business Rates Retention used to fund capital                       | 10   | 692.9                     | 882.8                     |
| Non-ring-fenced grant from DfT                                      | 10   | 5.0                       | 810.0                     |
| Community infrastructure levy and other third-party contributions   | 10   | 181.8                     | 111.1                     |
| Crossrail specific grant  | 10   | 35.0                      | -                         |
| Adjusted by amounts transferred to Capital Grants Unapplied Account | 10   | 7.7                       | (69.8)                    |
| Prudential borrowing  |      | 741.9                     | 58.0                      |
| Repayment of loans from subsidiaries                                |      | -                         | 42.0                      |
| Capital receipts  |      | 139.5                     | 47.2                      |
| Working capital   |      | (3.8)                     | (7.8)                     |
| <b>Total sources of finance</b>                                     |      | <b>1,800.0</b>            | <b>1,873.5</b>            |

#### Capital Financing Requirement

The Capital Financing Requirement is the amount of cumulative capital expenditure to be financed by means other than grant or asset sales proceeds. As at 31 March 2025 this stood at £13,555.6m (2024 £13,019.6m) for the Corporation.

### 40. Minimum revenue provision

The Local Government and Housing Act 1989 requires a Minimum Revenue Provision (MRP) to be set aside for the redemption of external debt. As a statutory corporation regulated as if it were a local authority, TfL is required to comply with the Local Authorities Capital Finance Regulations. New regulations were approved by the Secretary of State in February 2008. TfL is required to approve an annual MRP statement determining the amount of MRP which it considers to be prudent.

The Ministry of Housing, Communities and Local Government issued guidance setting out four possible methods which are deemed automatically prudent, but also states that 'approaches differing from those exemplified should not be ruled out. The broad aim of prudent provision is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.'

While statutory guidance suggests four potential methods for calculating MRP it also allows for other methods and approaches to be used. Since 2016/17 TfL has applied the principles inherent in the statutory guidance on MRP, to make an annual provision in TfL (the Corporation), that aims to build up a reserve on the Balance Sheet over the average useful economic life of the assets funded by borrowings in the Corporation, such that, at the end of that useful economic life, that reserve may be employed to either repay borrowings or to finance replacement capex for those assets that have reached the end of their lives. An MRP is effectively already made for borrowings passed down to the subsidiaries through TfL's existing processes for funding those entities. The MRP provision for 2024/25, shown as a transfer from the General Fund to the Capital Adjustment Account in the Group and Corporation Movement in Reserves Statements, was a total of £66.9m (2023/24 £48.5m).

# Notes to the Financial Statements

## 4I. Financial assistance

TfL may give financial assistance to any body or person in respect of expenditure incurred or to be incurred by that body or person in doing anything which, in the opinion of TfL, is conducive to the provision of safe, integrated, efficient and economic transport facilities or services to, from or within Greater London, and also to London Transport Museum Limited.

Financial assistance given under section 159 of the GLA Act 1999 is outlined below:

| Year ended 31 March                         | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|---|---------------------------|---------------------------|
| <b>Financial assistance to subsidiaries</b> |                           |                           |
| Transport Trading Limited                   | 8.9                       | 10.7                      |
| London Underground Limited                  | 1,149.7                   | 1,257.9                   |
| London Bus Services Limited                 | 961.5                     | 845.1                     |
| London River Services Limited               | 5.0                       | 6.1                       |
| Docklands Light Railway Limited             | 275.7                     | 199.2                     |
| Crossrail Limited                           | 224.5                     | 41.6                      |
| Tramtrack Croydon Limited                   | 46.7                      | 54.8                      |
| Rail for London (Infrastructure) Limited    | 108.0                     | 93.4                      |
|   | <b>2,780.0</b>            | <b>2,508.8</b>            |

| Year ended 31 March  | Note | Corporation<br>2025<br>£m | Corporation<br>2024<br>£m |
|--|------|---------------------------|---------------------------|
| <b>Financial assistance to London Boroughs and other third parties</b> |      |                           |                           |
| Local Implementation Plan  |      | 38.0                      | 42.5                      |
| Taxicard   |      | 6.6                       | 7.6                       |
| London Streetspace   |      | -                         | 0.1                       |
| Cycling  |      | 29.3                      | 27.4                      |
| Bus priority   |      | 8.7                       | 10.5                      |
| Liveable neighbourhoods  |      | 1.1                       | 2.8                       |
| Other  |      | 5.0                       | 8.3                       |
|  | 4    | <b>88.7</b>               | <b>99.2</b>               |

# Notes to the Financial Statements

## 42. Related parties

TfL is required by the Code and IAS 24 Related Party Disclosures (IAS 24) to disclose material transactions with related parties. Related parties are entities or individuals who have the potential to control, indirectly control or significantly influence TfL or to be controlled, indirectly controlled or significantly influenced by TfL.

TfL is a statutory corporation established by section 154 of the GLA Act 1999. It is a functional body of the Greater London Authority (GLA) and is controlled by the Mayor of London. TfL is classified as a government entity in accordance with IAS 24, as it is controlled by the GLA, through the Mayor. The GLA and its other functional bodies are considered to be related parties of TfL and its subsidiaries, as they are all under the control of the Mayor. Other related parties include TfL's Board Members, members of the TfL Executive

During 2024/25 TfL had the following other transactions with the GLA and functional bodies:

|   | Total income during the year<br>£m | Total expenditure during the year<br>£m | Outstanding balance at 31 March 2025<br>£m |
|---|------------------------------------|---|--|
| GLA   | 17.3                               | (7.4)                                   | 8.0  |
| Mayor's Office for Policing and Crime (MOPAC) | 0.4                                | (106.2)                                 | 0.1  |
| London Legacy Development Corporation (LLDC)  | 1.0                                | -                                       | -  |

Committee (including the Commissioner, Chief Officers and General Counsel), the Mayor of London and the TfL Pension Fund. In addition, central Government has the potential to influence TfL by providing the statutory framework within which TfL operates and through the provision of funding in the form of grants and borrowing facilities.

Disclosure of related party transactions allows readers to assess the extent to which the Corporation might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with it.

### GLA and functional bodies

Details of amounts received from the Business Rates Retention, and the Council Tax precept paid to TfL by the GLA are shown in Note 10.

### Board Members and Officers

Board Members, the Mayor of London, and key management (including the Commissioner and the TfL Executive Committee), are required to complete a declaration regarding any related party transactions. During the year, none of the Corporation Board, key management personnel or parties related to them have undertaken any transactions with the Corporation or its subsidiaries (2023/24 none). Details of the remuneration of the Commissioner and all employees earning a base salary of £150,000 or more are disclosed in Note 6.

### TfL Pension Fund

The Accounts of the TfL Pension Fund are prepared separately and are subject to a separate audit opinion. Contributions payable to the TfL Pension Fund by TfL as employer are disclosed in Note 35.

### Central Government

During 2024/25 the DfT contributed grant funding to TfL totalling £5.0m (2023/24 £998.3m) under a series of Extraordinary Funding and Financing Agreements.

In the year to 31 March 2025, the GLA paid grants totalling £35.0m to TfL in relation to the Crossrail project (2024 £nil). And as at 31 March 2025 £610.0m of the Crossrail loan facility provided by the DfT in relation to the Crossrail project remained drawn down (2024 £680.0m).

### Other public bodies

TfL provides financial assistance to London Boroughs to support Borough schemes that improve the local travelling environment. Financial assistance provided is disclosed in Note 41.

TfL receives income from the London Boroughs for the provision of free travel for older and disabled customers, and students. This income is set out in Note 1.

TfL has borrowings outstanding from the Public Works Loan Board and pays interest to Public Works Loan Board in respect of those borrowings.

TfL makes payments to the British Transport Police for the provision of policing services on the Underground and London Overground and other overground railways.

TfL makes payments to the Metropolitan Police Service for policing services provided by the Safer Transport Command.

Transactions between the Corporation and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this Note.

## Notes to the Financial Statements

### 43. Trust Funds

The Corporation acts as the sole trustee for the TfL Healthcare Trust, a trust established for the purpose of providing certain benefits relating to medical treatment for eligible employees of the Group and their family members. The Trust is administered by AXA PPP Healthcare Administration Services Limited, an independent third party. Under the terms of the Trust deed the funds held by the Trust do not represent the assets of the Corporation or its subsidiaries. Hence the Trust has not been consolidated into these financial statements.

|                         | Income<br>£m | Expenditure<br>£m | Assets<br>£m | Liabilities<br>£m |
|-------------------------|--------------|-------------------|--------------|-------------------|
| <b>At 31 March 2025</b> |              |                   |              |                   |
| TfL Healthcare Trust    | 5.0          | (5.7)             | 2.5          | -                 |
| <b>At 31 March 2024</b> |              |                   |              |                   |
| TfL Healthcare Trust    | -            | -                 | -            | -                 |

### 44. Events after the Balance Sheet date

#### Unsecured bonds issued in September 2025

As part of TfL's treasury management activities, on 24 September 2025, TfL completed the issuance of a £350m 16-year unsecured bond with a coupon rate of 5.75 per cent per annum. The proceeds from this bond issuance are expected to be received on 1 October 2025. This bond issuance will be presented as part of the Group's long-term borrowings in Note 27 of the Group's 2025/26 Statement of Accounts.

#### Opening of Silvertown Tunnel in April 2025

The Silvertown Tunnel, a PFI arrangement between the Corporation and Riverlinx Limited, opened on 7 April 2025. The annual performance-based availability payment to Riverlinx Limited will commence on the same date until the expiry date of the agreement in January 2050. Consequently, the Corporation has recognised a PFI asset of £1.2bn and an equal amount of liability representing the portion of the availability payments relating to the fair value of the asset.

# Annual Governance Statement

The CIPFA/SOLACE Delivering Good Governance in Local Government Framework (the Framework) requires local authorities, which includes TfL, to publish an Annual Governance Statement, and to be responsible for ensuring that:

- its business is conducted in accordance with all relevant laws and regulations;
- public money is safeguarded and properly accounted for; and

- resources are used economically, efficiently, and effectively to achieve agreed priorities which benefit local people.

As a functional body of the Greater London Authority (GLA), TfL is a signatory to the GLA Group Corporate Governance Framework Agreement (the Agreement), which was updated in March 2022, with a further update to be considered by the Board in July 2025, ahead of approval by the

Mayor. The Agreement is an overarching commitment in relation to the culture and individual behaviours of the GLA Group and contains specific corporate governance commitments. The Board agreed TfL has in place protocols and processes that address all the requirements of the Agreement.

TfL has approved and adopted a Code of Governance (the Code) which is consistent with the Framework and is published online at [tfl.gov.uk](http://tfl.gov.uk). This statement explains

how TfL complies with the Code and meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

TfL’s governance framework has been in place since the year ended 31 March 2001 and remains in place at the date of approval of the 2024/25 Statement of Accounts. The key elements of the governance framework are set out below:

## Key elements of TfL’s Governance Framework

|  |  |
|--|--|
| <b>Chair, Board, Committees and Panels</b> | <p>The Mayor appoints the Board and is the Chair of TfL and appoints the Deputy Mayor for Transport as the Deputy Chair of TfL. Board membership is kept under review, with appointments made against a skills matrix. The Board provides leadership and determines and agrees TfL’s strategic direction and oversees the performance of the Executive Committee to deliver the Mayor’s Transport Strategy.</p> <p>The Budget, Business Plan and Capital Strategy set out how the Mayor’s Transport Strategy will be delivered and are supported by TfL’s Group and individual business area Scorecards.</p> <p>The Board’s effectiveness is regularly reviewed with at least one externally led review each Mayoral term. Review recommendations are acted upon and the decision-making structure is kept under review.</p> |
| <b>Decision Making</b>                     | <p>Standing Orders set out TfL’s decision-making process and are regularly reviewed. The roles of Members and the executive are clearly defined. The Board, its Committees and Panels meet in public and all decisions taken are published. The approval of Financial, Programme and Project, Procurement and Land Authority by the Commissioner and Chief Finance Officer is also reported to Committees along with any Mayoral Directions to TfL.</p>  |
| <b>Audit and Assurance Committee</b>       | <p>The Committee reviews the effectiveness of the system of internal controls, including the integrated assurance framework and considers fraud and risk management issues. It also reviews the Annual Accounts prior to submission to the Board and TfL’s compliance with the UK Corporate Governance Code (where applicable). The Risk and Assurance Directorate and External Auditors support the work of the Committee.</p>  |

|   |  |
|---|--|
| <b>Risk Management</b>                              | <p>TfL has an Enterprise Risk management system that sets out TfL’s Enterprise and Strategic Risks, supported by local risk registers throughout TfL, which are monitored by the appropriate senior manager. The Audit and Assurance Committee oversees the implementation of the risk management system, with individual Committees and Panels reviewing each Enterprise Risk within their remit as per the 12-month rolling schedule. The Executive Committee also regularly reviews all the Enterprise Risks.</p>   |
| <b>Scrutiny and Review</b>                          | <p>The Board, Committees and Panels each receive regular quarterly reports on TfL’s performance. These reports cover: performance against the Scorecard; financial performance; customer, sustainability and operational performance; safety, health and security; colleague; and risk and assurance. The Audit and Assurance Committee reviews TfL’s overall audit and assurance arrangements.</p>  |
| <b>The Commissioner and the Executive Committee</b> | <p>The Commissioner and Executive Committee are responsible for the delivery of day-to-day operations. The statutory Chief Finance Officer (TfL’s appointed officer under section 127 of the GLA Act 1999) is responsible for safeguarding TfL’s financial position. The postholder plays an active part in TfL strategic decision making through involvement in all key decisions with a significant financial implication and has management responsibility to produce the Business Plan and statutory accounts.</p> <p>The General Counsel, along with the Commissioner, is responsible for ensuring compliance with the law and promoting good corporate governance and high standards of public conduct. The Director of Risk and Assurance comments annually on the effectiveness of the Code.</p> |

## Annual Governance Statement (continued)

### Applying the Framework Principles

#### Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

TfL's Code of Conduct for Members and staff reinforces a public service ethos and high standards of behaviour. It is supported by more detailed guidance, including TfL's whistleblowing procedures and guidance on conflicts of interest and through the Modern Slavery Statement. The General Counsel and Commissioner have specific responsibilities to ensure that TfL's decisions meet legal requirements. Inductions for new senior staff and the seven new Members of the Board appointed in 2024/25 explicitly covered the importance of behaviours and ethical values.

Declarations of interests for Members and the most senior staff are published on [tfl.gov.uk](https://tfl.gov.uk) and declared at meetings. Interests are updated as and when any change occurs. Members confirm that their individual published declaration is up to date at each meeting they attend, with any changes to their interests recorded in the minutes of the meeting. Even if there are no changes, Chief Officers reaffirm their declarations annually. Offers of gifts and hospitality, and details of those accepted by Board Members and senior staff are reported to each meeting of the Audit and Assurance Committee.

#### Principle B: Ensuring openness and comprehensive stakeholder engagement

TfL has a transparency strategy and publishes a substantial amount of information. It engages with stakeholders and partners through consultation and its work with London Councils and individual boroughs. It cooperates with appropriate organisations to ensure there is independent scrutiny of its financial and operational reporting processes. Board, Committee and Panel meetings are held in public and are routinely webcast contemporaneously on TfL's YouTube channel to further enhance transparency in decision-making. TfL has an active social media presence including Facebook, X and YouTube. Members of TfL's Youth Panel attended meetings of two former Board Panels and now attend meetings of the Customer, Sustainability and Operations Panel, to provide the perspective of young people.

#### Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

TfL meets this objective through its delivery of the Mayor's Transport Strategy, supported by its Vision and Values, Business Plan and the annual Scorecard process. The Business Plan and Scorecard measures flow through to team and individual staff objectives. The quarterly reports to the Board, Committees and Panels, as well as papers seeking authority for projects, provide commentary on how they support the objective of delivering the Mayor's Transport Strategy.

TfL's Vision and Values, launched in 2021, define TfL's purpose as 'To move London forward safely, inclusively and sustainably' and its vision as 'We'll be a strong, green heartbeat for London'. In 2023, TfL launched 'Our Strategy', which built on the Vision, purpose and Values, setting out how TfL would achieve its Vision and explaining how everything fitted together to do that. TfL has established five roadmaps to deliver the Vision and Values and these are reviewed annually. They guide planning and decision-making, provide direction while maintaining flexibility for different areas of the business to develop their own plans to contribute and support frequent, open reporting on how we are doing. The roadmaps cover:

- Safety and Security – get everyone home safe and healthy, every day;
- Colleagues – be a great place to work for everyone to thrive;
- Customers – give people more reasons to choose sustainable travel;
- Finance – grow our income and control our costs; and
- Green – tackle the climate and ecological emergency.

In 2023, TfL launched 'Action on Inclusion' to support a more inclusive workforce. In 2024, TfL launched 'Equity in Motion' which set out its plans for creating a fair, accessible and inclusive transport network. Updates on the progress against the actions

and metrics in Action on Inclusion and Equity in Motion are reported to the People and Remuneration Committee and the Customer, Sustainability and Operations Panel (respectively).

From September 2024, the terms of reference of the Finance Committee, the Land and Property Committee and the Programmes and Investment Committee now require those Committees to consider safety, security and sustainability issues when providing advice or assistance to the Board or determining or noting issues within the Committee's remit.

#### Principle D: Determining the intervention necessary to achieve intended outcomes

The Quarterly Performance Report and the key quarterly reports submitted to Committees and Panels track TfL's activities in terms of key performance indicators and delivery of the Mayor's Transport Strategy. These also highlight remedial actions taken where slippage occurs. TfL had previously given greater financial independence to its property subsidiary company, Places for London Limited, and established a Land and Property Committee to oversee and drive forward schemes that will deliver affordable housing for the Mayor and revenue for TfL. The governance of the Committee has been kept under review with strengthened assurance processes. Each Committee and Panel receives a quarterly report from the Risk and Assurance Directorate, which highlight assurance activities relevant to the remit of the meeting.

## Annual Governance Statement (continued)

On 15 November 2023, the (former) Safety, Sustainability and Human Resources Panel considered TfL's approach to safety risk management, following the Board's informal discussion on the Sandilands sentencing hearing. The paper set out several actions that TfL was taking to further improve its safety culture and assurance. These actions continue to be embedded and kept under review. Two key outcomes are summarised below.

In June 2024, TfL commissioned an independent review of its safety governance as part of the ongoing work to continuously improve safety performance. The findings, published on 12 February 2025, showed TfL's current safety performance was good when benchmarked against other UK providers and the general trend was of continuing improvement. TfL was working at pace to implement the recommendations.

The General Counsel led on considering how best to enhance Board-level safety scrutiny and oversight of TfL's safety performance including assurance. Members and the Commissioner also wanted more oversight and discussion of security issues. In July 2024, the Board approved the establishment of a dedicated Safety and Security Panel from September 2024. The operation and effectiveness of the Panel and other changes to the decision-making structure will be a key focus for the 2025 Board Effectiveness Review.

### Principle E: Developing TfL's capacity, including the capability of its leadership and individuals within it

The structure of the Executive Committee and the roles and responsibilities of its members were refreshed in February 2022 and revised governance arrangements below this level were reviewed and implemented. TfL undertakes a wide range of human resources activities to develop the capacity of its colleagues. To provide a clearer focus on these issues at Board level, changes were made to the decision-making structure in September 2024. The 'people' elements of the former Safety, Sustainability and Human Resources Panel and the former Remuneration Committee were brought together in a new People and Remuneration Committee. Regular reports were submitted to these bodies on human resources activities to develop the capacity of colleagues and key initiatives including the Our TfL Programme, leadership programme, succession planning and TfL's graduate and apprenticeship programmes.

During the year, the Remuneration Committee, and its successor, the People and Remuneration Committee, reviewed and supported proposals in relation to resourcing at TfL, including the approach to reward. TfL's Vision and Values are also intended to develop capacity (see Principle C above). Board Members are developed through induction, briefings and site visits and this process was strengthened as part of the onboarding for seven new Members who joined the Board in September 2024.

### Principle F: Managing risks and performance through strong internal control and financial management

Understanding and managing risk at all levels within TfL is essential to ensure that TfL can mitigate the risks as far as is practical and understand its exposure. TfL's Enterprise Risk management system operates at three levels: Enterprise (Level 0), Strategic (Level 1) and Tactical (Level 2). There is improved and increased engagement with the Enterprise Risk management process by the business. Governance at the Board, Committees and Panels, Executive Committee and its sub-groups works well with greater challenge of risk information such as risk exposure level, overall control effectiveness rating and risks that are outside of tolerance.

All Enterprise Risks are reviewed by the Executive Committee and the relevant Committees and Panels of the Board during the year on a rolling 12-month programme.

A risk and opportunities workshop was held on 13 February 2025 with the Board and Executive Committee. A key theme from the discussion was that a technology related threat and opportunity should be developed (use of artificial intelligence in particular). Following the cyber incident in September 2024 and discussions at Executive Committee and the Safety and Security Panel it was agreed that the cyber aspects of Enterprise Risk 04 – 'Significant security incident' (ER04), have been split to form a new risk, Enterprise Risk II – 'Significant cyber security incident. Both these risks are being updated and assessed and will be reviewed at the Safety and Security Panel.

Places for London Enterprise Risks have been developed, work has also begun on the risk appetite and tolerance and Level I risks have been identified. Engagement with the London Transport Museum has also increased, including risk workshops to refresh its operational risks and to align to the TfL risk management process.

TfL's revised Risk Appetite and Tolerance approach has been agreed and operationalised. Level I workshops have been completed for all Vision and Value theme areas and the associated risk development is progressing well. A mapping exercise has been carried out of Level Is to Level 0s and linkages made in Active Risk Manager. Engagement has also started with the relevant Executive Committee sub-groups who will have oversight of these risks.

The Audit and Assurance Committee maintains overall responsibility for scrutinising TfL's approach to risk and receives reports to each meeting and reports on this to the Board. The Finance Committee scrutinises TfL's financial performance and reports on this to the Board. It monitors the effectiveness of rigorous cost control and scrutiny measures introduced because of the impact of the coronavirus pandemic on TfL's funding and saw TfL make an operational surplus for the first time in its history at financial year end 2024 and has achieved this again for the 2024/25 Financial Year. TfL has also continued to embed the TfL Health, Safety and Environment Management System and has continuous improvement plans in place to enhance the system and strengthen the maturity of compliance.

## Annual Governance Statement (continued)

### Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

TfL follows the Government Communication Service guidance on providing clear and accurate information. It has a published transparency strategy and has developed its website and the format of its reports to improve transparency and accessibility. Minutes of meetings, key decisions taken outside of meetings, the registers of Members and the most senior staff's interests and acceptance of gifts and hospitality, along with details of contracts awarded more than £5,000 are published on [tfl.gov.uk](https://www.tfl.gov.uk).

### Review of Effectiveness

TfL regularly conducts a review of the effectiveness of its governance framework including the system of internal control, which is reported to the Audit and Assurance Committee. The 2024 Board Effectiveness Review was led by the Deputy Chair of TfL and was reported to the Board in March 2025. The review focused on how TfL had addressed the recommendations from the 2023 review, led by an external specialist, the bedding in of the new decision-making structure that was stood up in September 2024 and the recruitment and induction process for the seven new Members that joined the Board in September 2024. The next review of effectiveness will be externally led.

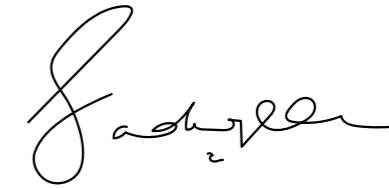
TfL continually reviews the effectiveness of its governance arrangements, including all aspects of TfL's operations including its relationships with its group entities. The Risk and Assurance Annual Report and Assurance Statement includes the opinion of the Head of Internal Audit on the overall framework of TfL's governance, risk management and internal control in the year. The opinion for the year ending 31 March 2025 concluded that TfL's overall framework of governance, risk management and internal control remains generally adequate for TfL's business needs and operates in an effective manner. It did draw attention to three issues, which will be the subject of further work over 2025/26: the cyber incident; recruitment, which remains a significant risk; and continued weakness in the evidence to support applications for payments from suppliers. While audits had identified areas where record keeping could be improved there had been a significant fall in the number of findings relating to the way in which supporting information was evidenced, maintained and recorded.

On 11 June 2025, the Government committed to a four-year funding settlement for TfL which will enable it to plan effectively.

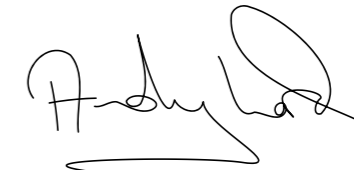
### Conclusion

TfL is satisfied that appropriate governance arrangements are in place. It recognises that there is always more that can be done and remains committed to maintaining and where possible improving these arrangements. The key ways of doing this are:

- keeping its governance arrangements under continuous review, including through the Board Effectiveness Review;
- ensuring assurance is focussed on the right areas taking a risk based approach and that issues identified by Internal Audit as requiring improvement are addressed;
- reviewing and enhancing performance reporting to focus on key risks and areas for improvement; and
- listening to feedback from key stakeholders.



**Sir Sadiq Khan**  
Chair of TfL  
24 September 2025



**Andy Lord**  
Commissioner  
24 September 2025

TfL Board, committee and panel members

# Remuneration and attendance

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TfL Board members 236

---

Membership of TfL committees and panels 237

---

TfL Board and committee member remuneration 240

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TfL members attendance 2024/25 241

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# TfL Board members



**Sir Sadiq Khan**  
Chair



**Seb Dance**  
Deputy Chair



**Zoë Billingham CBE\***



**Professor Greg Clark CBE**



**Councillor Ross Garrod**



**Anurag Gupta**



**Deborah Harris-Ugbomah\***



**Tanya Joseph\***



**Arthur Kay\***



**Anne McMeel**



**Mark Phillips**



**Marie Pye**



**Keith Richards OBE\***



**Omid Shiraji\***



**Peter Strachan**



**Sara Turnbull\***

TfL Board members as at 31 March 2025

\* Appointed as TfL Board member on 9 September 2024

# Membership of TfL committees and panels

## Audit and Assurance Committee



**Mark Phillips**  
Chair



**Keith Richards OBE\***  
Vice Chair



**Councillor  
Ross Garrod**



**Anurag Gupta**



**Deborah  
Harris-Ugbomah\***



**Tanya Joseph\***



**Marie Pye\***

## Finance Committee



**Anne McMeel**  
Chair



**Deborah  
Harris-Ugbomah\***  
Vice Chair



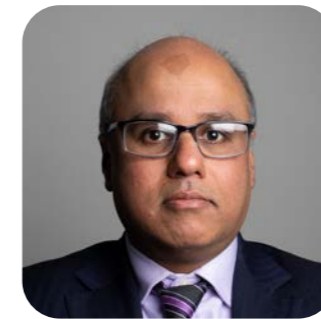
**Zoë Billingham CBE\***



**Professor  
Greg Clark CBE**



**Seb Dance**



**Anurag Gupta**

Membership as at 31 March 2025

\* Appointed from 9 September 2024

**Land and Property Committee**



**Professor Greg Clark CBE**  
Chair



**Anurag Gupta**  
Vice Chair



**Arthur Kay\***



**Anne McMeel**



**Marie Pye**



**Sara Turnbull\***

**People and Remuneration Committee\*\***



**Peter Strachan**  
Chair



**Tanya Joseph**  
Vice Chair



**Zoë Billingham CBE**



**Seb Dance**



**Keith Richards OBE**

**Programmes and Investment Committee**



**Peter Strachan**  
Chair



**Arthur Kay\***  
Vice Chair



**Seb Dance**



**Deborah Harris-Ugbomah\***



**Mark Phillips**



**Omid Shiraji\***



**Sara Turnbull\***

Membership as at 31 March 2025  
\* Appointed from 9 September 2024  
\*\* Established 9 September 2024

**Customer, Sustainability and Operations Panel\***



**Marie Pye**  
Chair



**Sara Turnbull**  
Vice Chair



**Councillor  
Ross Garrod**



**Tanya Joseph**



**Arthur Kay**



**Keith Richards OBE**



**Omid Shiraji**

**Safety and Security Panel\***



**Zoë Billingham CBE**  
Chair



**Omid Shiraji**  
Vice Chair



**Seb Dance**



**Mark Phillips**



**Peter Strachan**

**Rail user representatives\*\***



**Professor  
Greg Clark CBE**  
(South of London)



**Peter Strachan**  
(North of London)

Membership as at 31 March 2025

\* Established 9 September 2024

\*\* The rail users represent the interests of those living, working and studying in areas outside Greater London who use the railway services operated by TfL

# TfL Board and committee member remuneration

| Current Board Member   | For the year ended 31 March 2025 (£) |
|--|--------------------------------------|
| Sir Sadiq Khan   | Not remunerated by TfL               |
| Seb Dance  | Not remunerated by TfL               |
| Zoë Billingham CBE*  | 11,392                               |
| Professor Greg Clark CBE   | 19,437                               |
| Councillor Ross Garrod   | 18,000                               |
| Anurag Gupta   | 19,000                               |
| Deborah Harris-Ugbomah*  | 10,805                               |
| Tanya Joseph*  | 10,706                               |
| Arthur Kay*  | 10,706                               |
| Anne McMeel  | 20,000                               |
| Mark Phillips  | 20,000                               |
| Marie Pye  | 19,564                               |
| Keith Richards OBE*  | 10,706                               |
| Omid Shiraji*  | 10,706                               |
| Peter Strachan   | 20,000                               |
| Sara Turnbull*   | 10,706                               |
| <b>Members who left in 2024/25<br/>(8 September 2024, unless stated)</b> |                                      |
| Heidi Alexander (21 June 2024)   | 4,125                                |
| Kay Carberry CBE   | 8,730                                |
| Bronwen Handyside  | 7,857                                |
| Dr Mee Ling Ng OBE   | 8,730                                |
| Dr Nelson Ogunshakin OBE   | 8,730                                |
| Dr Nina Skorupska CBE FEI  | 8,294                                |
| Dr Lynn Sloman MBE   | 8,294                                |

| Non-voting meeting attendees:<br>Board – Government observers | For the year ended 31 March 2025 (£) |
|---|--------------------------------------|
| John Hall (until 30 April 2024)                               | Not remunerated by TfL               |
| Emma Ward, alternate Samantha Collins-Hill (from 1 May 2024)  | Not remunerated by TfL               |

| Non-voting meeting attendees:<br>Finance Committee – Government observers | For the year ended 31 March 2025 (£) |
|---|--------------------------------------|
| John Hall (until 30 April 2024)   | Not remunerated by TfL               |
| Samantha Collins-Hill (from 1 May 2024)                                   | Not remunerated by TfL               |

| Non-voting meeting attendees:<br>Programmes and Investment Committee – Government observers | For the year ended 31 March 2025 (£) |
|---|--------------------------------------|
| David Coles   | Not remunerated by TfL               |

Remuneration disclosed includes any reasonable expenses claimed.

\* Appointed to the Board from 9 September 2024

# TfL members attendance 2024/25

| Member                   |            |                                   |                       |                                 |   | Established 9 September 2024          |   |                               | Meetings that operated from 1 April to 8 September 2024 |   |  |
|--------------------------|------------|-----------------------------------|-----------------------|---------------------------------|---|---------------------------------------|---|-------------------------------|---|---|--|
|                          | Board (6)  | Audit and Assurance Committee (4) | Finance Committee (6) | Land and Property Committee (4) | Programmes and Investment Committee (4) | People and Remuneration Committee (2) | Customer, Sustainability and Operations Panel (3) | Safety and Security Panel (2) | Remuneration Committee (1)                              | Customer Services and Operational Performance Panel (1) | Safety, Sustainability and Human Resources Panel (2) |
| Sir Sadiq Khan           | 6          | -                                 | -                     | -                               | -                                       | -                                     | -   | -                             | -   | -   | -  |
| Seb Dance                | 6          | -                                 | 5                     | 1 (1)                           | 3                                       | 1                                     | -   | 2                             | 1   | -   | -  |
| Zoë Billingham CBE*      | 4 (4)      | -                                 | 4 (4) [lv]            | -                               | -                                       | 2                                     | -   | 2                             | -   | -   | -  |
| Professor Greg Clark CBE | 3          | -                                 | 4 [3v]                | 3                               | -                                       | -                                     | -   | -                             | -   | -   | -  |
| Councillor Ross Garrod   | 4 [2v]     | 1 [lv]                            | -                     | -                               | -                                       | -                                     | 1   | -                             | -   | [lv]  | -  |
| Anurag Gupta             | 3          | 3 [lv]                            | 5 [2v]                | 3                               | -                                       | -                                     | -   | -                             | -   | -   | -  |
| Deborah Harris-Ugbomah*  | 4 (4)      | 3 (3) [lv]                        | 4 (4)                 | -                               | 3 (3) [2v]                              | -                                     | -   | -                             | -   | -   | -  |
| Tanya Joseph*            | 4 (4)      | 3 (3)                             | -                     | -                               | -                                       | 1                                     | 3   | -                             | -   | -   | -  |
| Arthur Kay*              | 4 (4)      | -                                 | -                     | 3 (3)                           | 2 (3)                                   | -                                     | 2 [lv]  | -                             | -   | -   | -  |
| Anne McMeel              | 5          | -                                 | 6                     | 4                               | -                                       | -                                     | -   | -                             | -   | 1   | -  |
| Mark Phillips            | 6          | 4                                 | -                     | -                               | 3                                       | -                                     | -   | 1                             | -   | -   | 2  |
| Marie Pye                | 6 [lv]     | 3 (3) [2v]                        | -                     | 2 [lv]                          | -                                       | -                                     | 3   | -                             | -   | [lv]  | 2 [lv]   |
| Keith Richards OBE*      | 4 (4) [lv] | 3 (3)                             | -                     | -                               | -                                       | 2                                     | 2 [2v]  | -                             | -   | -   | -  |
| Omid Shiraji*            | 4 (4)      | -                                 | -                     | -                               | 3 (3)                                   | -                                     | 2 [2v]  | 2                             | -   | -   | -  |
| Peter Strachan           | 6 [lv]     | -                                 | -                     | -                               | 3                                       | 2                                     | -   | 2                             | 1   | 0   | -  |
| Sara Turnbull*           | 4 (4)      | -                                 | -                     | 3 (3)                           | 3 (3)                                   | -                                     | 3 [lv]  | -                             | -   | -   | -  |

The round brackets show the maximum number of meetings available for members to attend

[Xv] number of meetings that were attended virtually via teams where the Member was able to take part in the discussion, but did not count towards the quorum

\* Appointed as TfL Board member on 9 September 2024

| Member                                  | Meetings that operated from 1 April to 8 September 2024 |   |                             |                                       |   |                                  |  |   |
|---|---|---|-----------------------------|---------------------------------------|---|----------------------------------|--|---|
|   | Board<br>(6)  | Audit and Assurance<br>Committee<br>(4) | Finance<br>Committee<br>(6) | Land and Property<br>Committee<br>(4) | Programmes and<br>Investment Committee<br>(4) | Remuneration<br>Committee<br>(1) | Customer Services<br>and Operational<br>Performance Panel<br>(1) | Safety, Sustainability<br>and Human<br>Resources Panel<br>(2) |
| <b>Members who left in 2024/25*</b>     |   |   |                             |                                       |   |                                  |  |   |
| Heidi Alexander<br>(until 21 June 2024) | 0 (1)   | -                                       | -                           | -                                     | -   | -                                | -  | -   |
| Kay Carberry CBE                        | 2 (2)   | 1 (1)                                   | -                           | -                                     | -   | 1                                | -  | 1   |
| Bronwen Handyside                       | 0 (2)   | -                                       | -                           | -                                     | -   | -                                | 0  | 0   |
| Dr Mee Ling Ng OBE                      | 2 (2)   | 0 (1)                                   | -                           | -                                     | -   | -                                | 1  | 2   |
| Dr Nelson Ogunshakin OBE                | 0 (2)   | -                                       | -                           | -                                     | 0 (1)   | 0                                | -  | -   |
| Dr Nina Skorupska CBE FEI               | 1 (2)   | -                                       | 1 (2)                       | 1                                     | -   | -                                | -  | 2   |
| Dr Lynn Stoman MBE                      | 1 [iv] (2)  | -                                       | -                           | -                                     | 0 (1)   | -                                | 0  | 2   |

The round brackets show the maximum number of meetings available for members to attend

[Xv] number of meetings that were attended virtually via teams where the Member was able to take part in the discussion, but did not count towards the quorum

\* 8 September 2024, unless stated

Remuneration report 2024/25

# Fair rewards for our colleagues

|                        |     |
|------------------------|-----|
| Message from the Chair | 244 |
| Governance             | 245 |
| Policy                 | 247 |
| Remuneration           | 249 |
| Appendix I-2           | 251 |



# Message from the Chair

We are committed to ensuring that our remuneration policy enables us to attract and retain talent so that we can deliver a safe and reliable service for London

Our colleagues are at the heart of everything we do and are key to delivering our vision and values.

---

**‘It is essential that we maintain a fair reward package and retain talent in a competitive market, while also supporting the next generation of people to forge careers in the transport industry at all levels’**

---

As the Chair of the People and Remuneration Committee, I am committed to ensuring that TfL’s remuneration policy attracts and retains talented individuals with the right skills and experience to lead the organisation and deliver the Mayor’s priorities.

After overcoming the challenges of the pandemic, which significantly affected our fares income and required Government funding support, we reached a historic milestone last year by generating an operating surplus. This achievement meant we achieved the Government’s target for TfL to become operationally financially sustainable. Building on the success of 2023/24, we ended 2024/25 with an operating surplus for the second consecutive year.

During 2024/25, we implemented the latest pay award, which pushed more than 100 employees below senior manager level in London Underground from under to above a base salary of £100,000. We also implemented backdated pay increases

from the previous financial year and, after reaching financial sustainability, continued the performance award scheme, both contributing further to the increase.

It is essential that we maintain a fair reward package and retain talent in a competitive market, while also supporting the next generation of people to forge careers in the transport industry at all levels.

The Committee’s role is to set a policy that enables TfL to compete globally for top talent while ensuring value for money. We believe our approach to rewarding senior staff is both appropriate and balanced, achieving this goal.

TfL is a large and intricate organisation that provides the capital’s essential public transport network, with its people at the core of its success. Through the dedication and expertise of our team, we are committed to delivering a safe, efficient, and reliable service, ensuring a positive experience for all who use London’s transport.



A stylized, handwritten signature in black ink, consisting of a large, looped 'P' followed by a long, sweeping horizontal line that ends in a small hook.

**Peter Strachan**  
Chair, TfL People and  
Remuneration Committee

# Governance

## People and Remuneration Committee members



**Peter Strachan**  
Chair



**Tanya Joseph**  
Vice Chair



**Zoë Billingham**  
CBE



**Seb Dance**



**Keith Richards**  
OBE

## Former members



**Kay Carberry**  
CBE  
Chair



**Dr Nelson Ogunshakin**  
OBE

## Role and responsibilities

Our remuneration policy is set by our People and Remuneration Committee to attract, motivate and retain high-calibre, suitably qualified people to successfully manage our large and complex organisation. The Committee considers the need to remunerate at a competitive level compared with the external market and peer organisations while also, in a fair and reasonable manner, rewarding them for their individual contributions to our long-term success, without paying them more than is appropriate.

The Committee's full terms of reference are published on our website. These essentially involve keeping an overview of our reward and remuneration policies and the arrangements for talent management and succession planning. The Committee will occasionally review and set the remuneration of the Commissioner, chief officers and directors reporting to the Commissioner. The Committee also helps review the remuneration strategies for the entire senior manager group, particularly regarding performance-related pay.

## Committee meetings

The Remuneration Committee met on 24 July 2024.

The People and Remuneration Committee met on 20 November 2024 and 24 February 2025.

## Changes to the Committee

The TfL Board approved a new decision-making structure, with effect from 9 September 2024, which stood down the Remuneration Committee and established a People and Remuneration Committee.

There has always been some degree of overlap between the agendas of the Remuneration Committee and the people elements considered by the Safety, Sustainability and Human Resources Panel. It is therefore appropriate to include all people issues, including staff welfare issues, and remuneration decisions in one meeting. This reflects good practice in the operation of similar committees in other organisations.

During the informal discussions on the Board Effectiveness Review 2023, the Chair of the Remuneration Committee supported the idea of the Committee having a wider remit as this would inform its discussions on succession planning and talent management. The new remit requires a larger Committee, with additional Members, and a minimum of four meetings per year.

### Committee activities

At the November meeting, the Committee was provided with an update on the different change activity taking place across the organisation. The Our TfL Programme, initiated in June 2022, had helped to embed the value chain that, along with the revised chief officer structure, enabled us to take a more holistic approach to change and work collaboratively across the organisation. The programme had served its primary purpose over the expected two-year timeframe and was being wound down.

The Committee discussed the Operational Change programme, a suite of projects to deliver our strategic objectives and improve cost efficiency in the operational part of the organisation, and the Enterprise Resource Planning programme, a suite of systems and associated processes used to run an organisation.

There was also an update on the Action on Inclusion strategy, which aims to create an inclusive workplace where everyone can belong. Members noted the rationale for the strategy and how it had been developed with the engagement of staff across the organisation, including more than 500 'listening' sessions, welcoming the holistic and coherent approach taken in the strategy and the action already taken. It noted the work on training and culture change, particularly on improving the experience of disabled colleagues, which staff surveys show are the least engaged. The approach to workplace adjustments has been reviewed to ensure colleagues receive the support that they need and new disability awareness training has also been introduced.

The launch of our Strategic Workforce Plan will be compatible with the Action on Inclusion work. Members and officers recognised that cultural change takes time and continuous effort, which the development and implementation of the strategy was intended to achieve.

Ensuring that TfL provides a fair and attractive employee offer is an integral part of our Colleague strategy, which seeks to balance fairness and affordability with meeting the competitive challenge of attracting and retaining talent. In response to that challenge, we have been reviewing our approach to pay management and on 1 April 2025 we launched a job family pay ranges concept for non-operational roles. In total, 22 job family pay ranges were launched, which enables us to be more competitive against the market to help attract and retain talent.

Throughout the year, the Committee has been responsible for approving salaries of £100,000 or more for any new appointments. Salary increases for certain chief officers and directors reporting to the Commissioner were agreed to reflect responsibilities and the latest benchmarking within TfL and the market.



We want to provide a fair and attractive offer to our employees

# Policy

## Board remuneration

Members of the TfL Board receive a basic fee of £16,000 per annum. Additional fees are paid for each appointment to a committee or panel, up to a maximum total remuneration of £20,000 per annum.

The additional fees are paid at the rate of £1,000 per annum as a member and £2,000 per annum as the Chair of a committee or panel. Members are also entitled to receive free travel on the TfL transport network. No allowances are paid to members.

Any expenses claimed by members in relation to fulfilling their role as a TfL board member, are published on the board members' page of our website. Any offers of gifts or hospitality that have been accepted by a Board member are registered and those accepted are reported to the meetings of the Audit and Assurance Committee.

No fee is paid to the Chair or Deputy Chair of TfL.

The remuneration for each member for the year ended 31 March 2025 is shown on page 240.

## General remuneration

Our general approach is to provide remuneration that attracts, retains and motivates individuals of the right calibre to manage a large and complex organisation. Remuneration packages reflect responsibilities, experience, performance and the market from which we recruit.

The reward structure that has been developed is commensurate with this policy. It includes a base salary and a performance award scheme against the achievement of a range of safety, operational, customer, people, delivery and financial targets.

The main objective of the remuneration policy is to ensure that reward is based on performance, to drive delivery while ensuring that the overall reward package is affordable.

## Executive remuneration

The base pay and the total remuneration of the Commissioner, chief officers and other direct reports of the Commissioner is set by the People and Remuneration Committee, which uses external benchmarking and other comparative information to determine remuneration. This is broken down into the following components.

The remuneration received by the Commissioner and chief officers for 2024/25 is shown in Note 6 of the Statement of Accounts.

| Component               | Purpose   | Operation  | Maximum   |
|-------------------------|---|--|---|
| Base pay                | To reflect the individual's role, experience and contribution. This is set at a level to attract and retain individuals of the calibre required to lead an organisation of our size and complexity. | The following factors are taken into account: <ul style="list-style-type: none"> <li>Remuneration benchmark information from a specific peer group to identify a market median range of base pay, which reflects what our Commissioner and chief officers would receive if they were to work in a similar role in another company of similar size, complexity and scope</li> <li>The scope and responsibility of the role</li> <li>The individual's skill, experience and performance against targets</li> <li>Affordability for us</li> </ul> | There is no prescribed maximum salary. Any increases to base pay for the Commissioner, chief officers and directors will be reviewed on an annual basis, subject to People and Remuneration Committee approval. |
| Performance-related pay | To incentivise delivery of stretching one-year key performance targets (both individual and collective) as measured through individual performance rating and scorecard results.                    | Performance awards are calculated using a matrix, which sets out the percentage performance award an employee will receive based on a combination of the scorecard result and their individual performance rating. The TfL scorecard sets the budget available for performance awards. An employee's contribution, in the form of a personal performance rating, determines the percentage performance award received from the available budget using a multiplier approach. Awards are paid in the following financial year.                  | The maximum award for the Commissioner is 50 per cent of their base pay. The maximum award for chief officers is 30 per cent of their base pay.   |

| Component | Purpose   | Operation   | Maximum   |
|-----------|---|---|---|
| Benefits  | To provide a competitive total reward package that supports attraction, retention and motivation. | <p>The Commissioner and chief officers receive the same core benefits as all our other employees. The only enhancements are full family cover for private medical benefit and an annual health assessment, which is available to all TfL directors.</p> <p>Membership of the TfL Pension Fund, a 'defined benefit' scheme that provides for a pension payable from age 65, based on 1/60th of pensionable salary for each year of service or, if invited and eligible, similar benefits provided on an unfunded basis.</p> <p>Some legacy arrangements apply for certain employees whereby an employer contribution of 10 per cent of salary is paid to either a defined contribution arrangement or as cash supplement at a discounted amount.</p> | <p>Pensionable salary is capped at:</p> <ul style="list-style-type: none"> <li>• £205,200 from 6 April 2023 to 5 April 2024</li> <li>• £223,800 from 6 April 2024 to 5 April 2025 for members who joined after 31 May 1989</li> </ul> |

**Performance-related pay**

Performance awards are a critical component of our total remuneration proposition for senior management supporting our ability to attract and retain talent within the organisation.

Our performance award schemes have an important role to play in delivering high performance across TfL. Through the direct relationship with business performance (as captured in our scorecards), the schemes serve to highlight the main priorities in delivering the Mayor’s Transport Strategy and unify senior management in delivering our critical goals. They also

ensure that reward is only delivered that is commensurate with the level of success achieved and therefore provide a fair and value-for-money approach to reward.

For the 2024/25 performance year, three performance elements were used to determine performance award outcomes:

- a) How we perform against the critical priorities set out in the business scorecards
- b) How individuals personally contribute to these, as defined by a performance rating
- c) The ‘financial criterion’

The ‘financial criterion’ is a separate overriding financial performance condition that has no bearing on the quantum of the annual performance award budgets but acts as a trigger that determines whether performance awards can be paid.

The financial criterion for 2024/25 was for us to achieve an operating surplus.

**Severance policy**

Most employees who leave through redundancy, do so under our voluntary severance arrangements. These terms may include the following, dependent on circumstances:

- A number of weeks of pay based on length of service, age and weekly pay
- Notice period that an employee may work or receive as a payment in lieu of notice
- Enhanced pension provision

There are minimum service requirements for some of these terms and some elements vary if employees volunteer to leave early during organisational change. There are also some variations to these terms, which have been agreed as local arrangements for the small number of employees who are members of the Local Government and Principal Civil Service Pension Schemes.

Following the Dawn Jarvis report, published on 12 February 2019, which was commissioned by the Mayor to review termination clauses and payments for senior employees across the GLA Group, the People and Remuneration Committee has oversight of any proposed exit payments for the Commissioner, chief officers and other senior directors reporting to the Commissioner.

The Committee will also consider any exit payment outside the standard redundancy terms, and which exceeds £100,000, excluding notice periods, which are contractual.

In non-redundancy situations, we may enter into severance arrangements where it is in the interests of the organisation and represents value for money. All such arrangements are considered on a case-by-case basis. In non-redundancy situations, we may enter into severance arrangements where it is in the interests of the organisation and represents value for money. All such arrangements are considered on a case-by-case basis.

# Remuneration

## Benchmarking senior executives' pay

The People and Remuneration Committee uses data from remuneration consultants to benchmark the remuneration for the Commissioner and chief officers. Willis Towers Watson (WTW) is the appointed supplier for senior executive benchmarking until 2026.

Benchmarking uses two separate peer groups. The first is made up of private sector companies that are comparable in terms of scale, complexity and sector. The data is mainly derived from WTW's UK compensation survey data; a survey peer group that comprises 274 organisations focusing on the transport, construction, engineering, energy and utilities industries. This provides a broad cross-section of the UK private sector market.

The second peer group is solely from publicly accountable organisations, which comprises 21 UK organisations deemed to have some degree of public accountability.

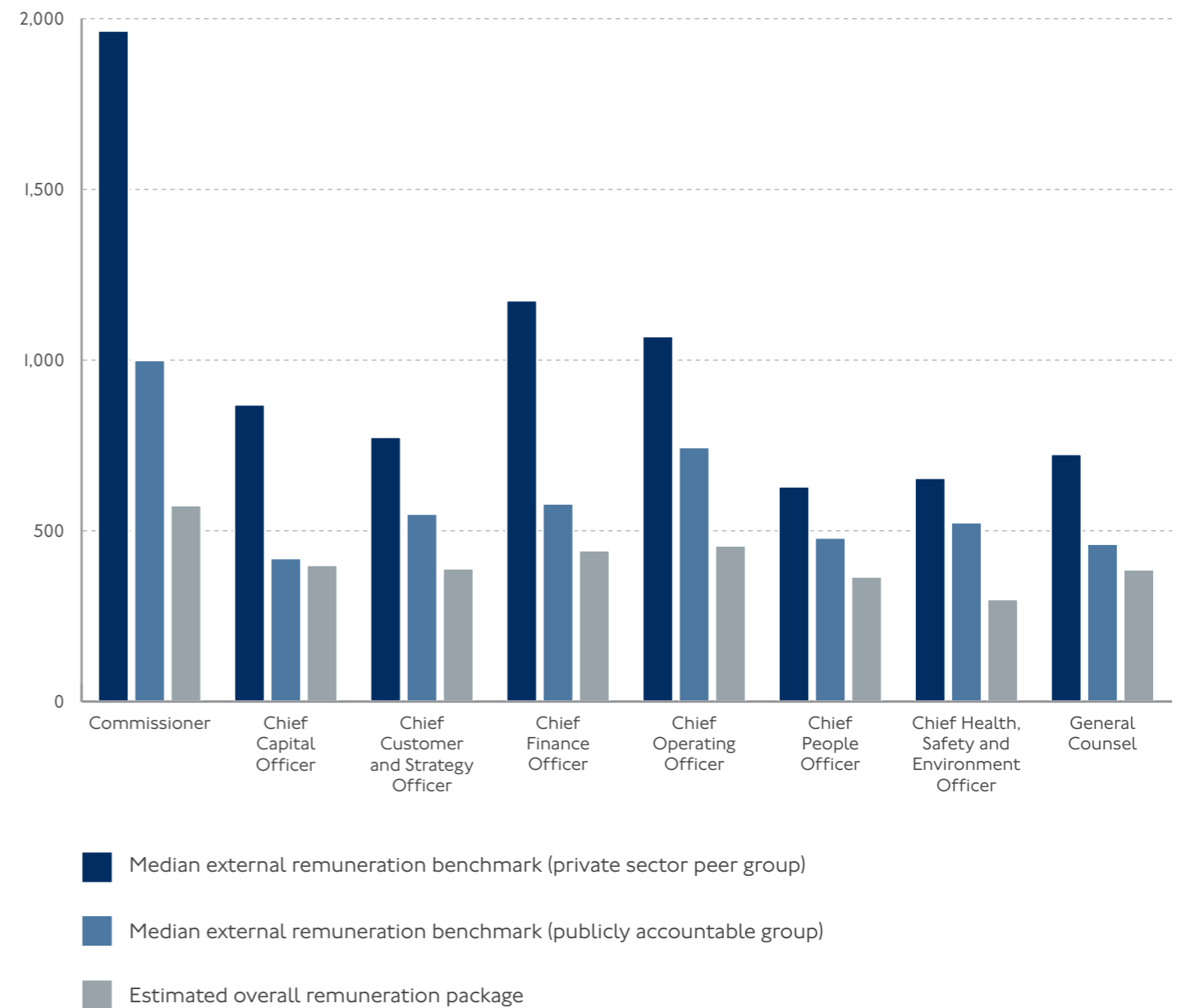
Each role is benchmarked against its respective counterparts in comparator organisations, with the scope of each role matched using WTW's global grading system and our internal Hay job evaluation scores.

Estimated overall remuneration for each role includes the base salary and estimates of performance-related pay and pension provision.

Performance-related pay has been based on the relevant budget at a scorecard result of 75 per cent, and the value of the pension provision is based on standard actuarial assumptions. The value of the estimated overall remuneration package will therefore be different to the actual remuneration paid.

The benchmarking has shown that the base salaries and comparable remuneration for the Commissioner and chief officers are significantly below the market level.

**Benchmarking of remuneration for Commissioner and chief officers (£000s)**



**Commissioner remuneration ratio**

In total remuneration terms, the Commissioner earns 8.9 times that of the median employee. The ratio increased in 2023/24 as no performance awards were paid across the organisation in 2022/23.

The Commissioner's base salary in 2024/25 was £408,430. This compares with the median base salary of £63,396 and the lowest base salary, excluding apprentices, of £24,250.

|         | 25th percentile pay ratio | Median pay ratio | 75th percentile pay ratio |
|---------|---------------------------|------------------|---------------------------|
| 2022/23 | 8.1:1                     | 5.9:1            | 5.5:1                     |
| 2023/24 | 10.9:1                    | 8.2:1            | 7.2:1                     |
| 2024/25 | 11.9:1                    | 8.9:1            | 7.8:1                     |

**Total remuneration of more than £100,000**

Total remuneration includes salaries, fees, performance-related pay, benefits in kind, lump sums and termination payments, but excludes pension contributions paid by the employer.

The figures for 2024/25 are impacted by the payment of back-dated pay awards causing an increase in the numbers. Owing to the timing of the collectively bargained agreements for the pay deals, the full impact of the pay awards was not reflected in the figures for 2023/24. Back-dated payments were made in early 2024/25 to London Underground and TfL colleagues, causing a larger year-on-year increase than usually seen. It is not standard practice to pay multiple awards in each year and we would typically expect to see more balanced increases when pay awards are settled timely.

For 2024/25, the TfL pay collectively bargained agreement consisted of a four per cent increase in base pay, plus an additional flat rate award of £400 and London Underground colleagues received a 3.8 per cent increase in base pay plus an additional £450.

In the years since 2016, inflation and salaries in the external market have risen more significantly than budgets provided within TfL, with record levels of inflation in 2022 and 2023, while the £100,000 threshold has remained static. In 2016, there were 188 employees on a base salary of more than £100,000. This has now risen to 548, with 184 of these in levels below senior management. Had the threshold set in 2016 risen in line with the February Retail Price Index each year, the equivalent value would now be £151,541, with 48 employees on a higher salary than this. Had it risen in line with the February Consumer Price Index, it would be £136,233, with 82 employees above this level.

In comparison, if we applied the annual pay review budgets awarded to the senior manager population over the same time, this figure would now be £117,887, with 167 employees above this.

Included in the total are 721 people with a base salary of less than £100,000. As salaries increase with inflation, a lower amount of other payments are required to take a person's total remuneration over £100,000. Many of these are paid as a percentage of basic pay, such as performance-related pay and allowances, and so are again impacted by inflation levels.

The number of people whose base salary was less than £100,000 but the overtime they earned took their total remuneration over the threshold increased by 356. Overtime rates are linked to an individual's base salary so are impacted by the continued high levels of inflation reflected

in the pay awards, contributing to the increase in numbers. Much of the overtime worked relates to specialist engineers working overnight and at weekends on major projects. These included works in preparation for new Piccadilly line trains entering service, testing for the new trains on the DLR, power upgrades across the network, as well as installing new signalling on the Circle, District, Hammersmith & City and Metropolitan lines.

There were 19 people, compared with 20 in 2023/24, who were on a base salary of less than £100,000 per year and received a one-off voluntary severance payment that took their total remuneration above this threshold. This is largely due to people leaving as part of our transformation programme, which is reducing management layers and eliminating duplication to improve efficiency and deliver recurring savings.

**Number of employees who earned total remuneration of more than £100,000 in the year**

|  | 2024/25      | 2023/24      |
|--|--------------|--------------|
| Base salary of £100,000 or more                            | 536          | 353          |
| Base salary below £100,000                                 | 721          | 361          |
| Voluntary severance payments taking earnings over £100,000 | 19           | 20           |
| Level of overtime worked taking earnings over £100,000     | 941          | 585          |
| <b>Total</b>   | <b>2,217</b> | <b>1,319</b> |

# Appendix I

Representation of equalities groups at different pay levels as at 31 March 2025, excluding Crossrail and our apprentices (this is not subject to audit)

## Gender

| Pay level    | Less than £30,000 |    | £30,001 to £40,000 |    | £40,001 to £50,000 |    | £50,001 to £60,000 |    | £60,001 to £70,000 |    | £70,001 to £80,000 |    | £80,001 to £90,000 |    | £90,001 to £100,000 |    | More than £100,000 |    |
|--------------|-------------------|----|--------------------|----|--------------------|----|--------------------|----|--------------------|----|--------------------|----|--------------------|----|---------------------|----|--------------------|----|
|              | Number            | %  | Number             | %  | Number             | %  | Number             | %  | Number             | %  | Number             | %  | Number             | %  | Number              | %  | Number             | %  |
| Female       | 150               | 48 | 1,056              | 39 | 1,843              | 35 | 1,116              | 23 | 1,123              | 23 | 1,225              | 18 | 322                | 20 | 102                 | 13 | 136                | 25 |
| Male         | 163               | 52 | 1,635              | 61 | 3,411              | 65 | 3,767              | 77 | 3,801              | 77 | 5,740              | 82 | 1,315              | 80 | 681                 | 87 | 412                | 75 |
| <b>Total</b> | <b>313</b>        |    | <b>2,691</b>       |    | <b>5,254</b>       |    | <b>4,883</b>       |    | <b>4,924</b>       |    | <b>6,965</b>       |    | <b>1,637</b>       |    | <b>783</b>          |    | <b>548</b>         |    |

## Ethnicity

| Pay level                        | Less than £30,000 |    | £30,001 to £40,000 |    | £40,001 to £50,000 |    | £50,001 to £60,000 |    | £60,001 to £70,000 |    | £70,001 to £80,000 |    | £80,001 to £90,000 |    | £90,001 to £100,000 |    | More than £100,000 |    |
|----------------------------------|-------------------|----|--------------------|----|--------------------|----|--------------------|----|--------------------|----|--------------------|----|--------------------|----|---------------------|----|--------------------|----|
|                                  | Number            | %  | Number             | %  | Number             | %  | Number             | %  | Number             | %  | Number             | %  | Number             | %  | Number              | %  | Number             | %  |
| Black, Asian and minority ethnic | 97                | 31 | 936                | 35 | 2,076              | 40 | 1,482              | 30 | 1,673              | 34 | 2,486              | 36 | 387                | 24 | 151                 | 19 | 80                 | 15 |
| White                            | 70                | 22 | 803                | 30 | 1,739              | 33 | 1,885              | 39 | 2,593              | 53 | 3,552              | 51 | 1,075              | 65 | 545                 | 70 | 432                | 78 |
| Not stated                       | 146               | 47 | 952                | 35 | 1,439              | 27 | 1,516              | 31 | 658                | 13 | 927                | 13 | 175                | 11 | 87                  | 11 | 36                 | 7  |
| <b>Total</b>                     | <b>313</b>        |    | <b>2,691</b>       |    | <b>5,254</b>       |    | <b>4,883</b>       |    | <b>4,924</b>       |    | <b>6,965</b>       |    | <b>1,637</b>       |    | <b>783</b>          |    | <b>548</b>         |    |

Disability status

| Pay level     | Less than £30,000 |    | £30,001 to £40,000 |    | £40,001 to £50,000 |    | £50,001 to £60,000 |    | £60,001 to £70,000 |    | £70,001 to £80,000 |    | £80,001 to £90,000 |    | £90,001 to £100,000 |    | More than £100,000 |    |
|---------------|-------------------|----|--------------------|----|--------------------|----|--------------------|----|--------------------|----|--------------------|----|--------------------|----|---------------------|----|--------------------|----|
|               | Number            | %  | Number             | %  | Number             | %  | Number             | %  | Number             | %  | Number             | %  | Number             | %  | Number              | %  | Number             | %  |
| Disabled      | 14                | 4  | 124                | 5  | 216                | 4  | 127                | 3  | 152                | 3  | 205                | 3  | 70                 | 4  | 22                  | 3  | 28                 | 5  |
| No disability | 107               | 34 | 1,287              | 48 | 3,107              | 59 | 2,443              | 50 | 2,966              | 60 | 4,559              | 65 | 995                | 61 | 407                 | 52 | 394                | 72 |
| Not stated    | 192               | 62 | 1,280              | 47 | 1,931              | 37 | 2,313              | 47 | 1,806              | 37 | 2,201              | 32 | 572                | 35 | 354                 | 45 | 126                | 23 |
| <b>Total</b>  | <b>313</b>        |    | <b>2,691</b>       |    | <b>5,254</b>       |    | <b>4,883</b>       |    | <b>4,924</b>       |    | <b>6,965</b>       |    | <b>1,637</b>       |    | <b>783</b>          |    | <b>548</b>         |    |

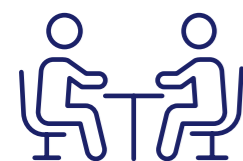


We have recently introduced new disability awareness training

# Appendix 2

## Trade union facility time (not subject to audit)

The Trade Union (Facility Time Publication Requirements) Regulations 2017 mean we must collate and publish a range of data on the amount and cost of trade union facility time within the organisation each year. Facility time is the provision of paid or unpaid time off from an employee's normal role for trade union duties and activities as a union representative.



# 843

members of staff elected  
as union representatives  
as at 31 March 2025

The trade unions represented in our organisation are:

- ASLEF
- PCS
- Prospect
- RMT
- TSSA
- UNISON
- Unite

## Working hours spent on facility

|                           | Number of employees<br>2024/25 | Number of employees<br>2023/24 |
|---------------------------|--------------------------------|--------------------------------|
| <b>Percentage of time</b> |                                |                                |
| 0                         | -                              | -                              |
| 1-50                      | 801                            | 757                            |
| 51-99                     | 7                              | 7                              |
| 100                       | 35                             | 35                             |
| <b>Total</b>              | <b>843</b>                     | <b>799</b>                     |

At any time, we have a number of vacancies for trade union representatives, as such the number of representatives will be a snapshot.

We allow representatives paid time off for union duties and meeting these costs represents 0.40 per cent of our total wage bill.

|   | 2024/25 | 2023/24 |
|---|---------|---------|
| Total cost of facility time (£m)                    | 9.2     | 7.9     |
| Total remuneration costs for all TfL employees (£m) | 2,280.7 | 2,155.6 |
| Percentage of pay bill spent on facility time (%)   | 0.40    | 0.36    |

We do not provide paid time off for representatives to carry out union activities. The above approach to paid time off, and the number of representatives for our 28,000 employees, is in line with legislation guidelines from ACAS and agreements with the trade unions.

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## About us

Part of the Greater London Authority family led by Mayor of London Sadiq Khan, we are the integrated transport authority responsible for delivering the Mayor's aims for transport. We have a key role in shaping what life is like in London, helping to realise the Mayor's vision for a 'City for All Londoners' and helping to create a safer, fairer, greener, healthier and more prosperous city. The Mayor's Transport Strategy sets a target for 80 per cent of all journeys to be made by walking, cycling or using public transport by 2041. To make this a reality, we prioritise safety, sustainability, health and the quality of people's experience in everything we do.

We run most of London's public transport services, including the London Underground, London Buses, the DLR, London Overground, Elizabeth line, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the IFS Cloud Cable Car.

We manage the city's red route strategic roads and are responsible for the maintenance, management and operation of more than 6,000 sets of traffic lights across the capital. The London boroughs are responsible for all the remaining roads within their boundaries. The experience, reliability and accessibility of our services are fundamental to Londoners' quality of life. Safety remains our number one priority and we continue to work tirelessly to improve safety across the network for both colleagues and customers.

Our vision is to be a strong, green heartbeat for London. We are investing in green infrastructure, improving walking and cycling, reducing carbon emissions, and making the city's air cleaner. The Ultra Low Emission Zone, and fleets of increasingly environmentally friendly and zero-emission buses, are helping to tackle London's toxic air. We are also improving public transport options, particularly in outer London, to ensure that more people can choose public transport or active travel over using their vehicles. We introduced the Superloop bus network, providing express bus routes circling the entire capital, connecting outer London town centres, railway stations, hospitals and transport hubs.

We have constructed many of London's most significant infrastructure projects in recent years, using transport to unlock economic growth and improve connectivity. This includes major projects like the extension of the Northern line to Battersea Power Station and Nine Elms in south London, as well as the completion of the London Overground extension to Barking Riverside and the Bank station upgrade.

The Elizabeth line, which opened in 2022, has quickly become one of the country's most popular railways, adding 10 per cent to central London's rail capacity and supporting new jobs, homes and economic growth. We also use our own land to provide thousands of new affordable homes and our own supply chain creates tens of thousands of jobs and apprenticeships across the country.

We are committed to being an employer that is fully representative of the community we serve, where everyone can realise their potential. Our aim is to be a fully inclusive employer, valuing and celebrating the diversity of our workforce to improve services for all Londoners.

We are constantly working to improve the city for everyone. This means using information, data and technology to make services intuitive and easy to use and doing all we can to make streets and transport services accessible and safe to all.

We reinvest every penny of our income to continually improve transport networks for the people who use them every day. None of this would be possible without the support of boroughs, communities and other partners who we work with to improve our services. By working together, we are creating brighter journeys and a better city.

