Merseytravel

Statement of Accounts 2025/26 (subject to audit)

LIVERPOOL CITY REGION COMBINED AUTHORITY

Merseytravel

METRO MAYOR LIVERPOOL CITY REGION

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NARRATIVE REPORT BY THE EXECUTIVE DIRECTOR RESOURCES

Merseytravel is a corporate body under the Transport Act 1968. Merseytravel is the transport delivery body for the Liverpool City Region Combined Authority (LCRCA), providing transport services across Liverpool, Knowsley, St Helens, Sefton and the Wirral. Merseytravel also provides strategic transport advice to Halton. It also provides professional, strategic and operational advice on transport to LCRCA. Merseytravel receives its funding from LCRCA in the form of revenue and capital grants to fund its expenditure in order to carry out the functions as directed by the LCRCA.

The Statement of Accounts that follow demonstrates Merseytravel's financial performance for the financial year ending 31 March 2026. The purpose of this report is to provide a guide to Merseytravel's accounts and to summarise its financial and non-financial performance for the year. These accounts are completed in compliance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

The following provides a brief overview of the various sections of the Annual Statement of Accounts.

Narrative Statement

Provides a summary of Merseytravel's financial and non-financial performance for the year.

Statement of Responsibility for the Statement of Accounts

This outlines the responsibilities of both Merseytravel and the Executive Director Resources for the production and content of the Annual Statement of Accounts.

Annual Governance Statement

This explains the effectiveness of the governance framework in operation during the financial year.

Movement in Reserves Statement

This statement shows the movement in reserves held by Merseytravel during the financial year, splitting them into usable and unusable reserves. The Deficit/(Surplus) on the Provision of Services shows the cost of providing Merseytravel's services under proper accounting practice which is different from the statutory amounts required to be charged to the General Fund Balance for levy setting purposes. The Net Increase/(Decrease) before Transfer to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers (to)/ from earmarked reserves.

Comprehensive Income and Expenditure Statement (CIES)

This statement shows the cost of providing services in accordance with generally accepted accounting practices as opposed to the amounts to be funded from the grant it receives from the Combined Authority. Whilst the position detailed in the CIES will differ from that shown in Merseytravel's management reporting, the levy position is detailed through the Movement in Reserves and Expenditure and Funding Analysis.

Balance Sheet

This shows the value of Merseytravel's assets and liabilities at the Balance Sheet date. Net assets of Merseytravel are matched by the reserves (both usable and unusable) held by Merseytravel.

Cash Flow Statement

This statement summarises the actual flows of cash arising from Merseytravel's transactions during the financial year. This shows the changes in cash and cash equivalents during the year.

Notes to the Financial Statements

These include additional information on items included within the core financial statements and details on the organisation's main accounting policies.

Group Accounts

These reflect the full extent of Merseytravel's economic activities by reflecting Merseytravel's involvement with its group companies and organisations.

Financial Performance

Revenue Expenditure 2025/26

Each year, Liverpool City Region Combined Authority produces an annual Group budget comprising the activities of LCRCA, Merseytravel and Mersey Ferries Limited. The Authority's 2025/26 budget was approved on 24 January 2025 which approved a net expenditure budget of £292.7m with a Transport Levy of £107.1m. The revenue budget was revised during the year, most latterly at the Combined Authority meeting on 6 March 2026. The following table compares the actual spend against revised budget for Merseytravel and Mersey Ferries activities in 2025/26.

	Revised Budget £'000	Outturn £'000	Variance £'000
Transport	59,038	53,460	5,578
Transport Infrastructure Programmes	(19,382)	(21,061)	1,680
Customer and Operations	80,069	73,733	6,336
Corporate Management & Corporate Costs	542	98	444
Total Expenditure	**120,268**	**106,230**	**14,038**
Funded by:			
Specific Grants	(14,965)	(3,820)	(11,145)
Net amount to be funded by operational grants from LCRCA and reserves	**105,303**	**102,410**	**2,893**

The position detailed in the table above is based on actual cost against the group budget not proper accounting practice or inclusive of operating grants or recharges between group entities and to this end will differ from those costs detailed in the Comprehensive Income and Expenditure Account.

Reserves and Balances

Based on the outturn position detailed above the resultant position in respect of the Group Usable Reserve Balances is detailed below.

	2024/25 £'000	In Year Movement £'000	2025/26 £'000
Capital Reserves	4,049	(1,408)	2,641
Earmarked Usable Reserves	66,760	3,904	70,664
General Fund Balances	8,518	(537)	7,982
Subsidiary Reserves	1,817	143	1,960
Total	**81,144**	**2,102**	**83,247**

A detailed list of balances and reserves are detailed in the Notes to the Core Financial Statements.

Capital Expenditure 2025/26

Merseytravel spent £76.604m on capital during 2025/26 (compared to £81.742m in 2024/25). This expenditure is summarised below.

2024/25 £'000		2025/26 £'000
22,584	Revenue Expenditure Funded from Capital under Statute	17,368
1,485	Non-Current Assets (Property Plant and Equipment)	55,733
48,801	Assets under Construction	1,166
56	Right Of Use Assets	474
47	Intangible Assets	19
8,770	Non-Current Assets (Infrastructure)	1,845
81,742	**Total**	**76,604**

The table below details the funding of the capital programme.

2024/25 £'000		2025/26 £'000
80,611	Capital Grants	75,196
1131	Application of Reserves	1,408
81,742	**Total**	**76,604**

As detailed above a significant proportion of the capital investment made by Merseytravel relates to Revenue Expenditure funded from Capital under Statute (REFCUS). REFCUS relates to capital expenditure incurred on assets that are not in the ownership of Merseytravel.

The table below details the major schemes funded through the capital programme in 2025/26.

	£'000
Bus reform	48,083
Ferries - New Vessel Build	7,463

2025/26 Performance and Delivery of Objectives

Merseytravel is the Executive body that provides professional, strategic and operational transport advice to the Liverpool City Region Combined Authority (LCRCA) to enable it to make informed decisions. It is also responsible, on behalf of the Combined Authority, for transport delivery. To support these responsibilities, Merseytravel receives an annual revenue grant from the LCRCA. Merseytravel also receives Special Rail Grant to support the operation of the devolved local rail franchise.

Merseytravel has a significant role in the direct provision of transport services across the city region including:

- Funding additional bus services in areas and at times not served by the commercial network and where a social need has been identified;
- Resourcing, administering and advising on the Merseyside Concessionary Travel scheme and providing a pre-paid ticket scheme;
- Providing services to aid the operation of the local bus service network, including maintaining bus infrastructure and operating travel centres across the city region;
- Letting and monitoring the Merseyrail concession;
- Operation of the Mersey Ferries;
- Operating the Mersey Tunnels on behalf of the LCRCA; and
- Fostering collaborative working through strategic and operational relationships with stakeholders and partners (such as safety across the network and planning for major events) and taking forward infrastructure developments.

Merseytravel's focus is on supporting the economic growth of the Liverpool City Region by maximising connectivity across the region and beyond, improving the customer experience, and supporting the integrated transport network. Merseytravel works with local and national rail and bus operators to ensure that the Liverpool City Region has the best possible transport infrastructure enabling the efficient movement of people and goods; and works in partnership with government, local authorities, the Growth Platform, public transport operators. Transport for the North, the business community, community groups and members of the public.

Tracking Performance of the Corporate Plan

In 2024/25, the Combined Authority developed a new delivery planning and performance reporting approach to monitor and report on delivery of the new Corporate Plan, which was approved by the Combined Authority in July 2024. The refreshed process ensures that annual delivery plans identify clear actions and timed delivery milestones, linked to five key Corporate Plan priorities areas - **Economy, People, Place, Transport and Digital Infrastructure**.

Quarterly monitoring information is collected from all service areas across the Authority in line with their plans to provide clear and objective performance reports for a variety of audience, including the Chief Executive and Executive Leadership Team, Overview and Scrutiny Committee, the Combined Authority and Cabinet Boards.

These reports:

- allow senior officers to robustly manage delivery and performance
- enable the Combined Authority to have clear oversight of delivery and performance against Corporate Plan priorities to ensure potential outcomes from, and impact of, available funding is maximised
- demonstrate transparency and supports public accountability for delivery performance.

Performance in 2025/26

This has been another year of major milestones for the City Regions Public Transport Network, with significant investment in new infrastructure and further progression towards the goal of greater local control of the network.

The Local Transport Plan has been agreed, setting out the next 15 years investment for public transport and road, walking and cycling networks in the Liverpool City Region. This plan sets out the vision for clean, safe and accessible transport for moving people and goods and has influenced many of the achievements during the year.

Other notable examples of the progress being made to deliver key transport commitments during 2025/26 are presented below.

The new Mersey Ferry, ***The Royal Daffodil***, build has been completed following 2 years of construction on the banks of the River Mersey by Cammell Laird. The first new ferry in over 60 years, it retains traditional livery of red, white and black and features modern hybrid propulsion, improved accessibility and has been designed for commuter service and special events. The ferry is scheduled to enter service in Summer 2026 following sea trials in Spring 2026.

The **regeneration of the Woodside Ferry Terminal** has seen major works completed through the installation of a new 120-tonne bridge. This was installed using a floating crane, replacing the previous 39-year-old landing stage, linkspan bridge and supporting boom structures which were responsibly recycled. Further works are underway on the Terminal building refurbishment.

During the year, Merseyrail successfully rolled out the Bank Card **Tap & Go System** as part of the investment in Smart Ticketing across the network. This allows for travellers to tap on and off using bank cards or through payment apps on phones and smartwatches at Merseyrail stations, with the system calculating the best value fare for the journey.

Liverpool City Region's new £500m hi-tech trains fleet project was recognised with a top national award for accessibility - '**Accessibility Achievement of the Year**'. The award recognises the work to make the local rail network one of the most accessible in the country. This is a major step in achieving the ambition to make every station in the city region step-free from pavement to platform by 2030.

The new Merseyrail Station, **Liverpool Baltic**, has been granted planning approval and development proposals are currently being assessed. Sandhills Station has also seen investment with a new footbridge providing a second entrance to the station, designed to reduce congestion from increased travel demand from the new Hill Dickinson Stadium. This bridge was installed without any impact on the day-to-day running of the station.

Grant funding of £32m to upgrade **St Helens Interchange** was approved to develop a cutting-edge facility to transform connectivity in the town centre. This will increase connectivity of bus and rail services and be primarily made from recycled and natural materials featuring green living roofs as well as solar panels for energy capture.

During the year there has been increased marketing to advertise and encourage bus usage prior to **Bus Franchising** going live in St. Helens and Wirral in 2026; and franchises have been awarded to Stagecoach and Go-Ahead. 108 all new electric buses have been delivered to the City Region and are currently in storage, ready for release into service.

Risks and Opportunities

As the transport delivery arm of the Liverpool City Region Combined Authority, Merseytravel plays a vital role in ensuring an effective, efficient and well-run public transport network is maintained across the city region and delivering against key transport and net zero carbon priorities.

Over the last few years there has been an unprecedented surge in inflation which has led to increasing cost pressures across all aspects of Merseytravel service. High inflation has led to higher utility costs, pay awards and a general increase in the cost of buying goods and services. At a macro level during 2025/26 Merseytravel was able manage these pressures within its overall budget, however, whilst inflation is projected to reduce, it still remains above the 2% target and with continued high inflation, also taking into account the potential impact of the national landscape, there is a strong likelihood that pay claims and the cost of goods and services will remain elevated which could place further pressure on the budgets for 2026/27. Whilst central inflationary provision has been made at the group level to deal with these pressures, these will need to be carefully managed.

Public transport patronage remains below the levels seen pre pandemic and this continues to present challenges for the operation of the public transport network. Whilst Merseytravel hasn't previously taken revenue risk on bus or train operations, this will change in 2026/27 as the first tranche of franchising goes live. Overall lower patronage on the bus network and higher costs presents challenges for Merseytravel in maintaining a viable and stable bus network in the face of service reduction and deregistration by operators. Whilst Merseytravel continues to work closely with operators across the region the transition period brings additional risks as we ensure network support is maintained to support future growth whilst we take back control of bus services across the region.

As part of the City Region Sustainable Transport Settlement (CRSTS), Merseytravel is responsible for directly delivering a significant proportion of the overall capital programme. Whilst this presents an exciting opportunity to improve the public transport infrastructure across the City Region, the challenge will be to ensure there is sufficient capacity within the organisation to deliver on these key projects. Funding has now been confirmed through the confirmation of the second round of CRSTS, Transport for City Regions (TCR) at a value of £1.6bn, this covers both capital and revenue funding and will provide a significant opportunity for medium to long term investment across the region.

Future Developments and Outlook

Merseytravel's activities will aid in the delivery of key aspects of the Combined Authority's Corporate and Local Growth Plan and overarching priorities.

As the transport delivery arm of the Combined Authority, Merseytravel receives funding for both revenue and capital activities from the Combined Authority. For 2026/27 a capital programme of £192.2m to support the delivery of the major transport interventions and a revenue budget of £114.8m were approved. Funding for the Merseytravel budget flows from the Combined Authority in the form of grants funded from Transport Levy and Tunnel Tolls and from major capital grants including the City Region Sustainable Transport Settlement (CRSTS). In 2026/27 Merseytravel will receive an operational grant of £90.85m and a Tunnels grant of £27.15m; for capital activities a capital grant of £160.3m was approved.

The city region's transport infrastructure is a fundamental economic enabler, connecting people to work, education, public services and leisure. Following the decision in 2023, by the Mayor, to proceed with a franchising model for the region's bus network, work is well underway and will continue to progress in line with the commitment to implement this within the 2024-28 Mayoral term, with the first tranche of franchising going live in September 2026.

The current rail concession contract also comes to an end in 2028 as such work is currently being undertaken to consider options for the future operating model.

Finally, a significant level of capital investment will continue to be delivered over the next twelve months leading to enhanced travel hub, station accessibility, launch of the new ferry, continued fleet improvements and modernisation and improved active travel.

Whilst the Combined Authority has set a balanced revenue budget for 2026/27, the position over the medium term remains challenging and it is currently anticipated that there will be a continued requirement to use revenue reserves to support design, development and transition costs of new services, any use of reserves will be subject to appropriate decision making.

John Fogarty (CPFA)
Executive Director Resources
30 June 2026

STATEMENT OF RESPONSIBILITIES FOR MERSEYTRAVEL'S STATEMENT OF ACCOUNTS

Merseytravel is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this instance, that officer is the Executive Director Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

Responsibilities of the Executive Director Resources

The Executive Director Resources is responsible for the preparation of Merseytravel's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ("The Code"). The Statement of Accounts is required to present fairly the financial position of Merseytravel at the accounting date and its income and expenditure for the year end 31 March 2026. In preparing this statement of accounts, the Executive Director Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- complied with the Local Authority Code;
- assessed the ability of Merseytravel to continue as a going concern; and
- used the going concern basis of accounting on the assumption that the functions of Merseytravel will continue in operational existence for the foreseeable future.

The Executive Director Resources has also:

- kept proper accounting records which are up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Responsible Financial Officer's Certificate

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of Merseytravel as at 31 March 2026 and its income and expenditure for the year ended 31 March 2026.

John Fogarty (CPFA)
Executive Director Resources
30 June 2026

ANNUAL GOVERNANCE STATEMENT 2025/26

1. INTRODUCTION

Merseytravel is a Passenger Transport Executive which also operates as a transport delivery body for Liverpool City Region Combined Authority (herein referred to as the Combined Authority).

Merseytravel is required by law to review its governance arrangements at least once a year.

Preparation and publication of this document, the Annual Governance Statement (AGS), in accordance with "Delivering Good Governance in Local Government" (CIPFA/SOLACE, 2016), fulfils this requirement.

The definition used by the guidance states:

"Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved."

The Annual Governance Statement is a key corporate document, intended to provide an accurate representation of the corporate governance arrangements in place during the year, which have supported delivery of organisational objectives to stakeholders; reflecting where arrangements have been effective, and where any improvements are required.

The governance framework described has been in place at Merseytravel for the year ended 31 March 2026 and up to the date of approval of the Statement of Accounts.

2. SCOPE OF RESPONSIBILITY

Merseytravel is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively.

In discharging this overall responsibility, Merseytravel is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and establishing effective arrangements for the management of risk.

Merseytravel has approved and adopted a Code of Corporate Governance, which is consistent with the principles of "Delivering Good Governance in Local Government" (CIPFA/SOLACE, 2016). A copy of the Merseytravel Code of Corporate Governance is available to employees for reference via the Constitution.

This Statement explains how Merseytravel has complied with the Code of Corporate Governance and meets the requirements of Regulation 6(1)(b) of the Accounts and Audit

(England and Wales) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

3. PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture, and values by which Merseytravel is directed and controlled and the activities through which it accounts to, engages with and supports the Combined Authority to lead its communities. It enables the organisation to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of organisational policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they materialise, and to manage them efficiently, effectively and economically.

4. OVERALL GOVERNANCE FRAMEWORK

Merseytravel was established under the Transport Act 1968. It has a Board of Directors that is responsible for ensuring that the organisation has a robust governance framework; however, all key strategic and financial decisions are made by Combined Authority.

The Combined Authority was established by the Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral Combined Authority Order 2014, under the provisions of the Local Democracy, Economic Development and Construction Act 2009. It became a Mayoral Combined Authority in 2017. The Combined Authority is an Established Mayoral Strategic Authority and is led by directly-elected Mayor Steve Rotheram, bringing together the Combined Authority’s six local authorities – Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral (the Constituent Authorities).

As a consequence of the English Devolution and Community Empowerment Act 2026, the Combined Authority has the following areas of competence:

1. Transport and local infrastructure
2. Skills and employment support
3. Housing and strategic planning
4. Economic development and regeneration
5. Environment and climate change
6. Health, wellbeing and public service reform
7. Public safety
8. Culture

Merseytravel pre-dates the Combined Authority and operates across the five Local Authority areas that form the County of Merseyside. Halton Council, although part of the Combined Authority, retains its direct transport operations, although there is integration at a strategic level.

The Combined Authority sets the Transport Levy (paid by the Constituent Authorities), approves tunnels tolls and other fees and charges levied by Merseytravel and thus approves operational grants to Merseytravel to allow it to fulfil its responsibilities in providing transport services. Merseytravel is responsible for the implementation of the policies of the Combined Authority and, under the Transport Act 1968, retains its status as a distinct statutory body. Despite its separate statutory status, for all practical purposes, there is little distinction between the Combined Authority and Merseytravel. The Executive Director Place for the Combined Authority is the Director General of Merseytravel and the other Directors of Merseytravel are employed by the Combined Authority. The statutory functions of Head of Paid Service (Chief Executive), Secretary (Combined Authority Monitoring Officer) and Executive Director of Resources are fulfilled on a joint basis across the two organisations.

Merseytravel Board activities are overseen, and assurance is given by, the Audit and Governance Committee of the Combined Authority.

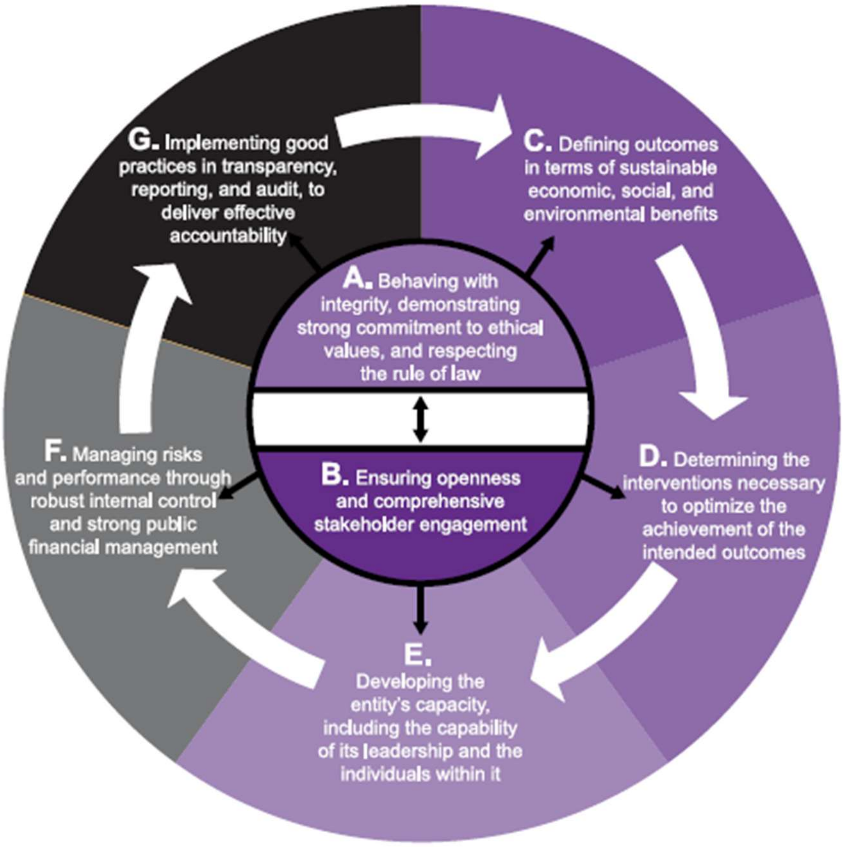
The key sources of assurance are set out in the following diagram:

There is also a Policy Framework which is approved by the Combined Authority at each Annual Meeting, which sets the policy and strategic context for both internal and external activities.

5. REVIEW OF EFFECTIVENESS

Merseytravel has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by Executive and Senior Leaders in the organisation who have responsibility for the development and maintenance of the governance environment (including feedback and comments from the annual Governance Assurance Statement process; to which all relevant officers contributed); the Head of Internal Audit's Annual Report and Conclusion; and from comments made by the external auditors and other assurance providers.

The CIPFA/SOLACE guidance sets out the following seven core principles of good governance:



Merseytravel aims to achieve good standards of governance by adhering to the seven core principles, which form the basis of the Code of Corporate Governance.

Merseytravel has conducted a review of its effectiveness against each of these principles, and this is detailed on the following pages.

Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
A joint Code of Corporate Governance, incorporating the Seven Principles of Public Life (the Nolan Principles), remains in place and continues to underpin ethical conduct across Merseytravel. These principles apply to both members and officers and reflect recognised sector standards for public life. Arrangements are in place to support their effective implementation through policies, training, performance management and leadership oversight. Understanding of the Nolan Principles continues to strengthen across Directorates. During the year, further measures were introduced to embed ethical awareness, including a new ethical conduct question within the My Check-In performance conversation process and the launch of a dedicated e-learning module in April 2026. This supports ongoing evaluation of ethical behaviour and provides assurance that standards continue to be understood and applied consistently. An Employee Code of Conduct remains in place and is subject to regular review. Alongside this, there is a strong level of awareness of, and compliance with, the organisation's corporate behaviours. Employees are required through My Check-In to reflect on how they have demonstrated these behaviours, reinforcing personal accountability and ethical leadership at all levels. Induction arrangements, including employee "marketplaces", further support understanding of ethical expectations for both new starters and returning staff by linking the Nolan Principles directly to delivery of the Corporate Plan. The Merseytravel Constitution provides the framework for lawful decision-making and the discharge of statutory duties, including financial management, procurement and delegation arrangements. Decisions are taken in accordance with the Constitution and the approved Scheme of Delegation. A supporting policy framework is reviewed regularly and sets out arrangements for the discharge of key functions, helping to ensure compliance with legal and regulatory requirements and that expenditure is lawful. Robust arrangements are in place to ensure legal compliance. The Legal Team provides advice and guidance where required, including on constitutional interpretation, subsidy control and other regulatory matters, while the Procurement Service supports procurement activity to ensure compliance with legislative and internal requirements. No legal challenges were received during the year. Ethical conduct and the management of conflicts of interest are supported through the Gifts, Hospitality and Declarations of Interest Procedure, which applies to officers and is supported by procedures for members. The process is supported through policy delivery software, the corporate intranet and annual reminders. Declarations of interest and conflicts are also a mandatory element of procurement processes to ensure transparency and probity in decision-making. A number of officers did not complete their annual declaration during the year; management actions are in place to reinforce compliance through reminders to managers and discussion through 1:1 meetings. Ethical standards are also embedded within arrangements relating to external service providers. Procurement documentation and grant conditions require providers to comply with ethical, legal and governance requirements, including management of conflicts of interest and adherence to relevant standards of conduct. These requirements are supported through due diligence, contract management and ongoing monitoring arrangements.

The Confidential Reporting (Whistleblowing) Protocol and related guidance for members of the public remain in place and reflect the statutory provisions of the Public Interest Disclosure Act 1998. These arrangements provide clear routes for employees and others to raise concerns in the public interest. Supporting e-learning is available to employees, and Internal Audit provides advice and guidance where required.

Where breaches of ethical standards, policies or procedures are identified, they are addressed through established management, HR, legal or governance processes as appropriate. Outcomes are reviewed to ensure that lessons are learned and, where necessary, controls, guidance or training are updated to strengthen future compliance.
Members, senior managers and those in formal governance roles demonstrate leadership of an ethical culture through adherence to the Nolan Principles, consistent decision-making in line with the Constitution, active reinforcement of ethical standards through performance management and induction processes, and visible support for transparency, accountability and openness across the organisation.

Corporate policies are disseminated to employees via a software system, which enables the monitoring of completion rates. Overall completion rates during 2025/26 were high at 91%, but there are some key policies which need to improve their completion rate. Oversight is provided to the Executive Leadership Team monthly through Corporate Health Dashboards.

Core Principle B: Ensuring openness and comprehensive stakeholder engagement.
Arrangements are in place within Merseytravel to ensure that decisions are taken in the public interest, are informed by appropriate engagement and evidence, and that the rationale for decisions is clearly recorded and available. In accordance with Merseytravel's Constitution and Scheme of Delegation, reports presented to decision-making bodies set out the purpose of decisions, available options, associated risks and impacts, and supporting evidence. Expected standards of openness and transparency are supported through a range of mechanisms. Regular briefings and development sessions are held with elected members involved in transport governance, and member queries are responded to within appropriate timescales. Freedom of Information and Data Protection requests received during the year were responded to within statutory timescales, reinforcing public confidence in Merseytravel's decision-making and information governance arrangements. A culture of internal challenge and self-assessment is supported through established governance and delivery arrangements, including officer-level forums such as the Transport Delivery Board, which meets regularly to review progress, challenge proposals and support informed transport decision-making. Gateway reviews are undertaken for key transport projects, ensuring that risks, costs, benefits and delivery considerations are assessed at appropriate stages of the project lifecycle. Effective mechanisms are in place for engagement and consultation with transport users, communities and stakeholders. Merseytravel undertakes regular and early engagement with a broad range of stakeholders, including constituent local authorities, elected members, the Transport Advisory Group, the Cabinet Members for Transport and Net Zero, transport operators and other external partners. Work continues to strengthen approaches to customer insight and feedback to inform service design and improvement. Extensive consultation and engagement took place during the year on key transport strategies and programmes, including the Local Transport Plan, the Bus Franchising programme, the Mersey Tidal Power project and other significant transport initiatives. A range of methods were used, including public engagement events, targeted stakeholder discussions and online consultation. Feedback received through these processes is being used to shape transport policy development, delivery plans and future decision-making. Equality Panels covering gender, race, disability and LGBTQIA+ communities continued to meet and develop during the year and were consulted on transport-related policy development. This included consideration of schemes such as St Helens Multi-Modal Interchange, the Local Transport Plan and Travel Safe, helping to ensure that accessibility, safety, equality and lived experience are reflected in transport decisions. Engagement with the Panels supports Merseytravel's commitment to inclusive and accessible transport services. A range of communication channels are used to keep passengers and stakeholders informed, including the organisation's website and social media platforms, which are regularly updated with service information, consultation activity and key decisions. A customer comments system is also in place to enable feedback outside of formal consultations, helping to capture passenger insight and inform service improvement. Through these arrangements, Merseytravel seeks to ensure that transport decision-making is transparent, evidence-based and informed by meaningful engagement, and that stakeholder views, challenge and feedback play an active role in shaping transport services, infrastructure and outcomes across the City Region.

Core Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits.

The Corporate Plan for the period 2024–28 continues to provide the strategic framework within which Merseytravel operates, supporting delivery of the transport-related elements of the City Region's long-term vision and priorities. Developed through a collaborative process, the Plan sets out strategic priorities across Economy, People, Place, Transport and Digital Infrastructure, supported by arrangements for service planning, delivery and performance measurement that are relevant to Merseytravel's statutory transport responsibilities.

Employees demonstrate a strong awareness of the Corporate Plan and the role that Merseytravel plays in delivering its objectives, particularly in relation to transport outcomes that support economic growth, social inclusion and environmental sustainability. This understanding is particularly evident in relation to commitments to net zero carbon, social value, accessibility and broader equality duties, and the importance of these priorities to residents and transport users across the City Region.

Decision-making arrangements ensure that relevant financial, social, environmental, risk and legal considerations are embedded within transport-related decisions. Committee report templates require explicit consideration of these areas, and subject matter experts and statutory officers review reports to provide assurance of consistency, transparency and alignment with policy and governance requirements. Reporting of key aspects of transport performance to elected members has continued throughout the year, supporting effective oversight and accountability.

Merseytravel contributes to the wider governance and assurance framework established by the Combined Authority, through robust transport planning, programme management and performance reporting. This includes supporting elected members with clear information on progress, risks and outcomes associated with transport investment and service delivery.

Merseytravel continues to play a central role in the delivery of the City Region's net zero ambitions in relation to transport. Progress during the year has continued across a range of areas, including the decarbonisation of public transport through the procurement of zero-emission buses, operation of the new train fleet, and wider transport-related contributions to the City Region's five-year Climate Action Plan. The Climate Action Plan has been reviewed to ensure it remains fit for purpose.

Good progress has also continued in delivering Active Travel priorities, with Merseytravel supporting the development and delivery of improved cycling, walking and wheeling infrastructure. These programmes contribute to improved access to services and opportunities, support healthier travel choices and play a key role in reducing transport emissions.

Through these arrangements, Merseytravel supports the delivery of the Corporate Plan priorities by aligning transport planning, performance management and service delivery to the City Region's wider economic, social and environmental objectives, while maintaining a strong focus on accessibility, value for money and sustainable outcomes for residents and transport users.

During the year, the Combined Authority has been working with Government to agree an Outcomes Framework that will guide the allocation of funding available through the Integrated Settlement from April 2026. These outcomes cover several themes including economic regeneration, skills and employment support, housing and spatial planning, transport and local infrastructure, net zero and climate change, and health, wellbeing and public sector reform. The refresh of the Corporate Plan referred to earlier will seek to ensure that the priorities within the plan are fully aligned and support the achievement of these outcomes agreed with Government.

Core Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes.

Following the approval of the Corporate Plan 2024–28, Merseytravel has established arrangements for medium and short-term service planning to ensure that transport delivery activity remains aligned to the City Region's long-term strategic objectives. Service and programme plans provide the link between the Corporate Plan and operational activity, setting out objectives, milestones and priority actions across Merseytravel's transport responsibilities. Employees demonstrate a good level of understanding of these plans and their role in delivering improved transport outcomes.

Delivery of objectives is supported through structured programmes and projects, with clear governance arrangements in place. Key aspects of service and directorate performance are reported quarterly to the Executive Leadership Team and the Combined Authority, including progress against objectives and the remedial actions being taken where performance is falling behind expectations. The Directors Forum takes a specific interest in organisational performance, supporting cross-directorate learning and challenge. Performance reporting to elected members continues through regular reports to the Combined Authority and relevant boards.

Merseytravel uses performance information, evaluation activity and self-assessment to support continuous improvement and value for money. Gateway review processes continue to be applied to key transport projects, ensuring appropriate oversight, challenge and control at each stage of the project lifecycle. These arrangements support effective governance, timely intervention and learning to inform future project design and delivery.

Resources and budgets are aligned to strategic priorities through integrated financial and service planning processes. Securing an Integrated Financial Settlement from 2026/27 demonstrates Government confidence in the Combined Authority's ability to deliver and will provide increased funding flexibility to support delivery of Corporate Plan objectives. A readiness assessment was undertaken during the year, with positive feedback received. Recommendations arising from the assessment are being taken forward, with 2026/27 designated as a "test and learn" year for the new arrangements. The English Devolution Act introduces new enhanced scrutiny procedures which will come into effect in the CA in March 2027 through the establishment of Local Scrutiny Committees.

Merseytravel continues to use external assurance and internal review to support value for money. During the year, the external auditor issued a clean opinion on value for money arrangements for the 2024/25 period. Internal performance monitoring, gateway reviews and audit activity provide assurance that resources are used effectively and that learning is embedded into future planning.

Arrangements are in place to ensure that legal, financial, risk and operational implications are considered as part of transport-related decision-making. The continued use of the Committee report template supports transparency and consistency, and training for managers has strengthened capability in report writing and decision-making.

The delivery of social value remains an important consideration within Merseytravel's commissioning, procurement and contracting activity. Social value requirements are embedded within procurement exercises and supported by mandatory training. A network of social value champions continues to support the promotion and application of social value principles across transport investment, service delivery and project activity.

During the year, Merseytravel has played a central role in progressing major transport programmes. Work to support the implementation of bus franchising has continued, including responding to consultation feedback, engaging with the market and preparing for procurement and implementation. Close and effective working with operators has ensured the continuity and resilience of the public transport network.

The Combined Authority has an established monitoring and evaluation framework, which is an integral part of the Assurance Framework and a key mechanism alongside the Outcomes Framework for tracking the success and impact of the Integrated Settlement. The framework is being refreshed during 2026/27 to reflect the new devolved powers and funding of the Combined Authority and will complement a dedicated monitoring and evaluation plan for the Integrated Settlement (also being developed). There are also specific monitoring and evaluation frameworks in place for dedicated funding streams such as the City Region's Strategic Investment Fund (or Gainshare) which reflect their specific requirements. The Frameworks outline a range of measures for monitoring and reporting on results; and evaluating the outcomes and impact of the Combined Authority's investment activities both as projects are being delivered and once these have concluded. This intelligence is used to inform decision-making relating to both future policy and intervention design.

In line with the Local Evaluation Framework (LEF), which outlines how the Combined Authority will measure the impact of its Strategic Investment Fund, several evaluations have been completed during the year to provide evidence to support the annual conversation with central government on the LCR investment funds, that took place in March 2026. These include evaluations of the Kindred project, the Cradle to Career Programme, and the thematic evaluation of the Cultural Capital projects, which has assessed the extent to which the Shakespeare North Playhouse, Eureka and Crosby Lakeside Adventure Centre are attracting the projected visitors, expenditure and economic impacts outlined in their original business cases. The LEF has been updated for 2026/27 and outlines detailed plans for evaluation of three business ecosystem / innovation projects that will be undertaken during 2026/27 (Flexible Growth Fund, LYVA Labs, and Baltic Ventures Tech Accelerator). Alongside this, work has been completed over the year to evaluate the impact of the UK Shared Prosperity Fund (UKSPF) and provide inputs into the National Evaluation of the programme, through the 'LCR Place Based Case Study' and 'LCR intervention level assessment' on 'Employment and Skills' through the provision of data and performance of the Ways to Work and Households into Work programmes.

From a transport perspective, an interim evaluation of the City Region Sustainable Transport Settlement (CRSTS) is underway to provide learning of delivery of the programme so far alongside an understanding of the progress being made towards anticipated outcomes and early emerging impacts. Alongside this the Combined Authority is also continuing to provide inputs into the National Evaluation of the CRSTS. The team has also recently completed two rail station evaluations (Maghull North and Headbolt Lane) to assess impact and gather learning to inform future policy and intervention design, and planning is well underway to develop a monitoring and evaluation framework for the Bus Franchising programme in advance of the first franchised routes going operational in autumn 2026.

Through these arrangements, Merseytravel seeks to ensure that service planning, programme delivery, performance management and resource allocation are aligned with strategic transport objectives, support continuous improvement and deliver value for money and social value for the City Region and its transport users.

Core Principle E: Developing capacity and capability, including the capability of its leadership and the individuals within it.

Arrangements are in place to ensure clarity over member and officer roles and responsibilities and to support effective leadership and accountability across the organisation. These arrangements are underpinned by the Constitution, including the Scheme of Delegation, member and officer protocols, and clear role profiles. Where organisational change and capacity-building have taken place, role descriptions are being prioritised for review, with ongoing assurance provided through annual review as part of the My Check-In performance process.

Merseytravel applies recognised codes and professional standards to statutory officer roles, who carry out their statutory responsibilities in accordance with relevant legislation and professional standards, providing advice, assurance and independent challenge as required. These arrangements align with the Code of Practice on Good Governance for Local Authority Statutory Officers.

Financial management roles and responsibilities are aligned with the CIPFA Financial Management Code and relevant guidance for Combined Authorities. The Director of Finance provides leadership on financial strategy, resource allocation and value for money, supported by strong financial controls and professional oversight. These arrangements support effective stewardship of public funds and compliance with statutory obligations.

The Monitoring Officer function is discharged through established arrangements that ensure access to information, independence and the ability to provide advice and challenge to members and officers on governance, legality and decision-making. This contributes to the overall soundness of the governance framework.

During 2025/26, the organisation began building its capability and capacity in Artificial Intelligence (AI), including appointing the region's first Chief AI Officer, delivering introductory AI awareness training for staff, and establishing a small team to develop the Authority's AI programme. An AI Taskforce is being established, and the Combined Authority hosted its second AI Summit to promote responsible adoption and share good practice across the region. These activities are being supported by emerging governance and risk management arrangements to ensure AI is deployed safely, ethically and securely.

Capacity and capability continue to be developed across the organisation to respond to growth, new powers and accelerating delivery. Considerable work has taken place to address the human resource needs of the organisation, including targeted recruitment to key roles and the strengthening of leadership capacity. New leadership groups, including the Directors Forum and the Senior Leadership Forum, were convened during the year to support corporate leadership, cross-organisational learning and collective accountability.

A workforce planning tool has been developed and is being piloted across several service areas to support medium-term workforce planning, skills development and succession planning. The Leadership Charter and People Strategy remain in place to guide organisational development and support a positive and inclusive workplace culture.

Induction and development arrangements are in place to support members and officers in fulfilling their strategic roles. Members receive appropriate training and briefings to support effective decision-making. Regular induction sessions and employee marketplaces are held for new starters, providing insight into the organisation, its priorities and governance expectations, including the Nolan Principles.

Learning and development needs are identified through the annual My Check-In performance process. A refreshed learning offer has been developed for My Check-In discussions from April 2026 onwards, supporting more timely and tailored responses to identified development needs. Mandatory e-learning covers key responsibilities, including equality, data protection, fraud awareness and cyber security, and acceptance of organisational policies has continued to improve, reaching 91% during the year.

Regular directorate leadership team meetings, one-to-one discussions and team meetings support communication, engagement and oversight of health, safety and wellbeing. The organisation continues to promote employee wellbeing through access to an Employee Assistance Programme and manager-led conversations on wellbeing.

Arrangements to support organisational resilience have continued to improve. The updating and testing of Service Recovery Plans has strengthened during the year, although some plans require further regular review to ensure they remain current. The Business Continuity Strategy was refreshed previously and continues to provide a framework for organisational resilience.

An area for focus during the year has been the refresh of the Employee Code of Conduct, which is now underway and, once completed, will be included within the Constitution and re-issued to all employees to ensure continued clarity on expected standards of behaviour.

Through these arrangements, Merseytravel continues to develop the leadership, capacity and capability required to deliver its objectives, while supporting effective governance, professional assurance, workforce wellbeing and organisational resilience.

Core Principle F: Managing risks and performance through robust internal control and strong public financial management.

Merseytravel has a robust framework in place for identifying, managing and reviewing risks that could impact the achievement of its Corporate Plan objectives. The Executive Leadership Team maintains and reviews the Corporate Risk Register on a regular basis. The risks included are strategic in nature and focus on matters with the greatest potential to prevent or impede delivery of priorities.

The Risk Management Policy has been refreshed and continues to set out roles, responsibilities and expectations for risk management across the organisation. A corporate Risk Group supports its implementation, working with directorate Risk Champions to share good practice and consider current and emerging risks. Risk management continues to be embedded across services and projects, with appropriate risk registers in place and reviewed during the year, although further work is required in some areas to strengthen the quality of fraud-related risk content.

Risk considerations are embedded within decision-making processes. Committee reports include a mandatory 'Risks and Mitigation' section, supported by guidance, and are reviewed centrally to ensure the quality and completeness of risk information. Bespoke risk management training continues to be delivered, although not all Executive and Senior Leaders have yet attended; completion of this training is a priority aligned to the refresh of the Risk Management Policy.

Financial management arrangements are well established and align with the principles of the CIPFA Financial Management Code. Budget monitoring is undertaken by service areas and overseen through corporate reporting arrangements. Robust financial control is evidenced by the unqualified external audit opinions on the 2024/25 Statements of Accounts. Schemes of delegation are in place, delegated decisions are made appropriately, and authorised limits are adhered to by signatories. Employees demonstrate awareness of financial policies and procedures.

A range of internal control arrangements are in place to manage key risks, including cyber security, information governance, procurement, contract management and asset stewardship. The organisation remains Cyber Essentials Plus accredited and has established processes for incident response, threat monitoring and vulnerability management. Work has continued to explore the opportunities and risks associated with Artificial Intelligence, with governance arrangements in place to support responsible use. Service areas report confidence in secure information handling, and staff are aware of how to report data breaches in line with the Information Security Incident Management Protocol.

Health and safety arrangements continue to strengthen. During 2025/26, the Deputy Chief Executive chaired a monthly Health and Safety Improvement Group with representation across the organisation to further drive improvements in health and safety arrangements. This has now been replaced by a Corporate Health and Safety Board chaired by the Deputy Chief Executive to ensure strong leadership and oversight. Corporate compliance information is now reported through the Corporate Performance Dashboard, risk assessments are stored within a central hub, and employees are given regular opportunities through team meetings to raise and discuss health, safety and wellbeing matters.

The organisation operates a clear assurance framework aligned to the three lines of assurance model. Management assurance is provided through service performance reporting, risk management, compliance activity and self-assessment. Independent assurance is provided through internal audit, which operates in conformance with the Global

Internal Audit Standards in the UK public sector and the CIPFA Code of Practice on the Governance of Internal Audit. External assurance is provided through external audit and inspections.

The Audit Committee undertakes the core functions set out in CIPFA guidance, providing independent oversight of risk management, internal control, governance arrangements, internal and external audit, and counter-fraud activity. Formal overview and scrutiny arrangements also provide challenge and accountability, supporting transparency and continuous improvement. These structures collectively facilitate both internal and external challenge.

Arrangements for managing the risk of fraud and corruption are developed and maintained in line with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption (2014). A Fraud, Bribery and Corruption Strategy is supported by e-learning, awareness activity, a network of counter-fraud champions and a corporate fraud risk assessment tool. A self-assessment against the CIPFA Code indicates continued strong compliance, with a focus on strengthening service-level fraud risk identification and mitigation.

Governance, risk and control expectations extend across companies, partnerships, collaborations and other delivery arrangements. Appropriate assurance requirements are built into funding agreements, partnership frameworks and reporting arrangements, ensuring that public funds are safeguarded and risks are managed effectively regardless of delivery model.

Through these integrated arrangements, the organisation maintains effective oversight of risk, control and assurance, supports transparent and accountable decision-making, and provides elected members with confidence that governance arrangements remain sound and proportionate.

Core Principle G: Implementing good practices in transparency, reporting and audit, to deliver effective accountability.

The organisation is committed to transparency, accountability and openness in its governance arrangements and reporting. Clear and accurate information is made available to support public understanding and confidence in decision-making. Committee reports are published wherever possible, and Committee meetings are broadcast live via the Combined Authority's website. Public questions are invited and responded to at Combined Authority meetings, supporting direct accountability to residents.

The organisation complies with the requirements of the Transparency Code, and directorates are equipped to support this through established processes and guidance. Mechanisms are in place within service areas to ensure that relevant and appropriate documentation is made available to stakeholders. Training and support are provided to Committee report authors to ensure reports are written clearly, in plain English, and in a manner that facilitates effective and transparent decision-making. Subject matter experts are routinely consulted in the preparation and review of reports to support accuracy and robustness.

Freedom of Information and Data Protection requests received during the year were responded to within statutory timescales. Information published on the website continues to be expanded where appropriate to support openness and reduce the need for formal information requests.

Arrangements are in place to support effective overview and scrutiny, to reflect the requirements of the English Devolution and CE Act. During the year, continued action to strengthen the Overview and Scrutiny Committee resulted in nine out of ten meetings achieving quoracy, supporting effective challenge and accountability. This reflects the joint commitment of elected members and officers, including the Statutory Scrutiny Officer, to maintaining strong scrutiny arrangements as governance evolves under increased devolution.

The Audit and Governance Committee met regularly during the year and provided independent oversight of governance, risk management, internal control, internal and external audit and financial reporting. The Committee continues to operate in line with CIPFA guidance. Steps have been taken to strengthen the implementation of Internal Audit recommendations, and while the majority are delivered within agreed timescales, a small number of high-priority recommendations remain outstanding. These are subject to focussed oversight, including through the Directors Forum, to ensure timely completion.

The organisation welcomes internal and external challenge and uses it to drive learning and improvement. Engagement with Internal Audit has continued to improve, supported by regular presentations to the Executive Leadership Team on audit work undertaken, findings and progress against recommendations. This has been reflected in positive customer feedback.

Internal Audit continues to operate in accordance with the Global Internal Audit Standards in the UK public sector and the CIPFA Code of Practice on the Governance of Internal Audit. Regular self-assessment is undertaken to ensure continued conformance and effectiveness. The Head of Internal Audit concluded for 2025/26 that the Combined Authority's arrangements for internal control, risk management and governance are adequate, with good capacity for improvement.

External audit engagement is timely and constructive. The external auditor issued an unqualified value for money opinion for 2024/25, identifying no significant weaknesses. Audit findings and recommendations are reported through appropriate governance channels and used to inform improvement activity.

Transparency and accountability expectations extend to collaborations, partnerships and other delivery arrangements, including joint ventures and arm's-length bodies. Appropriate governance, reporting and assurance requirements are embedded within partnership agreements and monitoring frameworks, ensuring that public funds are safeguarded and that decision-making and performance information remains transparent and subject to scrutiny.

Through these arrangements, Merseytravel ensures accountability to the public, Government and stakeholders is supported by clear assurance across governance, financial management, performance, risk and audit, enabling effective scrutiny and continuous improvement in practice.

6. SIGNIFICANT GOVERNANCE ISSUES

This Annual Governance Statement identifies that Merseytravel has effective arrangements in place; however, the organisation recognises the need to monitor its governance arrangements on an ongoing basis given the ever-changing environment within which it operates, and due to the organisation continuing to evolve.

Whilst the organisation has not identified any Significant Governance Issues, areas for development and focus have been outlined above and appropriate action is being taken to ensure these do not contribute to a future Significant Governance Issue.

7. CONCLUSION

Merseytravel is satisfied that appropriate governance arrangements are in place and that the governance arrangements in place in 2025/26 were appropriate to its resources and responsibilities in that year.

The arrangements in place in 2025/26 continued to focus on maintaining effective governance and delivery around Merseytravel's core activities.

Merseytravel proposes, over the coming year, to take the necessary steps to address the issues highlighted within this Statement, to enhance the governance arrangements further.

8. CERTIFICATION

Richard McGuckin
Director General: Merseytravel

John Fogarty CPFA
Executive Director: Resources

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LIVERPOOL CITY REGION COMBINED AUTHORITY

MERSEYTRAVEL SINGLE ENTITY ACCOUNTS

MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement (MiRS) shows the movement from the start of the year to the end on the different reserves held by Merseytravel analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other ‘unusable reserves’. The Statement shows how the movements in year of Merseytravel’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to the revenue reserve for the year. The Net Increase/(Decrease) line shows the statutory General Fund Balance movements in the year following those adjustments.

	Usable Reserves £'000			Unusable Reserves £'000					Total Reserves £'000
	General Fund Balance	Other Earmarked Reserves	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pension Reserve	Accumulated Absences Account	Total Unusable Reserves	
As at 1st April 2025	**8,518**	**70,809**	**79,327**	**39,915**	**458,758**	**(1,718)**	**(370)**	**496,585**	**575,912**
Comprehensive Income and Expenditure Statement	**(24,312)**	**0**	**(24,312)**	**3,672**	0	**68,037**	0	**71,709**	**47,398**
Adjustments to the revenue resources *									
Pensions costs	66,319	0	66,319	0	0	(66,319)	0	(66,319)	0
Holiday pay	(369)	0	(369)	0	0	0	369	369	0
Charges for depreciation and amortisation of non-current assets	16,276	0	16,276	0	(16,276)	0	0	(16,276)	0
(Gain)/Loss on sale of PPE	2,522	0	2,522	0	(2,522)	0	0	(2,522)	0
PPE Revaluation losses charged to the CIES	792	0	792	0	(792)	0	0	(792)	0
Revenue expenditure funded from capital under statute	17,368	0	17,368	0	(17,368)	0	0	(17,368)	0
Capital grants and contributions credited to the CIES	(75,196)	0	(75,196)	0	75,196	0	0	75,196	0
Total adjustments to revenue resources	**27,713**	**0**	**27,712**	**0**	**38,238**	**(66,319)**	**369**	**(27,712)**	**0**
Adjustments between revenue and capital resources									
Capital expenditure financed from revenue balances	(32)	0	(32)	0	32	0	0	32	0
Total adjustments to capital resources	**(32)**	**0**	**(32)**	**0**	**32**	**0**	**0**	**32**	**0**
Adjustments to capital resources									
Use of reserves to finance capital expenditure	0	(1,408)	(1,408)	**0**	1,408	0	0	1,408	**0**
Difference between fair value and historical cost depreciation	0	0	0	(2,810)	2,810	0	0	0	0
Total adjustments to capital resources	**0**	**(1,408)**	**(1,408)**	**(2,810)**	**4,218**	**0**	**0**	**1,408**	**0**
Transfer between reserves	(3,906)	3,906	0	0	0	0	0	0	0
Net Increase/(Decrease) in 2025/26	**(536)**	**2,498**	**1,961**	**862**	**42,488**	**1,718**	**369**	**45,437**	**47,398**
Balance as at 31st March 2026	**7,982**	**73,305**	**81,287**	**40,778**	**501,246**	**0**	**(1)**	**542,022**	**623,309**

*Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements

MOVEMENT IN RESERVES STATEMENT

	Usable Reserves £'000			Unusable Reserves £'000					Total Reserves £'000
	General Fund Balance	Other Earmarked Reserves	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pension Reserve	Accumulated Absences Account	Total Unusable Reserves	
As at 1st April 2024	**7,448**	**64,358**	**71,806**	**41,453**	**413,534**	**(2,104)**	**(357)**	**452,525**	**524,332**
Comprehensive Income and Expenditure Statement	**51,802**	**0**	**51,802**	**0**	0	**(222)**	0	**(222)**	**51,580**
Adjustments to the revenue resources *									
Pensions costs	(608)	0	(608)	0	0	608	0	608	0
Holiday pay	13	0	13	0	0	0	(13)	(13)	0
Charges for depreciation and amortisation of non-current assets	15,496	0	15,496	0	(15,496)	0	0	(15,496)	0
Revenue expenditure funded from capital under statute	22,584	0	22,584	0	(22,584)	0	0	(22,584)	0
Capital grants and contributions credited to the CIES	(80,611)	0	(80,611)	0	80,611	0	0	80,611	0
Total adjustments to revenue resources	**(43,127)**	**0**	**(43,127)**	**0**	**42,532**	**608**	**(13)**	**43,127**	**0**
Adjustments between revenue and capital resources									
Capital expenditure financed from revenue balances	(24)	0	(24)	0	24	0	0	24	0
Total adjustments to capital resources	**(24)**	**0**	**(24)**	**0**	**24**	**0**	**0**	**24**	**0**
Adjustments to capital resources									
Use of reserves to finance capital expenditure	0	(1,131)	(1,131)	**0**	1,131	0	0	1,131	**0**
Difference between fair value and historical cost depreciation	0	0	0	(1,539)	1,539	0	0	0	0
Total adjustments to capital resources	**0**	**(1,131)**	**(1,131)**	**(1,539)**	**2,670**	**0**	**0**	**1,131**	**0**
Transfer between reserves	(7,582)	7,582	0	0	0	0	0	0	0
Net Increase/(Decrease) in 2024/25	**1,069**	**6,451**	**7,520**	**(1,539)**	**45,226**	**386**	**(13)**	**44,060**	**51,580**
Balance as at 31st March 2025	**8,518**	**70,809**	**79,327**	**39,915**	**458,758**	**(1,718)**	**(370)**	**496,585**	**575,912**

*Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Merseytravel raise taxation to cover expenditure in accordance with Regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2024/25 Restated £'000				2025/26 £'000			Note
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
204,446	(165,789)	38,657	Transport	254,367	(193,302)	61,064	
34,850	(42,237)	(7,388)	Transport Infrastructure Programmes	33,222	(43,335)	(10,113)	
90,279	(37,057)	53,222	Customer and Operations	99,225	(41,075)	58,150	
5,840	(1,172)	4,668	Corporate Management & Corporate Costs	851	(372)	479	
335,415	**(246,255)**	**89,160**	**Net Cost of Services**	**387,665**	**(278,084)**	**109,580**	
		0	Other Operating Expenditure			66,322	7
		(23)	Financing and Investment Income			0	8
		(140,939)	Taxation and Non Specific Grant Income			(151,591)	10
		(51,802)	**(Surplus) or Deficit on the Provision of Services**			**24,312**	
		222	Remeasurement (Gains)/Losses on Pension Assets/Liabilities			(68,037)	
		0	Surplus on Revaluation Non Current Assets			(3,672)	
		222	**Other Comprehensive Income and Expenditure**			**(71,709)**	
		(51,580)	**Total Comprehensive Income and Expenditure**			**(47,398)**	

An organisational restructure took place in 2025/26 which resulted in a realignment of services. Consequently the 2024/25 comparators have been restated to reflect the new structure, see Note 25 for further information.

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by Merseytravel. The net assets of Merseytravel (assets less liabilities) are matched by the reserves held by Merseytravel. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that Merseytravel may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that Merseytravel 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 are sold; and reserves that hold timing differences in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

As at 31 March 2025 £'000		As at 31 March 2026 £'000	Note
423,211	Property, Plant and Equipment	465,643	16
73,580	Right Of Use Assets	74,750	22
326	Heritage Assets	326	
1,377	Intangible Assets	1,151	18
1,766	Loan to Subsidiary Company	1,541	19
500,260	**Long Term Assets**	**543,412**	
581	Inventories	527	
130,085	Short term Debtors	126,078	20
117	Cash and Cash Equivalents	86	
130,783	**Current Assets**	**126,691**	
(49,223)	Short term Creditors	(42,800)	21
(315)	Provisions	(340)	
(1,143)	Grant Receipts in Advance	(1,122)	10
(50,681)	**Current Liabilities**	**(44,262)**	
(1,766)	Loan from Group Company	(1,541)	19
(966)	Provisions	(966)	
(1,718)	Pension Liability	0	9
0	Other Long term Liabilities	(25)	
(4,450)	**Long term Liabilities**	**(2,532)**	
575,912	**Net Assets**	**623,309**	
(79,327)	Usable Reserves	(81,287)	6
(496,585)	Ununsable Reserves	(542,022)	5
(575,912)	**Total Reserves**	**(623,309)**	

Richard McGuckin
Executive Director Place
30 June 2026

John Fogarty (CPFA)
Executive Director Resources
30 June 2026

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of Merseytravel during the reporting period. The statement shows how Merseytravel generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of Merseytravel are funded by way of taxation and grant income or from the recipients of services provided by Merseytravel. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to Merseytravel's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to Merseytravel.

2024/25 £'000		2025/26 £'000	Note
51,802	**Net surplus/(deficit) on the provision of services**	**(24,312)**	
7,385	Adjustments to net surplus on the provision of services for non-cash movements	83,608	24
(58,791)	Adjustments to net surplus on the provision of services for items which are investing and financing actvities	(58,943)	24
396	**Net cash inflows from Operating Activities**	**353**	
(409)	Investing activities	(352)	24
(24)	Financing activities	(32)	24
(37)	**Net increase in cash and cash equivalents**	**(30)**	
154	Cash and cash equivalents as at 1 April	117	23
117	**Cash and cash equivalents as at 31 March**	**86**	

NOTES TO THE PRIMARY FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

(i) General Principles

The Statement of Accounts summarises Merseytravel's transactions for the financial year 2025/26 and its position as at 31 March 2026. Merseytravel is required to prepare an Annual Statement of Accounts in accordance with the Accounts and Audit (England) Regulations 2015, which require the accounts to be completed in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The Statement of Accounts has been completed on a going concern basis.

(ii) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

(iii) Agency Transactions

Transactions are excluded from Merseytravel's financial statements for all agency relationships. As stipulated by the Code, Merseytravel is acting as an agent in situations when Merseytravel does not control the specified goods or services being provided by another party, before they are transferred to the customer. All services are reviewed to determine who controls the right to the underlying goods or services and when this is not deemed to be Merseytravel, the transactions have been excluded from the financial statements.

(iv) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in 90 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of Merseytravel's cash management.

(v) Changes in Accounting Policies, Estimations, Errors and Prior Period Adjustments

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on Merseytravel's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

(vi) Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- Amortisation of intangible assets attributable to the service.

Merseytravel is not required to raise levy to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by Merseytravel in accordance with statutory guidance (known as the Minimum Revenue Provision (MRP)). Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

(vii) Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to Merseytravel. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by Merseytravel to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. They are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement at the earlier of when Merseytravel can no longer withdraw the offer of those benefits, or when Merseytravel recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by Merseytravel to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment Benefits

Employees of Merseytravel are members of a Local Government Pensions Scheme, administered by Merseyside Pension Fund. This is a defined benefit pension scheme.

The liabilities of the Merseyside Pension Fund attributable to Merseytravel are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.

The assets of Merseyside Pension Fund attributable to Merseytravel are included in the Balance Sheet at their fair value.

The change in the net pension liability is analysed into the following components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year. These costs are allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years. The costs are debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- The return on plan assets – (excluding amounts included in net interest on the net defined benefit liability (asset)) charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Employer's contributions paid to Merseyside Pension Fund – cash paid as employer contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by Merseytravel to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund Balance of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

<u>Discretionary Benefits</u>

Merseytravel also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

(viii) Events after the Reporting Period

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

(ix) Fair Value Measurement

Merseytravel measures some of its non-financial assets such as surplus assets at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- In the principal market for the asset, or
- In the absence of a principal market, in the most advantageous market for the asset.

Merseytravel measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, Merseytravel takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Merseytravel uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available making use of relevant observable inputs and minimising the use of unobservable inputs.

(x) Financial Instruments

<u>Financial Assets</u>

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

Merseytravel's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when Merseytravel becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by Merseytravel, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Where Merseytravel has made loans at less than market rates (soft loans) a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the lender, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains or losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

Merseytravel recognises expected credit losses on all its financial assets held at amortised cost either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets.

Impairment losses are calculated to reflect the expectation that future cash flows may not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when Merseytravel becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that Merseytravel has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. Merseytravel has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

(xi) Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to Merseytravel when there is reasonable assurance that:

- Merseytravel will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to Merseytravel are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

(xii) Group Accounts

The financial statements comprise the accounts of Merseytravel and its subsidiary and associated undertakings as at 31 March 2026. Merseytravel has interests in a number of entities.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. The financial performance of those subsidiaries that are considered material are fully consolidated on a line-by-line basis from the date that Merseytravel obtains control, until the date that such control ceases. Uniform accounting policies are used in the preparation of the group accounts. For those active subsidiaries for which the financial performance is not deemed to be material, further information on these is included within note 15.

All intra-group trading, balances and unrealised gains and losses as at the end of each period, are eliminated in full as part of the consolidation process.

In Merseytravel's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

(xiii) Goodwill

Business combinations have been accounted for under IFRS 3 using the purchase method. Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised in the Balance Sheet as goodwill and is not amortised.

After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to the related cash-generating units monitored by management, usually at operating segment level or, if smaller, statutory company level. Where the recoverable amount of the cash-generating unit is less than its carrying amount, including goodwill, an impairment loss is recognised in the income statement.

The carrying amount of goodwill allocated to a cash-generating unit is taken into account when determining the gain or loss on disposal of the unit, or of an operation within it.

Merseytravel has taken advantage of the option under the first time adoption provisions of The Code to use the brought forward value of goodwill as at 1 April 2009 as an appropriate approximation of fair value.

(xiv) Heritage Assets

Merseytravel holds statues and artworks, which are held and maintained as a contribution to knowledge and culture.

Heritage assets are recognised and measured in accordance with Merseytravel's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed where it is not practicable to obtain a valuation at a cost which is commensurate with the benefits to users of the financial statements. In these circumstances heritage assets are measured at historical cost (less any accumulated depreciation and impairment losses).

(xv) Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by Merseytravel (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to Merseytravel. Intangible assets are measured at cost, and the balance is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement on a straight-line basis. An asset is tested for impairment whenever there is an indication that the asset may be impaired – any losses recognised are posted to the relevant service line in the Comprehensive Income and Expenditure Statement (CIES). Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

Amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. These entries are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Business combinations have been accounted for under IFRS 3 using the purchase method. Any excess over the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is initially recognised in the Comprehensive Income and Expenditure Statement and is not amortised. After initial recognition, goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment, at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

(xvi) Interests in Companies and Other Entities

Merseytravel has material interests in companies and other entities that have the nature of subsidiaries which require it to prepare group accounts. In Merseytravel's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

Inclusion in Merseytravel group is dependent upon the extent of Merseytravel's interest and power to influence an entity. An assessment of all Merseytravel's interests is carried out each financial year to determine the relationships that exist and whether they should be included within Merseytravel's group accounts.

This assessment determines whether the entity is accounted for as:

- A subsidiary – Merseytravel controls the entity and has the power to govern its financial and operating policies so as to benefit from its activities; or
- An associate – Merseytravel has significant influence over the entity and has the power to participate in its financial and operating policies; or
- A jointly controlled entity – Merseytravel is party to the contractually and binding agreed sharing of control over the organisation such that strategic financial and operating decisions require the unanimous consent of all parties sharing control.

(xvii) Inventories and Long-term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value determined on a first in first out basis.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

(xviii) Leases

Merseytravel as Lessee

Merseytravel classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset add to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

On transition to IFRS 16, the Authority applied the Code's transitional arrangements. Finance leases previously recognised under IAS 17 were grandfathered and continued to be accounted for as right-of-use assets and lease liabilities at their carrying amounts at the date of transition.

Initial Measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options. Management determine the time period of the lease by reviewing the terms of the lease agreement.

Merseytravel initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- Amounts expected to be payable under a residual value guarantee
- The exercise price under a purchase option that the Authority is reasonably certain to exercise
- Lease payments in an optional renewal period if the Authority is reasonably certain to exercise an extension option
- Penalties for early termination of a lease, unless the Authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value at initial recognition, in accordance with the Code.

Subsequent Measurement

The right-of-use asset is subsequently measured at current value, in line with the valuation principles for Property, Plant and Equipment under the Code. The Authority considers the cost model to be a reasonable proxy for current value except for:

- Assets held under non-commercial leases
- Leases where rent reviews do not necessarily reflect market conditions
- Leases with terms of more than five years that do not have any provision for rent reviews
- Leases where rent reviews will be at periods of more than five years.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, with interest calculated using the discount rate determined at initial recognition. The liability is remeasured when:

- There is a change in future lease payments arising from a change in index or rate
- There is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- The Authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- There is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low Value and Short Lease Exemption

As permitted by the Code, the Authority excludes leases:

- For low-value items that cost less than £5,000 when new, provided they are not highly dependent on or integrated with other items, and

- With a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Authority is reasonably certain to exercise and any termination options that the Authority is reasonably certain not to exercise).

Lease Expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against the General Fund Balance, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Merseytravel as Lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant and equipment the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) as part of the gain or loss on disposal. A gain, representing the Authority’s net investment in the lease, is credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the property – applied to write down the lease debtor; and

- Finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written off value of disposals is not a charge against the levy, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES. Credits are made on a straight- line basis over the life of the lease, even if this does not match the pattern of payments. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

(xix) Overheads and Support Services

In line with best practice, charges for the cost of central support services are fully charged or apportioned to those that benefit from the supply of service using time recording and other appropriate methods.

(xx) Property Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to Merseytravel and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. The authority has a £5,000 de minimis level for the recognition of property, plant and equipment.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price; and
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Merseytravel does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of Merseytravel). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by Merseytravel.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure assets – modified form of depreciated historical cost with new expenditure added to the brought forward balance and depreciation deducted. In accordance with the temporary relief offered by the Code on infrastructure assets these financial statements do not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.
- Assets under construction – depreciated historical cost;
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective; and
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued every five years, with annual indexation applied to relevant asset classes in the intervening years using an appropriate and supportable index, to ensure that their carrying amount is not materially different from their current value at the year-end.

Where a suitable and supportable index cannot be identified for a particular class of assets, the Authority will instead obtain a desktop valuation in the third year following a full revaluation, or at such other frequency as is required to ensure that carrying amounts are not materially misstated.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);

- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in 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.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation on all Property, Plant and Equipment assets is calculated by allocating the asset value over the period expected to benefit from their use on a straight-line basis. All assets are assessed individually in relation to their asset lives for the purpose of calculating depreciation. Conditions relative to each asset are considered in arriving at this determination.

Where an item of property, plant and equipment asset has a major component whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposal and Non- Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and can then only be used for new capital investment or set aside to reduce Merseytravel's underlying need to borrow (the Capital Financing Requirement England and Wales). Receipts are appropriated to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against the levy, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

(xxi) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place on or before the Balance Sheet date:

- That gives Merseytravel a present obligation;
- That probably requires settlement by a transfer of economic benefits or service potential; and
- Where a reliable estimate can be made of the amount of the obligation.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation, if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that Merseytravel becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if Merseytravel settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives Merseytravel a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of Merseytravel. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. There were no contingent liabilities to be disclosed in 2025/26.

Contingent Assets

A contingent asset arises where an event has taken place that gives Merseytravel a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of Merseytravel. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

(xxii) Reserves

Merseytravel sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement; the reserve is then transferred back into the General Fund Balance so that there is no net charge for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for Merseytravel – these reserves are explained in the relevant policies.

(xxiii) Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where Merseytravel has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of levy.

(xxiv) Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

(xxv) Consolidation

Group Structure and Activities

Merseytravel Group (the "Group") comprises Merseytravel and a number of subsidiary undertakings. The principal activities include transport services, ferry operations and cultural attractions. Further details of the Group's companies are provided in Note 15.

Financial Reporting Framework

Merseytravel prepare their financial statements in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. Subsidiary undertakings prepare their financial statements under FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Year-End Dates

All entities within the Group have a financial year ending 31 March. No adjustments for differing year ends were required.

2. Accounting Standards Issued but not yet Adopted

As at the Balance Sheet date there are a number of new accounting standards or amendments to accounting standards that have been published but not yet adopted by the Code. Points below refer to standards issued but not yet adopted.

i. Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024.

ii. Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024.

iii. Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024.

iv. Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

Points i), ii), & iii) Whilst providing clarifications, will not have a significant impact on the accounts.
Point iv) will not be applicable.

3. Critical Judgements

In applying accounting policies set out in Note 1, Merseytravel had to make certain judgements about complex transactions or those involving uncertainty about future events, the critical judgements made in the statements of accounts are:

i. Merseytravel have examined all its significant lease agreements where it is acting as lessor to establish whether these should be classed as operational or finance leases. Where the application of IFRS 16 does not provide a definitive solution, judgement is applied in determining whether the lease is operational or financial. Based on this assessment all of Merseytravel's leases where it is acting as lessor have been assessed to be operational.

ii. Group Accounts: Merseytravel has a number of interests in other entities which fall within the group boundary. Whilst some of these are deemed to be material and are therefore consolidated into the group accounts, others are considered not sufficiently material to warrant full group account disclosures. To ensure there is sufficient visibility on these arrangements, narrative disclosures on these arrangements are included in note 15.

4. Estimation and Uncertainty

The statement of accounts contains estimated figures that are based on assumptions made by Merseytravel about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from assumptions and estimates.

The items in Merseytravel balance sheet 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

i. The valuation of property and ferries held within property, plant and equipment and right-of-use assets involves significant judgment and estimation. These assets are measured using external valuations and management assumptions regarding market conditions, discount rates, and useful lives. Property markets can be volatile, and changes in economic conditions or valuation methodologies could result in a material adjustment to the carrying amounts in the next financial year.

   At 31 March 2026, the carrying amount of MT Group property, plant and equipment held at current value was £16.8 million (£16.8m in MT single entity) and Group right-of-use assets were £76.1 million (£74.7m in MT single entity). Management has considered the sensitivity of valuations to market changes. A reasonably possible change of 10% in valuation assumptions could result in a combined adjustment of £9.3m in the MT Group and £9.2m in the MT single entity.

5. Unusable Reserves

2024/25 £'000		2025/26 £'000
(39,915)	Revaluation Reserve	(40,777)
(458,758)	Capital Adjustment Account	(501,246)
1,718	Pension Reserve	0
370	Accumulating Absences Account	1
(496,585)	**Total**	**(542,022)**

The movements in unusable reserves can be found in the Movement in Reserves Statement.

Revaluation Reserve

The Revaluation Reserve contains the gains made by Merseytravel arising from increases in the value of its property, plant and equipment and intangible assets. The balance is reduced when assets with accumulated gains are:

- Re-valued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

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 charged 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 Merseytravel as finance for the costs of acquisition, construction and enhancement.

The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Pensions Reserve

2024/25 £'000		2025/26 £'000
2,104	**Balance as at 1 April**	**1,718**
222	Remeasurements of the net defined benefit liability	(68,037)
4,498	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	66,327
(5,106)	Employers pension contributions and direct payments to pensioners payable in the year	(8)
1,718	**Balance as at 31 March**	**0**

The Pensions 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. Merseytravel accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities 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 Merseytravel makes employer’s contributions to pensions funds or eventually pays any pensions for which it is directly responsible. The Statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Reserve 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 Reserve is neutralised by transfers to or from the Account.

2024/25 £'000		2025/26 £'000
357	**Balance as at 1 April**	**370**
(357)	Settlement or cancellation of accrual made at the end of the preceding year	(370)
370	Amounts accrued at the end of the current year	1
370	**Balance as at 31 March**	**1**

6. Revenue and Earmarked Reserves

This note sets out the amounts set aside from the General Fund reserve in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2025/26.

	Note	Balance 1 April 2024 £'000	Transfers Out 2024/25 £'000	Transfers In 2024/25 £'000	Balance 31 March 2025 £'000	Transfers Out 2025/26 £'000	Transfers In 2025/26 £'000	Balance 31 March 2026 £'000
Capital Reserves	a	**(5,181)**	1,131	0	**(4,050)**	1,408	0	**(2,641)**
Rail Franchise Reserve	b	**(32,849)**	0	(6,605)	**(39,454)**	0	(8,389)	**(47,842)**
Restructuring Reserve	c	**(4,368)**	0	0	**(4,368)**	0	0	**(4,368)**
OLR Reserve	d	**(2,000)**	0	0	**(2,000)**	0	0	**(2,000)**
Concessionary Travel Reserve	e	**(4,631)**	0	0	**(4,631)**	4,631	0	**0**
Bus Operations Reserve		**(4,057)**	0	0	**(4,057)**	4,057	0	**0**
Sustainable Transport Reserve	f	**(225)**	0	0	**(225)**	0	0	**(225)**
JVC P&L Reserve	g	**(1,386)**	0	0	**(1,386)**	0	0	**(1,386)**
Modernisation Reserve	h	**(5,887)**	0	0	**(5,887)**	0	0	**(5,887)**
Inflationary Reserve	i	**(713)**	0	0	**(713)**	0	0	**(713)**
Rail Reserve	j	**(2,800)**	500	0	**(2,300)**	0	0	**(2,300)**
Rail Maintenance Reserve	k	**(262)**	0	(1,476)	**(1,738)**	0	(4,205)	**(5,943)**
Total Earmarked Reserves		**(64,358)**	**1,631**	**(8,081)**	**(70,809)**	**10,096**	**(12,594)**	**(73,305)**
General Fund Reserve	l	**(7,448)**	500	(1,570)	**(8,518)**	537	0	**(7,982)**
Total Usable Reserves		**(71,806)**	**2,131**	**(9,651)**	**(79,327)**	**10,633**	**(12,594)**	**(81,287)**

(a) The capital reserves are used to support the funding of the capital programme.

(b) The rail franchise agreement reserve is used to support development of strategic transport initiatives.

(c) The restructuring reserve is utilised to provide support to staffing cost implications of service transformation programmes.

(d) The OLR (Operator of Last Resort) reserve has been created to provide funding should the incumbent rail operator experience difficulties in running the MEL franchise. In this instance Merseytravel has step in rights to allow it to take over the running of the franchise until a new operator can be found.

(e) Operational reserves are used to support the current transport network and ticketing initiatives.

(f) The sustainable transport reserve supports the Local Growth Fund initiatives surrounding the STEP programme.

(g) The JVC P&L Reserve was established to protect Merseytravel from any potential losses arising from subsidiary activities.

(h) The modernisation fund has been created to support organisational change and development and to invest to save.

(i) This inflationary reserve has been set aside to provide some funding to help mitigate the impact of cost pressures on budgets.

(j) The rail reserve has been created to provide a pot of funding to cover emerging rail related pressures and support small scale interventions in support of the implementation of the new fleet.

(k) The rail maintenance reserve has been created to retain payment adjustments linked to the rail maintenance contracts, to be used or re-invested for customer benefit.

(l) The general fund is general balances held to protect Merseytravel's financial position from unforeseen events.

7. Other Operating Expenditure

2024/25 £'000		2025/26 £'000
0	Pension scheme settlement (transfer to LCRCA)	66,322
0	**Total**	**66,322**

8. Financing and Investment Income

2024/25 £'000		2025/26 £'000
14,026	Interest on Pension Liabilities	15
(14,046)	Pension Interest on Plan Assets	(16)
108	Interest Payable on Intercompany Loan	98
(108)	Interest Receivable on Intercompany Loan	(98)
(3)	Expected Credit Loss	(1)
1	Interest on ROU Liability	2
(23)	**Total**	**0**

9. Pensions

As part of the terms and conditions of employment of its officers, Merseytravel makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, Merseytravel has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. Merseytravel participates in Merseyside Pension Fund administered locally by Wirral Council – this is a funded defined benefit final salary scheme, meaning that Merseytravel and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Transfer of Pension Scheme Members to LCRCA

On 1 April 2025, the majority of Merseytravel employees transferred to the Liverpool City Region Combined Authority (LCRCA). As part of this transfer, the associated Local Government Pension Scheme (LGPS) assets and liabilities were transferred from Merseytravel to LCRCA.

The transfer comprised pension fund assets of £326.5m and defined benefit obligations of £260.2m resulting in a net transfer of £66.3m of pension scheme assets.

Merseytravel retains one active member within the LGPS and therefore continues to account for a residual defined benefit obligation in accordance with IAS 19.

Transactions Relating to Post Employment Benefits

The following transactions have been made in the Comprehensive Income and Expenditure Statement within the Surplus or Deficit on the Provision of Services to comply with the reporting requirements of IAS 19 in respect of defined benefits schemes.

2024/25 £'000		2025/26 £'000
	Net Cost of Service	
4,101	Current service cost	6
293	Past service cost	0
124	Administration expenses	0
	Other Operating Expenditure	
0	Administration expenses	0
0	Pension scheme settlement (transfer to LCRCA)	66,322
	Financing and Investment Income	
(1,614)	Net interest expense	(3)
1,594	Interest on asset ceiling	2
4,498	**Total Post Employment Benefits Charged to the CIES**	**66,327**

The following transactions are then recognised in the Movement in Reserves as Adjustments Between the Accounting Basis and Funding Basis under Regulation.

2024/25 £'000		2025/26 £'000
(4,498)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(66,327)
5,106	Employers contribution payable to the Scheme	8
608	**Total**	**(66,319)**

Pension Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from Merseytravel's obligation in respect of its defined benefit plans is as follows:

2024/25 £'000		2025/26 £'000
(260,473)	Benefit obligation at the end of the period	(271)
326,837	Fair Value of plan assets at end of the period	345
(68,082)	Effect of asset ceiling	(74)
(1,718)	**Surplus/(Deficit) as at 31 March**	**0**

Reconciliation of the movement in the Fair Value of Scheme (Plan) Assets

2024/25 £'000		2025/26 £'000
323,244	**Balance brought forward 31 March**	**326,837**
15,640	Interest on plan assets	18
(3,802)	Remeasurements	23
(124)	Administration expenses	0
5,106	Employers contributions	8
1,701	Members contributions	3
(14,928)	Benefits/transfers paid	0
0	Settlements	(326,544)
326,837	**Balance 31 March**	**345**

Reconciliation of Present Value of Scheme Liabilities (Defined Benefit Obligations)

2024/25 £'000		2025/26 £'000
(292,826)	**Balance brought forward 31 March**	**(260,473)**
(4,101)	Current service cost	(6)
(293)	Past service cost	0
0	Curtailments	0
0	Settlements	260,222
(14,026)	Interest on pension liabilities	(15)
(1,701)	Members contributions	(3)
37,546	Remeasurements (liabilities)	4
14,928	Benefits/transfers paid	0
(260,473)	**Balance 31 March**	**(271)**

Reconciliation of the movement in the Asset Ceiling

2024/25 £'000		2025/26 £'000
32,522	Asset ceiling impact at beginning of period	68,082
1,594	Interest on surplus above asset ceiling	2
33,966	Change in asset ceiling (net of interest)	(68,010)
68,082	**Asset ceiling impact at end of period**	**74**

As at 31 March the assets comprised:

31 March 2025 £'000					31 March 2026 £'000			
Quoted	Unquoted	Total	% of total		Quoted	Unquoted	Total	% of total
				Equities				
41,944	896	42,840	13	UK	38	1	39	11
83,313	52,340	135,653	41	Global	85	56	141	41
				Bonds				
1,506	0	1,506	0	Overseas Government	5	0	5	1
15	0	15	0	Collateralized Bonds	0	0	0	0
3,466	0	3,466	1	UK Government	7	0	7	2
1,939	0	1,939	1	UK Corporate	4	0	4	1
8,367	0	8,367	3	UK Indexed Linked (Gov)	18	0	18	5
1,878	0	1,878	1	Overseas Corporate	4	0	4	1
0	1,577	1,577	0	Derivative Contracts	0	0	0	0
				Property				
3328	0	3,328	1	UK Property Loans	5	0	5	1
0	14,232	14,232	4	UK Direct Property	0	12	12	3
323	8,281	8,604	3	UK Managed Property	0	8	8	2
0	9,106	9,106	3	Global Managed Property	0	7	7	2
				Alternatives				
0	17,315	17,315	5	UK Private Equity	0	16	16	5
215	13,730	13,945	4	Global Private Equity	0	11	11	3
0	36	36	0	UK Other Alternatives	0	0	0	0
0	8,675	8,675	3	Global Other Alternatives	0	8	8	2
0	18,391	18,391	6	UK Infrastructure	0	17	17	5
0	10,253	10,253	3	Global Infrastructure	0	10	10	3
0	4,589	4,589	1	UK Private Credit	0	5	5	1
502	13,049	13,551	4	Global Private Credit	0	10	10	3
0	1,362	1,362	0	Global Multi Asset	0	0	0	0
				Cash				
0	1,721	1,721	1	Goodhart	0	2	2	1
4,489	0	4,489	1	Cash Instruments	16	0	16	5
151,285	**175,553**	**326,838**	**100**		**182**	**163**	**345**	**100**

Actuarial Assumptions

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Local Government Pension Scheme liabilities have been assessed by Mercer Limited, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme. The main assumptions used in their calculations are detailed in the table below.

31-Mar-25		31-Mar-26
	Base Assumptions	
2.60%	Rate of CPI inflation	2.90%
4.10%	Rate of increase in salaries	4.40%
2.70%	Rate of increase in pensions	3.00%
5.80%	Discount Rate	6.40%
	Mortality Assumptions	
22.1	Life expectancy of male future pensioner aged 65 in 20 years' time	21.8
25.2	Life expectancy of female future pensioner aged 65 in 20 years' time	24.8
20.8	Life expectancy of male current pensioner aged 65	20.6
23.5	Life expectancy of female current pensioner aged 65	23.3

A sensitivity analysis has been provided by Mercer Limited which provides an illustrative impact of marginal changes to the assumptions used in respect of the long-term discount rate, inflation and life expectancy. The results of this sensitivity analysis are detailed below.

	Central £'000	+0.5% p.a. discount rate £'000	+0.25% p.a. inflation £'000	+0.25% p.a. pay growth £'000	1 year increase in life expectancy £'000	+1% change in 25/26 investment returns £'000	-1% change in 25/26 investment returns £'000
Liabilities	271	248	283	276	275	271	271
Assets	(345)	(345)	(345)	(345)	(345)	(349)	(341)
(Surplus)/ Deficit	(74)	(97)	(62)	(69)	(70)	(78)	(70)
Projected service cost next year	6	5	6	6	6	6	6
Projected net interest cost for next year	(5)	(7)	(4)	(4)	(4)	(5)	(5)

Impact on Merseytravel's Cashflows

The objectives of the scheme are to keep employer's contributions at as constant and affordable a rate as possible. Merseyside Pension Fund has agreed a strategy with the scheme's actuary, with funding levels monitored on an annual basis. The most recent triennial valuation took place in the 2025/26 financial year, and rates applied from 1 April 2026.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or services after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

Merseytravel anticipates paying £0.003m in contributions to the scheme in 2026/27.

Virgin Media Limited v NTL Pension Trustees

In July 2024, the Court of Appeal upheld the High Court judgment in Virgin Media Ltd v NTL Pension Trustees, confirming that certain amendments to contracted-out defined benefit schemes made between 6 April 1997 and 5 April 2016 without the required actuarial confirmation under section 37 of the Pension Schemes Act 1993 are void.

The Pension Schemes Act 2026 received Royal Assent on 29 April 2026 and introduces a statutory mechanism to retrospectively validate affected amendments, subject to actuarial confirmation.

The Local Government Pension Scheme (LGPS) is currently assessing the extent to which any historic amendments may fall within scope of these provisions and applying the required remediation process.

Based on current understanding, the potential impact on LGPS liabilities is expected to be limited; however, some uncertainty remains as the remediation process is applied. Management will continue to monitor developments and assess any implications for the Authority's pension obligations.

10. Grant Income

The following grants and contributions have been credited to the Comprehensive Income and Expenditure Statement during the period.

2024/25 £'000	Credited to Services	2025/26 £'000
(126,404)	Special Rail Grant	(144,264)
(1,516)	Bus Special Operator Grant	(1,516)
(19,180)	Mersey Tunnels Operating Grant	(20,882)
(21,821)	REFCUS	(16,253)
0	LEVI Capability Fund	(235)
(16,409)	Bus Services Improvement Plan Grant	(21,528)
(92)	Better Deal for Bus	0
(1,185)	Other Grants	(4,766)
(186,606)	**Total**	**(209,445)**

2024/25 £'000	Credited to Taxation and Non Specific Grant Income	2025/26 £'000
(82,149)	Merseytravel Grant	(92,648)
(58,791)	Capital Grants	(58,943)
(140,939)	**Total**	**(151,591)**

Merseytravel has received a number of grants and contributions that have conditions attached to them. These have not yet been recognised as income and will only be credited to the Comprehensive Income and Expenditure Statement once all conditions are met. The balances at the year-end are as follows:

2024/25 £'000	Grant Receipts in Advance	2025/26 £'000
(789)	Transforming Cities Funding	(789)
(252)	Smart Ticketing	(252)
(41)	Clean Bus Grant	(19)
(61)	Other	(61)
(1,143)	**Total**	**(1,122)**

11. Officers' Remuneration

Senior Officers Remuneration

The table below details the remuneration of the directors of Merseytravel.

		Salary (incl. Fees) £'000	Bonuses / Allowances £'000	Employers Pension Contribution £'000	Exit Packages £'000	Total Remuneration £'000
Executive Director Place - Richard McGuckin (i)	2025/26	139	0	24	0	162
	2024/25	134	1	21	0	156
Executive Director Resources - John Fogarty (ii)	2025/26	82	0	14	0	96
	2024/25	74	0	11	0	85
Executive Director Corporate Development and Delivery retired 30th September 2024(iii)	2025/26	0	0	0	0	0
	2024/25	45	0	5	322	373
Interim Director of Communications and Public Affairs appointed 4 July 2024 resigned 2 March 2025 (iv)	2025/26	0	0	0	0	0
	2024/25	41	0	6	0	47
Director of Communications and Public Affairs appointed 3 March 2025 (v)	2025/26	65	0	11	0	76
	2024/25	5	0	1	0	6
Director of Customer and Operations appointed 24 January 2025 (vi)	2025/26	132	0	23	0	155
	2024/25	24	0	4	0	28
Programme Director of Rolling Stock appointed 24 January 2025, redesignated 1 April 2025 (vii)	2025/26	0	0	0	0	0
	2024/25	28	0	5	0	33
Director of Transport Infrastructure Programmes appointed 1 April 2025 (viii)	2025/26	132	20	26	0	178
	2024/25	0	0	0	0	0
Director of Transport appointed - Jamie Ross 24 January 2025 (ix)	2025/26	150	0	26	0	176
	2024/25	27	0	4	0	31
Interim Director of Finance appointed 24 January 2025 transitioned 18 August 2025 (x)	2025/26	23	0	4	0	27
	2024/25	23	0	4	0	27
Director of Finance appointed 18 August 2025 (xi)	2025/26	40	0	7	0	47
	2024/25	0	0	0	0	0

(i) The Executive Director Place incorporates the transport responsibilities associated with the Director General role but has a wider Combined Authority remit including Assistant Chief Executive responsibilities. Whilst a Combined Authority appointment, due to the significant transport responsibilities associated with this role, 75% of the salary and other remuneration is charged to Merseytravel with 25% of the costs being charged to the LCRCA.

(ii) The Executive Director Resources provides services for both Merseytravel and the Liverpool City Region Combined Authority. The Executive Director Resources is formally employed by LCRCA and Merseytravel is recharged 50% of his salary and other remuneration.

(iii) The Executive Director Corporate Development and Delivery post was removed following a retirement and organisational restructured some service areas where realigned to Corporate Services and a new role Director of Strategic Communications and Corporate Affairs was created. (see iv & v)

(iv) Interim Director of Strategic Communications and Corporate Affairs was appointed 4 July 2024 to enable an appropriate hand over of service areas and resigned 2 March 2025 following a permanent recruitment process - (see iii).

(v) Director of Strategic Communications and Corporate Affairs was appointed 3 March 2025. Salary is split 50/50 across Merseytravel and LCRCA.

(vi) Director of Customer and Operations was appointed to Merseytravel Board 24 January 2025 with salary recharged to Merseytravel

(vii) Programme Director Rolling Stock was appointed to Merseytravel Board 24 January 2025 with salary recharged to Merseytravel. Following completion of the Rolling Stock project and a restructure within the Place Directorate, the post of Director of Transport Infrastructure Programmes was created, with an appointment taking effect on 1 April 2025 (see viii).

(viii) The Director of Transport Infrastructure Programmes role was created as part of Place restructure and completion of Rolling Stock project; the previous Programme Director of Rolling Stock was appointed to 1 April 2025 following a recruitment process. (see vii)

(ix) Director of Transport was appointed to Merseytravel Board 24 January 2025 with 100% of salary charged to Merseytravel.

(x) Interim Director of Finance was appointed to Merseytravel Board 24 January 2025 and is formally employed by LCRCA and Merseytravel is recharged 50% of the salary and other remuneration. The Interim was subsequently appointed on a permanent basis, following a recruitment process. (see xi).

(xi) Director of Finance was appointed 18 August 2025 following a recruitment process. 50% of salary is recharged to Merseytravel.

Employee Remuneration

The number of employees (excluding Merseytravel's directors) in receipt of remuneration for the year of £50,000 or more is detailed below. For the purpose of this note, remuneration includes allowances, bonuses and severance pay but excludes employer pension contributions.

Following the transfer of staff to the Combined Authority on 1 April 2025, employee remuneration disclosures for Merseytravel reflect only the single member of staff directly employed by Merseytravel. Staffing costs disclosed elsewhere in the financial statements relate primarily to recharges from the Combined Authority.

2024/25	Remuneration Range	2025/26
50	£50,000 to £54,999	0
26	£55,000 to £59,999	0
9	£60,000 to £64,999	0
16	£65,000 to £69,999	0
7	£70,000 to £74,999	0
4	£75,000 to £79,999	0
4	£80,000 to £84,999	0
2	£85,000 to £89,999	0
0	£90,000 to £94,999	0
0	£95,000 to £99,999	0
0	£100,000 to £104,999	0
1	£105,000 to £109,999	0
1	£110,000 to £114,999	0
0	£115,000 to £119,999	0
1	£120,000 to £124,999	0
0	£125,000 to £129,999	0
0	£130,000 to £134,999	0
0	£135,000 to £139,999	0
0	£140,000 to £144,999	0
0	£145,000 to £149,999	0
1	£150,000 to £154,999	0
122	**Total**	**0**

Following the transfer of staff to the Combined Authority on 1 April 2025, employee remuneration disclosures for Merseytravel reflect only the single member of staff directly employed by Merseytravel. Staffing costs disclosed elsewhere in the financial statements relate primarily to recharges from the Combined Authority.

12. Exit Packages

	No. of Compulsory Redundancies		No. of other Departures agreed		Total No. of Exit Packages by Cost Band		Total Cost of Exit Packages in each Band	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25 £'000	2025/26 £'000
£0 - £20,000	0	0	0	0	0	0	0	0
£20,001 - £40,000	0	0	2	0	2	0	66	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	1	0	1	0	64	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
£200,001 - £250,000	0	0	0	0	0	0	0	0
£250,001 - £300,000	0	0	0	0	0	0	0	0
£300,001 - £350,000	0	0	1	0	1	0	322	0
Total	**0**	**0**	**4**	**0**	**4**	**0**	**452**	**0**

13. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources by Merseytravel in comparison to those resources consumed or earned by Merseytravel in accordance with generally accepted accounting practices. It also shows how the expenditure is allocated between Services. Income and expenditure accounted for under generally accepted accounting practice is presented more fully in the Comprehensive Income and Expenditure Statement.

2024/25 Restated £'000				2025/26 £'000		
Net Expenditure Chargeable to the General Fund	**Adjustments between funding and accounting basis**	**Net Expenditure in the CIES**		**Net Expenditure Chargeable to the General Fund**	**Adjustments between funding and accounting basis**	**Net Expenditure in the CIES**
35,650	3,007	38,657	Transport	55,201	5,864	61,064
(15,306)	7,918	(7,388)	Transport Infrastructure Programmes	(20,711)	10,598	(10,113)
51,442	1,779	53,222	Customer and Operations	54,506	3,644	58,150
1,688	2,980	4,668	Corporate Management & Corporate Costs	250	229	479
73,476	**15,684**	**89,160**	**Net Cost of Services**	**89,246**	**20,334**	**109,580**
(82,151)	(58,811)	(140,962)	Other Income and Expenditure	(92,646)	7,378	(85,269)
(8,675)	**(43,126)**	**(51,802)**	**Surplus or deficit**	**(3,400)**	**27,712**	**24,312**
(71,806)			Opening Balance 1 April	(79,327)		
(8,675)			Surplus for the Year	(3,400)		
1,154			Transfers to Capital Resources	1,440		
(79,327)			**Closing Reserves at 31 March**	**(81,287)**		

An organisational restructure took place in 2025/26 which resulted in a realignment of services. Consequently the 2024/25 comparators have been restated to reflect the new structure, see Note 25 for further information.

Note to the EFA 2025/26

Adjustments from General Fund to arrive at the CIES	Adjustments for Capital Purposes £'000	Net change for Pension Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Transport	5,866	(2)	0	5,864
Transport Infrastructure Programmes	10,598	0	0	10,598
Customer and Operations	3,644	0	0	3,644
Corporate Management and other Corporate Costs	598	0	(369)	229
Net Cost of Services	**20,705**	**(2)**	**(369)**	**20,334**
Other Income & Expenditure from the Funding Analysis	(58,943)	66,321	0	7,378
Difference between General Fund surplus or deficit and CIES surplus or deficit	**(38,238)**	**66,319**	**(369)**	**27,712**

Note to the EFA 2024/25 Restated

Adjustments from General Fund to arrive at the CIES	Adjustments for Capital Purposes £'000	Net change for Pension Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Transport	3,293	(286)	0	3,007
Transport Infrastructure Programmes	7,937	(19)	0	7,918
Customer and Operations	2,202	(423)	0	1,779
Corporate Management and other Corporate Costs	2,827	140	13	2,980
Net Cost of Services	**16,259**	**(588)**	**13**	**15,684**
Other Income & Expenditure from the Funding Analysis	(58,791)	(20)	0	(58,811)
Difference between General Fund surplus or deficit and CIES surplus or deficit	**(42,532)**	**(608)**	**13**	**(43,127)**

Adjustments for capital purposes

This column adds in depreciation, impairment and revaluation gains and losses in the service line and other income contributions that are not chargeable under proper accounting practice.

Net Changes for Pension Adjustments

Net changes for the removal of pension contributions and additions of IAS 19 Employee Benefits pension related income and expenditure. For services this represents the removal of the employer pension contributions made by Merseytravel as allowed under statute and replaced with current service cost and past service cost. For financing and investment income this is the net interest on the defined benefit liability charged to the CIES.

Other Differences

These are the amounts debited or credited to the CIES and amounts payable/receivable to be recognised under statute in respect of any premiums and discounts and adjustments in respect of accumulating absences.

Expenditure Analysed by Type

2024/25 £'000		2025/26 £'000
	Expenditure	
24,217	Employee benefits expenses	27,723
309,729	Other service expenses	406,689
15,496	Depreciation, amortisation, impairment and (profit)/loss on sale of asset	19,590
109	Interest payments	101
349,551	**Total expenditure**	**454,101**
	Income	
(73,700)	Fees, charges and other service income	(68,655)
(108)	Interest and investment income	(98)
(327,545)	Government grants and contributions	(361,036)
(401,353)	**Total Income**	**(429,790)**
(51,802)	**(Surplus) or deficit on the Provision of Services**	**24,312**

Revenue from External Customers

The table presents revenue earned by each reportable service from external customers. Revenue from external customers includes:

- Members of the public purchasing chargeable services
- Income from businesses and commercial organisations
- Other public sector bodies when they are purchasing services or otherwise engaging in an exchange transaction

Items excluded from this table include:

- Grants and contributions, whether general or specific
- Taxation income
- Internal recharges between services within the Authority
- Transactions eliminated on consolidation for Group reporting purposes

2024/25 Restated £'000		2025/26 £'000
(15,822)	Transport	(18,762)
(24,778)	Transport Infrastructure Programmes	(31,063)
(17,718)	Customer and Operations	(17,976)
(130)	Corporate Management & Corporate Costs	(153)
(58,448)	**Total Revenue from External Customers**	**(67,955)**

14. Audit Fees

The table below details the fees paid to the external auditors, Forvis Mazars.

2024/25 £'000		2025/26 £'000
146	External Audit fees in respect of Merseytravel	150
146	**Total**	**150**

The fees listed above are the audit scale fees. Further fees are charged on top of these scale fees for any additional work undertaken by the auditors, these have not been agreed for 2025/26.

15. Related Party Transactions

Merseytravel is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence or to be controlled or influenced by Merseytravel. The following is an analysis of the organisations or individuals deemed to meet these criteria.

Members

LCRCA are a member of Local Government Pension Scheme (MPF), MPF detailed information can be found in Note 9.

One of the members of the Overview and Scrutiny Committee and a substitute member of the Audit and Governance Committee has declared that they have a role in the Local Pension Board at MPF. This information has been declared as necessary, and the member has not taken any part in discussions or decisions involving MPF.

One of the councillors who is a member of the LCR Appointments and Disciplinary Committee, has declared that they are employed by Merseyside Pension Fund.

Liverpool City Region Combined Authority (LCRCA)

Merseytravel is required to implement and administer transport policies determined by the LCRCA which means that LCRCA is Merseytravel's parent and ultimate controlling party. LCRCA provides Merseytravel with revenue and capital grants in support of its transport activities, be that revenue or capital. The revenue grant that is received by Merseytravel is funded through the transport levy made by LCRCA on the local authorities in Merseyside.

Group banking arrangements exist for LCRCA and Merseytravel with all investments made in the name of the LCRCA. As at 31 March 2026 Merseytravel single entity had short term deposits of £75.677m (£83.354m 2024/25) with LCRCA group. Balances are unsecured, interest free and settlement occurs in cash. No guarantees have been provided or received in respect of these sums.

Subsidiary Companies

Merseytravel has interests in several companies, some of which are active, some of which are dormant or in the process of being wound up. The table below details the principal undertakings.

Name	Parent	Holding	Nature of Business	% Equity Interest
Mersey Ferries Ltd	Merseytravel	Company limited by guarantee	Passenger transport	N/A
Merseyside Passenger Transport Services Ltd	Merseytravel	25 £1 ordinary shares 375 £1 5% non-cumulative preference shares	Leasing	100%
The Beatles Story Ltd	Mersey Ferries Ltd	290,000 £1 ordinary shares	Tourism	100%

Certain directors of Merseytravel are also directors of the above companies. Whilst these individuals are paid a salary by Merseytravel as detailed in note 11, no additional remuneration is received in respect of these directorships.

Under the relevant accounting standards all of the above fall to be classed as subsidiary undertakings and as such the financial performance of each should be consolidated into the financial statements of Merseytravel on an equity basis however as at 31 March 2026 both RTIG and Accrington Technologies have both been dissolved.

Accrington Technologies - during the last eight financial years the company has not traded and has received no income and incurred no expenditure. The company was dissolved at Companies House on 20 May 2025.

Real Time Information Group (RTIG) - on 9th March 2023 RTIG transferred business to RTIG Inform Limited. The RTIG company was dissolved at Companies House on 20 January 2026.

16. Property Plant and Equipment

Movement on Balances 2025/26

		Other PPE							
	Infrastructure Assets £'000	Freehold Property £'000	Leasehold Property £'000	Vehicles Plant and Machinery £'000	Vessels £'000	Surplus Assets £'000	Assets Under Construction £'000	Other PPE Total £'000	Total PPE £'000
Cost or Valuation									
As at 1 April 2025		**16,497**	**0**	**330,797**	**3,652**	**1,491**	**55,544**	**407,981**	
Additions	1,845	210	0	409	546	0	55,733	**56,898**	**58,743**
Revaluation inc/(dec) recognised in the Revaluation Reserve	0	(104)	0	0	(718)	0	0	**(822)**	**(822)**
Revaluation inc/(dec) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	(792)	0	0	**(792)**	**(792)**
Reclassification	0	997	0	50,198	0	(1,340)	(49,855)	**0**	**0**
Derecognition disposals	0	(2,803)	0	(39)	0	0	0	**(2,842)**	**(2,842)**
As at 31 March 2026		**14,797**	**0**	**381,365**	**2,688**	**151**	**61,422**	**460,423**	
Depreciation and Impairment									
As at 1 April 2025		**565**	**0**	**15,673**	**560**	**0**	**0**	**16,798**	
Depreciation	1,546	585	0	10,769	838	0	0	**12,193**	**13,739**
Depreciation written out to the Revaluation Reserve	0	(869)	0	0	(695)	0	0	**(1,564)**	**(1,564)**
Disposals	0	(281)	0	(39)	0	0	0	**(320)**	**(320)**
As at 31 March 2026		**0**	**0**	**26,403**	**703**	**0**	**0**	**27,107**	
Net Book Value									
As at 31 March 2026	**32,326**	**14,797**	**0**	**354,961**	**1,985**	**151**	**61,422**	**433,316**	**465,643**
As at 31 March 2025	**32,027**	**15,932**	**0**	**315,124**	**3,092**	**1,491**	**55,544**	**391,183**	**423,211**

Movement on Balances 2024/25

		Other PPE							
	Infrastructure Assets £'000	Freehold Property £'000	Leasehold Property £'000	Vehicles Plant and Machinery £'000	Vessels £'000	Surplus Assets £'000	Assets Under Construction £'000	Other PPE Total £'000	Total PPE £'000
Cost or Valuation									
As at 1 April 2024		**16,199**	**75,764**	**266,395**	**2,800**	**1,491**	**73,859**	**436,508**	
Transfer to Right Of Use Assets on transition to IFRS 16	0	0	(75,764)	0	0	0	0	**(75,764)**	**(75,764)**
Additions	8,770	298	0	335	852	0	48,801	**50,286**	**59,056**
Reclassification	0	0	0	67,116	0	0	(67,116)	**0**	**0**
Derecognition disposals	0	0	0	(3,049)	0	0	0	**(3,049)**	**(3,049)**
As at 31 March 2025		**16,497**	**0**	**330,797**	**3,652**	**1,491**	**55,544**	**407,981**	
Depreciation and Impairment									
As at 1 April 2024		**0**	**0**	**10,073**	**0**	**0**	**0**	**10,073**	
Depreciation	1,177	565	0	8,649	560	0	0	**9,774**	**10,951**
Disposals	0	0	0	(3,049)	0	0	0	**(3,049)**	**(3,049)**
As at 31 March 2025		**565**	**0**	**15,673**	**560**	**0**	**0**	**16,798**	
Net Book Value									
As at 31 March 2025	**32,027**	**15,932**	**0**	**315,124**	**3,092**	**1,491**	**55,544**	**391,183**	**423,211**
As at 31 March 2024	**24,435**	**16,199**	**75,764**	**256,322**	**2,800**	**1,491**	**73,859**	**426,435**	**450,871**

Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The Authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

The Authority has determined in accordance with Regulation 30M England of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Depreciation

The following useful lives have been used in the calculation of depreciation:

- Infrastructure assets useful lives are determined on acquisition and considered thereafter as part of the annual impairment review. The current maximum useful life is 49 years.
- Freehold property useful lives are based on estimated remaining life as provided by the valuer as part of the valuation process. The maximum useful life in this category is 50 years.
- Vehicles, plant and machinery useful lives are determined on acquisition and considered thereafter as part of the annual impairment review. The current maximum useful life is 35 years.
- Vessels useful lives are based on estimated remaining life as provided by the valuer as part of the valuation process. The maximum useful life in this category is 5 years which was the estimated useful economic life of the vessels at the time of the last valuation on 31 March 2024.

Revaluations

Merseytravel carries out a revaluation process which ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years. All valuations are carried out externally. Valuations of land and buildings are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The significant assumptions applied in estimating the current values of property, plant and equipment are:

- That no deleterious material was used in the construction of any property and that none has been subsequently incorporated.
- That the properties are not subject to any unusual or especially onerous restrictions, encumbrances or outgoings and that good titles can be shown.

- That the properties and their values are unaffected by any matters which would be revealed by a local search or inspection of any register and that the use and occupation are both legal.
- That inspection of those parts which have not been inspected would not cause alteration to the opinion of value.
- That the land and properties are not contaminated nor adversely affected by radon gas, hazardous substances and other adverse environmental impacts.

In years when a full external revaluation is not undertaken for particular classes of Property, Plant and Equipment, the Authority performs an annual desktop valuation review. This process involves applying appropriate valuation indices to relevant asset categories. The purpose of this annual indexation review is to determine whether there is evidence of a material movement in current value that would require the application of indexation to adjust carrying amounts. Where an appropriate indices cannot be obtained, Merseytravel engage external valuers to perform desktop valuations on the third anniversary of the full revaluation.

For 2025/26, the Authority completed this desktop review using the relevant sector-appropriate indices and adjusted for assets where an appropriate indices could be obtained.

Infrastructure assets, assets under construction (gross book value £61.4m), short life plant, machinery and vehicles (gross book value £381.4m) are carried at historical cost. The remaining categories of property, plant and equipment (gross book value £17.6m) are carried at current value with the last full valuation being undertaken at 31 March 2024.

Capital Commitments

As at 31 March 2026, Merseytravel has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2026/27 and future years budgeted to cost £66.001m. Similar commitments at 31 March 2025 were £40.189m.

A breakdown of the main commitments is as follows:

- Bus Reform £39.212m
- Inaccessible Stations Programme £8.894m
- Rolling Stock £3.909m

Leased Out Assets

The Authority leases out a number of rolling stock units and buses which are included within the group PPE balance. The breakdown of these assets can be found below:

2024/25 £'000 Vehicles	Leased Out Assets	2025/26 £'000 Vehicles
	Cost or valuation	
244,511	As at 1 April	**311,380**
66,869	Transfers	50,112
311,380	**As at 31 March**	**361,492**
	Accumulated Depreciation	
4,621	As at 1 April	**11,608**
6,987	Depreciation	9,467
11,608	**As at 31 March**	**21,075**
	Net Book Value	
299,771	**As at 31 March**	**340,417**
239,890	**As at 1 April**	**299,772**

17. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by Merseytravel, the expenditure results in an increase in the Capital Finance Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

2024/25 £'000		2025/26 £'000
(381)	**Opening Capital Financing Requirement**	**(364)**
41	Adjustment for Right of Use Assets on transition to IFRS 16	0
	Capital investment	
59,056	PPE	58,743
47	Intangible assets	19
0	New Right of Use assets	59
56	Right Of Use asset additions	474
22,584	Revenue Expenditure Funded from Capital Under Statute	17,368
	Sources of Finance	
(80,611)	Government grants and other contributions	(75,196)
(24)	Revenue contributions to capital outturn	(32)
(1,131)	Use of Reserves	(1,408)
(364)	**Closing Capital Financing Requirement**	**(337)**
17	**Movement in Capital Financing Requirement**	**27**

18. Intangible Assets

2024/25 £'000		2025/26 £'000
	Cost or valuation:	
	Opening balance:	
5,780	Gross carrying amount	3,553
(2,187)	Accumulated amortisation	(2,176)
3,593	**Opening net carrying amount**	**1,377**
47	Additions	19
(2,263)	Amortisation	(244)
1,377	**Net carrying amount at end of year**	**1,151**
	Comprising:	
3,553	Gross carrying amount	3,572
(2,176)	Accumulated amortisation	(2,420)
1,377		**1,151**

Intangible assets relate to licenses acquired by Merseytravel.

19. Long Term Debtors – loan to subsidiary company

2024/25 £'000		2025/26 £'000
1,766	Long Term loan to Subsidiary Company	1,541
1,766	**Balance as at 31 March**	**1,541**

The debtor relates to a loan to Mersey Ferries Limited for the acquisition of the Beatles Story. This is repayable in equal instalments of principal and interest until 2032/33.

20. Short Term Debtors

2024/25 £'000		2025/26 £'000
10,461	Trade Receivables	638
4,760	Prepayments	864
83,569	Group Debtors	75,902
170	Grant	201
4,325	Tax Debtor	9,373
26,800	Other Receivable Amounts	39,100
(1)	Estimated Credit Loss Trade Receivables	(0)
130,085	**Balance as at 31 March**	**126,078**

21. Short Term Creditors

2024/25 £'000		2025/26 £'000
(5,533)	Trade Payables	(3,222)
(215)	Group Creditors	(226)
(38,808)	Accruals	(37,980)
(18)	Right of Use Lease Liability	(19)
(4,650)	Other Payables	(1,353)
(49,223)	**Balance as at 31 March**	**(42,800)**

22. Leases

Merseytravel adopted international accounting standard IFRS 16, effective from 1 April 2024. The main implication of the new standard is the need to bring leased assets accounted for under IAS 17 as an operating lease where Merseytravel is acting as the lessee onto the Balance Sheet. Such assets are known as "right of use" assets.

Merseytravel as Lessee

The assets predominantly comprise of land and buildings related to transport activities leased at peppercorn or nominal rent.

Merseytravel also has a small number of leases for vehicles where it is acting as the lessee.

2025/26

Right of Use Assets	Property £'000	Vehicles £'000	Total £'000
Cost			
Balance as at 1 April 2025	75,820	41	**75,861**
Creation of Right of Use Assets	0	59	**59**
Revaluation inc/(dec) recognised in the Revaluation Reserve	(1,523)	0	**(1,523)**
Additions	474	0	**474**
Disposals	0	(41)	**(41)**
Balance as at 31 March 2026	**74,771**	**59**	**74,830**
Accumulated Depreciation			
Balance as at 1 April 2025	(2,257)	(24)	**(2,281)**
Depreciation	(2,261)	(32)	**(2,293)**
Depreciation written out to the Revaluation Reserve	4,453	0	**4,453**
Disposals	0	41	**41**
Balance as at 31 March 2026	(64)	(15)	(79)
NBV as at 31 March 2026	**74,706**	**44**	**74,750**
NBV as at 31 March 2025	73,563	17	73,580

2024/25

Right of Use Assets	Property £'000	Vehicles £'000	Total £'000
Cost			
Balance as at 1 April 2024	0	0	**0**
Creation of Right of Use Assets on transition to IFRS 16	0	41	**41**
Leased assets transferred from PPE	75,764	0	**75,764**
Additions	56	0	**56**
Balance as at 31 March 2025	**75,820**	**41**	**75,861**
Accumulated Depreciation			
Balance as at 1 April 2024	0	0	**0**
Leased assets transferred from PPE	0	0	**0**
Depreciation	(2,257)	(24)	**(2,281)**
Balance as at 31 March 2025	(2,257)	(24)	(2,281)
NBV as at 31 March 2025	**73,563**	**17**	**73,580**
NBV as at 31 March 2024	0	0	0

Merseytravel incurred the following expenses and cash flows in relation to leases:

2024/25 £'000	Right of Use Assets	2025/26 £'000
	Comprehensive income and expenditure statement	
1	Interest expense on lease liabilities	2
(38)	Income from subletting right-of-use assets	(45)
	Cash flow statement	
25	Total cash outflow for leases	34

Merseytravel as Lessor

Merseytravel has a number of operating leases where it acts as the lessor. The following income was received during the year.

2024/25 £'000	Operating Leases	2025/26 £'000
(12,847)	Income	(14,156)

The table below details the minimum future lease payments receivable under non-cancellable leases in future years.

2024/25 £'000		2025/26 £'000
(24,506)	Not later than one year	(24,513)
(57,232)	Between one and five years	(32,782)
(38)	Over five years	(3)
(81,776)	**Total**	**(57,298)**

Merseytravel has procured the first publicly owned fleet of trains in the UK. These will be leased to Merseyrail as the concession holder for the remainder of the concession agreement until 2028. The impact of this lease arrangement is reflected in the table above. Merseytravel entered into a maintenance contract with the manufacturer of the rolling stock for the useful life of the life of the assets. As a result, the Authority considers the risk associated with rights retained in the underlying assets to be low.

23. Financial Instruments

Categories of Financial Instruments

31 March 2025 £'000			31 March 2026 £'000	
Current	**Non Current**		**Current**	**Non Current**
		Financial Assets at Amortised Cost:		
215	1,766	Loan to Subsidiary Company	226	1,541
83,354	0	Amount deposited with LCRCA	75,677	0
41,755	0	Debtors	49,312	0
117	0	Cash & Cash Equivalents	86	0
125,441	**1,766**	**Total Financial Assets**	**125,301**	**1,541**
		Financial Liabilities at Amortised Cost:		
(215)	(1,766)	Loan from Group Company	(226)	(1,541)
(44,972)	0	Creditors	(42,013)	0
(45,187)	**(1,766)**	**Total Financial Liabilities**	**(42,238)**	**(1,541)**

Income and Expenses through the CIES

During the year, Merseytravel paid interest of £98k (£108k in 2024/25) and received interest of £98k (£108k in 2024/25). This relates to interest payable on the loan from the LCRCA to Merseytravel and subsequently on to Mersey Ferries Group in respect of the acquisition of The Beatles Story and is recognised in the Comprehensive Income and Expenditure Statement.

Fair Values of Assets and Liabilities

Merseytravel's financial liabilities and financial assets are represented by loans, intercompany balances with LCRCA and its debtors and creditors. As Merseytravel's financial assets and liabilities are predominantly trade payables and receivables and amounts deposited with the LCRCA, fair value is taken as the amount invoiced or billed.

Nature and Extent of Risk Arising from Financial Instruments

Merseytravel's activities expose it to a variety of financial risks. The key risks are:

- Credit risk - the possibility that other parties might fail to pay amounts due;
- Liquidity risk - the possibility that Merseytravel might not have funds available to meet its commitments to make payments; and
- Market risk - the possibility that financial loss might arise for Merseytravel as a result of changes in such measures as interest rates.

Credit risk

Merseytravel's credit risk arises from credit exposures to Merseytravel's customers. Merseytravel also holds intercompany balances with the LCRCA which are interest free and are available to the LCRCA to make investments. These investments are governed by the LCRCA's Treasury Management policy.

Liquidity risk

Through LCRCA, Merseytravel has ready access to borrowings from the Public Works Loans Board, and therefore there is no significant risk that it will be unable to raise finance to meet its commitments.

All undiscounted financial liabilities are payable within 1 year with the exception of a loan from LCRCA amounting to £1.541m payable by instalments until 2032/33.

Market risk

Borrowings are carried at amortised cost so nominal gains and losses on fixed rate borrowings would not affect the Comprehensive Income and Expenditure Statement or Movement in Reserves Statement.

Price risk: Merseytravel does not generally invest in equity shares, but the Group Accounts do reflect shareholdings in a number of subsidiaries, therefore exposure to price risk is limited.

Foreign exchange risk: Merseytravel has no material financial assets or liabilities denominated in foreign currencies and thus have no exposure to loss arising from movements in exchange rates.

Hedging Instruments: Merseytravel holds no financial instruments that would be classified as hedging instruments.

24. Note to the Cashflow Statement

The surplus or deficit on provision of services has been adjusted for the following non-cash movements:

2024/25 £'000		**2025/26 £'000**
15,496	Depreciation amortisation and revaluation losses	19,615
19,169	Increase/(decrease) in creditors, provisions	(6,612)
(26,724)	(Increase)/decrease in debtors	4,232
52	(Increase)/decrease in inventories	54
(608)	Pension movements	66,319
7,385	**Total**	**83,608**

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2024/25 £'000		2025/26 £'000
(58,791)	Grants received for the financing of capital expenditure	(58,943)
(58,791)	**Total**	**(58,943)**

Cashflow Statement Investing Activities

2024/25 £'000		2025/26 £'000
(59,200)	Purchase of property, plant and equipment and intangible assets	(59,295)
58,791	Other (purchases)/receipts from investing activities	58,943
(409)	**Total**	**(352)**

Cash Flow Statement Financing Activities

2024/25 £'000		2025/26 £'000
(24)	Repayment of lease liabilities	(32)
(24)	**Total**	**(32)**

Reconciliation of Liabilities Arising from Financing Activities

		Cash Movements			
	1st April 2025 £'000	Repayment of Principal £'000	Interest £'000	Non-Cash Movements £'000	31 March 2026 £'000
Finance Lease Liabilities	(18)	32	2	(61)	(45)
Total liabilities from financing activities	**(18)**	**32**	**2**	**(61)**	**(45)**

		Cash Movements			
	1st April 2024 £'000	Repayment of Principal £'000	Interest £'000	Non-Cash Movements £'000	31 March 2025 £'000
Finance Lease Liabilities	0	24	1	(43)	(18)
Total liabilities from financing activities	**0**	**24**	**1**	**(43)**	**(18)**

25. Prior Year Restatement

During 2025/26, Merseytravel underwent a service reporting review and as a result services have moved reporting categories. The 2024/25 figures in the Comprehensive Income and Expenditure Statement have therefore been restated to reflect these new reporting categories. The below tables summarise the movements between categories.

CIES Restatement	Previous Gross Expenditure	Previous Gross Income	Previous Net Expenditure	Restate Net Movement	Restated Gross Expenditure	Restated Gross Income	Restated Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bus Services	52,844	-26,249	26,595	-26,595	0	0	0
Rail Services	178,110	-178,810	-700	700	0	0	0
Customer Delivery	9,581	-2,708	6,873	-6,873	0	0	0
Travel Concession	62,608	-17,033	45,575	-45,575	0	0	0
Policy	1,742	-993	749	-749	0	0	0
Corporate Management & Corporate Costs	5,841	-1,172	4,669	0	5,841	-1,172	4,668
Mersey Ferries	5,724	0	5,724	-5,724	0	0	0
Mersey Tunnels	18,965	-19,290	-325	325	0	0	0
Transport	0	0	0	38,657	204,446	-165,789	38,657
Transport Infrastructure Programmes	0	0	0	-7,388	34,850	-42,237	-7,388
Customer and Operations	0	0	0	53,222	90,279	-37,057	53,222
Total	335,416	-246,256	89,159	0	335,416	-246,256	89,159

EFA Note	Previous Adjustments for Capital Purposes	Previous Net change for Pension Adjustments	Previous Other Differences	Previous Total Adjustments	Restate Net Movement	Restated Adjustments for Capital Purposes	Restated Net change for Pension Adjustments	Restated Other Differences	Restated Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bus Services	2,087	-103	0	1,984	-1,984	0	0	0	0
Rail Services	9,124	-43	0	9,081	-9,081	0	0	0	0
Customer Delivery	19	-140	0	-121	121	0	0	0	0
Travel Concession	0	0	0	0	0	0	0	0	0
Policy	0	-19	0	-19	19	0	0	0	0
Corporate Management & Corporate Costs	2,827	140	13	2,980	0	2,827	140	13	2,980
Mersey Ferries	2,202	-98	0	2,104	-2,104	0	0	0	0
Mersey Tunnels	0	-325	0	-325	325	0	0	0	0
Transport	0	0	0	0	3,007	3,293	-286	0	3,007
Transport Infrastructure Programmes	0	0	0	0	7,918	7,937	-19	0	7,918
Customer and Operations	0	0	0	0	1,779	2,202	-423	0	1,779
Net Cost of Services	16,259	-588	13	15,684	0	16,259	-588	13	15,684

EFA External Income	Previous External Income	Restate Movement	Restated External Income
	£'000	£'000	£'000
Bus Services	-6,623	6,623	0
Rail Services	-32,626	32,626	0
Customer Delivery	-1,926	1,926	0
Travel Concession	-17,033	17,033	0
Policy	0	0	0
Corporate Management & Corporate Costs	-130	0	-130
Mersey Ferries	0	0	0
Mersey Tunnels	-110	110	0
Transport	0	-15,822	-15,822
Transport Infrastructure Programmes	0	-24,778	-24,778
Customer and Operations	0	-17,718	-17,718
Total	-58,448	0	-58,448

MERSEYTRAVEL GROUP ACCOUNTS

The Accounting Code of Practice requires that where an entity has material financial interests and a significant level of control over one or more entities, it should prepare Group Accounts. The aim of these statements is to give an overall picture of the entity's financial activities, and the resources employed in carrying out those activities.

The Group Accounts comprise the following key financial statements (with appropriate disclosures):

- Group Movement in Reserves Statement;
- Group Comprehensive Income and Expenditure Statement;
- Group Balance Sheet; and
- Group Cash Flow Statement.

Please refer to the explanation of statements on pages 3-4 for further description of the purpose of each statement.

Consistent accounting policies are applied to both Merseytravel's group and single entity accounts. For details of the accounting policies, refer to those disclosed in Note 1 of the single entity accounts.

For completeness, the following entities results have been consolidated into the Merseytravel group accounts:

- Mersey Ferries Group (including The Beatles Story)
- Merseytravel Passenger Transport Services Limited

Where figures in the group accounts differ materially from the Merseytravel accounts, the relevant explanatory notes have been prepared on a consolidated basis. The notes below give information on the areas that have materially changed on consolidation of the group entities into the Merseytravel's accounts.

GROUP MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement (MiRS) shows the movement from the start of the year to the end on the different reserves held by Merseytravel analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of Merseytravel's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return the amounts chargeable to the revenue reserve for the year. The Net Increase/(Decrease) line shows the statutory General Fund Balance movements in the year following those adjustments.

	Usable Reserves £'000			Unusable Reserves £'000					Total Reserves £'000
	General Fund Balance	Other Earmarked Reserves	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pension Reserve	Accumulated Absences Account	Total Unusable Reserves	
As at 1st April 2025	**8,518**	**72,625**	**81,144**	**40,145**	**458,099**	**(1,718)**	**(370)**	**496,156**	**577,300**
Comprehensive Income and Expenditure Statement	**(24,114)**	**0**	**(24,114)**	3,672	0	68,037	0	**71,709**	**47,595**
Adjustments to the revenue resources *									
Pensions costs	66,319	0	**66,319**	0	0	(66,319)	0	**(66,319)**	**0**
Holiday pay	(369)	0	**(369)**	0	0	0	369	**369**	**0**
Charges for depreciation and amortisation of non-current assets	16,603	0	**16,603**	0	(16,603)	0	0	**(16,603)**	**0**
(Gain)/Loss on sale of PPE	2,522	0	**2,522**	0	(2,522)	0	0	**(2,522)**	**0**
PPE Revaluation losses charged to the CIES	792	0	**792**	0	(792)	0	0	**(792)**	**0**
Revenue expenditure funded from capital under statute	17,368	0	**17,368**	0	(17,368)	0	0	**(17,368)**	**0**
Capital grants and contributions credited to the CIES	(75,196)	0	**(75,196)**	0	75,196	0	0	**75,196**	**0**
Total adjustments to revenue resources	**28,039**	**0**	**28,039**	**0**	**37,911**	**(66,319)**	**369**	**(28,039)**	**0**
Adjustments between revenue and capital resources									
Capital expenditure financed from revenue balances	(247)	0	(247)	0	247	0	0	247	0
Total adjustments to capital resources	**(247)**	**0**	**(247)**	**0**	**247**	**0**	**0**	**247**	**0**
Adjustments to capital resources									
Use of reserves to fund capital spend	0	(1,575)	**(1,575)**	0	1,575	0	0	1,575	0
Difference between fair value and historical cost depreciation	0	0	**0**	(2,810)	2,810	0	0	**0**	**0**
Total adjustments to capital resources	**0**	**(1,575)**	**(1,575)**	**(2,810)**	**4,385**	**0**	**0**	**1,575**	**0**
Transfer between reserves	(4,215)	4,215	**0**	0	0	0	0	**0**	**0**
Net Increase/(Decrease) in 2025/26	**(537)**	**2,640**	**2,103**	**862**	**42,543**	**1,718**	**369**	**45,492**	**47,595**
Balance as at 31st March 2026	**7,982**	**75,266**	**83,247**	**41,008**	**500,642**	**0**	**(1)**	**541,647**	**624,894**

* Amounts by which income and expenditure included in the CIES are different from revenue in the year calculated in accordance with statutory requirements

GROUP MOVEMENT IN RESERVES STATEMENT

	Usable Reserves £'000			Unusable Reserves £'000					Total Reserves £'000
	General Fund Balance	Other Earmarked Reserves	Total Usable Reserves	Revaluation Reserve	Capital Adjustment Account	Pension Reserve	Accumulated Absences Account	Total Unusable Reserves	
As at 1st April 2024	**7,448**	**65,707**	**73,155**	**41,684**	**413,534**	**(2,104)**	**(357)**	**452,757**	**525,912**
Comprehensive Income and Expenditure Statement	**51,610**	**0**	**51,610**	0	0	(222)	0	**(222)**	**51,388**
Adjustments to the revenue resources *									
Pensions costs	(608)	0	**(608)**	0	0	608	0	**608**	**0**
Holiday pay	13	0	**13**	0	0	0	(13)	**(13)**	**0**
Charges for depreciation and amortisation of non-current assets	15,910	0	**15,910**	0	(15,910)	0	0	**(15,910)**	**0**
PPE Revaluation losses charged to the CIES	628	0	**628**	0	(628)	0	0	**(628)**	**0**
Revenue expenditure funded from capital under statute	22,584	0	**22,584**	0	(22,584)	0	0	**(22,584)**	**0**
Capital grants and contributions credited to the CIES	(80,611)	0	**(80,611)**	0	80,611	0	0	**80,611**	**0**
Total adjustments to revenue resources	**(42,085)**	**0**	**(42,085)**	**0**	**41,490**	**608**	**(13)**	**42,085**	**0**
Adjustments between revenue and capital resources									
Capital expenditure financed from revenue balances	(238)	0	(238)	0	238	0	0	238	0
Total adjustments to capital resources	**(238)**	**0**	**(238)**	**0**	**238**	**0**	**0**	**238**	**0**
Adjustments to capital resources									
Use of reserves to fund capital spend	0	(1,300)	**(1,300)**	0	1,300	0	0	1,300	0
Difference between fair value and historical cost depreciation	0	0	**0**	(1,539)	1,539	0	0	**0**	**0**
Total adjustments to capital resources	**0**	**(1,300)**	**(1,300)**	**(1,539)**	**2,839**	**0**	**0**	**1,300**	**0**
Transfer between reserves	(8,218)	8,218	**0**	0	0	0	0	**0**	**0**
Net Increase/(Decrease) in 2024/25	**1,071**	**6,918**	**7,988**	**(1,539)**	**44,566**	**386**	**(13)**	**43,400**	**51,388**
Balance as at 31st March 2025	**8,518**	**72,625**	**81,144**	**40,145**	**458,099**	**(1,718)**	**(370)**	**496,156**	**577,300**

* Amounts by which income and expenditure included in the CIES are different from revenue in the year calculated in accordance with statutory requirement

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Merseytravel raises taxation to cover expenditure in accordance with Regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2024/25 Restated £'000				2025/26 £'000		
Gross Expenditure	**Gross Income**	**Net Expenditure**		**Gross Expenditure**	**Gross Income**	**Net Expenditure**
204,446	(165,789)	38,657	Transport	254,367	(193,302)	61,064
36,025	(43,412)	(7,388)	Transport Infrastructure Programmes	33,222	(43,335)	(10,113)
99,562	(46,821)	52,740	Customer and Operations	108,434	(50,965)	57,469
5,840	(853)	4,987	Corporate Management & Corporate Costs	851	(33)	818
345,873	**(256,875)**	**88,997**	**Net Cost of Services**	**396,874**	**(287,635)**	**109,238**
		0	Other Operating Expenditure			66,322
		331	Financing and Investment Income			145
		(140,939)	Taxation and Non Specific Grant Income			(151,591)
		(51,610)	**(Surplus) or Deficit on the Provision of Services**			**24,114**
		222	Remeasurement (Gains)/Losses on Pension Assets/Liabilities			(68,037)
		0	Surplus on Revaluation Non Current Assets			(3,672)
		222	**Other Comprehensive Income and Expenditure**			**(71,709)**
		(51,388)	**Total Comprehensive Income and Expenditure**			**(47,595)**

An organisational restructure took place in 2025/26 which resulted in a realignment of services. Consequently the 2024/25 comparators have been restated to reflect the new structure, see Note 12 for further information.

GROUP BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by Merseytravel. The net assets of Merseytravel (assets less liabilities) are matched by the reserves held by Merseytravel. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that Merseytravel may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that Merseytravel 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 are sold; and reserves that hold timing differences in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

As at 31 March 2025 £'000		As at 31 March 2026 £'000	Note
424,186	Property, Plant and Equipment	466,651	5
75,200	Right Of Use Assets	76,180	9
711	Heritage Assets	711	
3,072	Intangible Assets	2,846	6
503,169	**Long Term Assets**	**546,389**	
988	Inventories	949	
133,311	Short term Debtors	129,106	7
188	Cash and Cash Equivalents	134	
134,487	**Current Assets**	**130,190**	
(52,404)	Short term Creditors	(45,734)	8
(700)	Provisions	(839)	
(1,198)	Grant Receipts in Advance	(1,122)	
(54,302)	**Current Liabilities**	**(47,694)**	
(1,766)	Loan from Group Company	(1,541)	10
(1,604)	Long Term Creditors	(1,483)	
(966)	Provisions	(966)	
(1,718)	Pension Liability	0	
(6,054)	**Long term Liabilities**	**(3,990)**	
577,300	**Net Assets**	**624,894**	
(81,144)	Usable Reserves	(83,247)	1
(496,156)	Ununsable Reserves	(541,647)	
(577,300)	**Total Reserves**	**(624,894)**	

Richard McGuckin
Executive Director Place
30 June 2026

John Fogarty (CPFA)
Executive Director Resources
30 June 2026

GROUP CASHFLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of Merseytravel during the reporting period. The statement shows how Merseytravel generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of Merseytravel are funded by way of taxation and grant income or from the recipients of services provided by Merseytravel. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to Merseytravel's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to Merseytravel.

2024/25 £'000		2025/26 £'000	Note
51,610	**Net surplus on the provision of services**	**(24,114)**	
10,221	Adjustments to net surplus on the provision of services for non-cash movements	83,772	11
(58,791)	Adjustments to net surplus on the provision of services for items which are investing and financing actvities	(58,943)	11
3,041	**Net cash inflows from Operating Activities**	**715**	
(2,959)	Investing activities	(522)	11
(238)	Financing activities	(247)	11
(157)	**Net increase in cash and cash equivalents**	**(54)**	
345	Cash and cash equivalents as at 1 April	188	
188	**Cash and cash equivalents as at 31 March**	**134**	

NOTES TO THE PRIMARY STATEMENTS

1. Earmarked and Usable Reserves

This note sets out the amounts set aside from the Revenue Reserve balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet Revenue Reserve expenditure in 2025/26. Details of the Merseytravel Single Entity reserves are included in note 6 of the single entity accounts.

	Balance 1 April 2024 £'000	Transfers Out 2024/25 £'000	Transfers In 2024/25 £'000	Balance 31 March 2025 £'000	Transfers Out 2025/26 £'000	Transfers In 2025/26 £'000	Balance 31 March 2026 £'000
Merseytravel Single Entity Reserves	**(71,806)**	2,131	(9,651)	**(79,327)**	10,633	(12,594)	**(81,287)**
Subsidiary Reserves	**(1,349)**	0	(469)	**(1,817)**	0	(142)	**(1,960)**
Total Usable Reserves	**(73,155)**	**2,131**	**(10,120)**	**(81,144)**	**10,633**	**(12,736)**	**(83,247)**

2. Tax

Included within the Group CIES is estimated corporation tax payable on the Beatles Story profits of £209k (£175k corporation tax 2024/25).

3. Financing and Investing Income

2024/25 £'000		2025/26 £'000
14,026	Interest on Pension Liabilities	15
(14,047)	Pension Interest on Plan Assets	(16)
108	Interest Payable on Intercompany Loan	98
161	Expected Credit Loss	(34)
82	Interest on ROU Liability	81
331	**Total**	**145**

4. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources by Merseytravel Group in comparison to those resources consumed or earned by Merseytravel Group in accordance with generally accepted accounting practices. It also shows how the expenditure is allocated between Services. Income and expenditure accounted for under generally accepted accounting practice is presented more fully in the Comprehensive Income and Expenditure Statement.

2024/25 Restated £'000				2025/26 £'000		
Net Expenditure Chargeable to the General Fund	**Adjustments between funding and accounting basis**	**Net Expenditure in the CIES**		**Net Expenditure Chargeable to the General Fund**	**Adjustments between funding and accounting basis**	**Net Expenditure in the CIES**
35,650	3,007	38,657	Transport	55,201	5,864	61,064
(15,306)	7,918	(7,388)	Transport Infrastructure Programmes	(20,711)	10,598	(10,113)
49,919	2,821	52,740	Customer and Operations	53,498	3,971	57,469
2,007	2,980	4,987	Corporate Management and other Corporate Costs	589	229	818
72,271	**16,726**	**88,997**	**Net Cost of Services**	**88,577**	**20,662**	**109,238**
(81,797)	(58,811)	(140,608)	Other Income and Expenditure	(92,502)	7,378	(85,124)
(9,526)	**(42,084)**	**(51,610)**	**Surplus or deficit**	**(3,925)**	**28,039**	**24,114**
(73,155)			**Opening Balance 1 April**	(81,144)		
(9,526)			Surplus in Year	(3,925)		
1,538			Transfer to Capital Resources	1,822		
(81,144)			**Closing Reserves at 31 March**	**(83,247)**		

An organisational restructure took place in 2025/26 which resulted in a realignment of services. Consequently the 2024/25 comparators have been restated to reflect the new structure, see Note 12 for further information.

Note to EFA 2025/26

Adjustments from General Fund to arrive at the CIES	Adjustments for Capital Purposes £'000	Net change for Pension Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Transport	5,866	(2)	0	5,864
Transport Infrastructure Programmes	10,598	0	0	10,598
Customer and Operations	3,971	0	0	3,971
Corporate Management and other Corporate Costs	598	0	(369)	229
Net Cost of Services	**21,033**	**(2)**	**(369)**	**20,662**
Other Income & Expenditure from the Funding Analysis	(58,943)	66,321	0	7,378
Difference between General Fund surplus or deficit and CIES surplus or deficit	**(37,911)**	**66,319**	**(369)**	**28,039**

Note to EFA 2024/25 Restated

Adjustments from General Fund to arrive at the CIES	Adjustments for Capital Purposes £'000	Net change for Pension Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Transport	3,293	(286)	0	3,007
Transport Infrastructure Programmes	7,937	(19)	0	7,918
Customer and Operations	3,244	(423)	0	2,821
Corporate Management and other Corporate Costs	2,827	140	13	2,980
Net Cost of Services	**17,301**	**(588)**	**13**	**16,726**
Other Income & Expenditure from the Funding Analysis	(58,791)	(20)	0	(58,811)
Difference between General Fund surplus or deficit and CIES surplus or deficit	**(41,490)**	**(608)**	**13**	**(42,084)**

Expenditure and Income Analysed by Type

2024/25 £'000		2025/26 £'000
	Expenditure	
29,744	Employee benefits expenses	33,598
313,778	Other service expenses	409,662
16,538	Depreciation, amortisation, impairment and (profit)/loss on sale of asset	19,917
190	Interest payments	179
360,250	**Total expenditure**	**463,356**
	Income	
(84,316)	Fees, charges and other service income	(78,206)
(327,545)	Government grants and contributions	(361,036)
(411,861)	**Total Income**	**(439,242)**
(51,610)	**(Surplus) or deficit on the Provision of Services**	**24,114**

Revenue from External Customers

The table presents revenue earned by each reportable service from external customers. Revenue from external customers includes:

- Members of the public purchasing chargeable services
- Income from businesses and commercial organisations
- Other public sector bodies when they are purchasing services or otherwise engaging in an exchange transaction

Items excluded from this table include:

- Grants and contributions, whether general or specific
- Taxation income
- Internal recharges between services within the Authority
- Transactions eliminated on consolidation for Group reporting purposes

2024/25 Restated £'000		2025/26 £'000
(15,822)	Transport	(18,762)
(25,953)	Transport Infrastructure Programmes	(31,063)
(27,922)	Customer and Operations	(28,331)
(130)	Corporate Management and other Corporate Costs	(33)
(69,827)	**Total Revenue from External Customers**	**(78,190)**

5. Property Plant and Equipment

Movement on Balances 2025/26

		Other PPE							
	Infrastructure Assets £'000	Freehold Property £'000	Leasehold Property £'000	Plant, Machinery and Vehicles £'000	Vessels £'000	Surplus Assets £'000	Assets Under Construction £'000	Other PPE Total £'000	Total PPE £'000
Cost or Valuation									
As at 1 April 2025		**16,497**	**0**	**332,013**	**3,652**	**1,491**	**55,544**	**409,199**	
Additions	1,845	210	0	558	546	0	55,733	**57,047**	**58,892**
Revaluation inc/(dec) recognised in the Revaluation Reserve	0	(104)	0	0	(718)	0	0	**(822)**	**(822)**
Revaluation inc/(dec) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	(792)	0	0	**(792)**	**(792)**
Reclassification	0	997	0	50,198	0	(1,340)	(49,855)	**0**	**0**
Derecognition disposals	0	(2,803)	0	(88)	0	0	0	**(2,891)**	**(2,891)**
As at 31 March 2026		**14,797**	**0**	**382,680**	**2,688**	**151**	**61,422**	**461,741**	
Depreciation and Impairment									
As at 1 April 2025		**565**	**0**	**15,915**	**560**	**0**	**0**	**17,040**	
Depreciation	1,546	585	0	10,885	838	0	0	**12,308**	**13,855**
Depreciation written out to the Revaluation Reserve	0	(869)	0	0	(695)	0	0	**(1,564)**	**(1,564)**
Disposals	0	(281)	0	(88)	0	0	0	**(369)**	**(369)**
As at 31 March 2026		**0**	**0**	**26,712**	**703**	**0**	**0**	**27,415**	
Net Book Value									
As at 31 March 2026	**32,326**	**14,797**	**0**	**355,968**	**1,985**	**151**	**61,422**	**434,325**	**466,651**
As at 31 March 2025	**32,028**	**15,932**	**0**	**316,098**	**3,092**	**1,491**	**55,544**	**392,158**	**424,186**

Movement on Balances 2024/25

		Other PPE							
	Infrastructure Assets £'000	Freehold Property £'000	Leasehold Property £'000	Plant, Machinery and Vehicles £'000	Vessels £'000	Surplus Assets £'000	Assets Under Construction £'000	Other PPE Total £'000	Total PPE £'000
Cost or Valuation									
As at 1 April 2024		**16,199**	**76,897**	**269,339**	**2,800**	**1,491**	**73,859**	**440,587**	
Transfer to Right Of Use Assets on transition to IFRS 16	0	0	(76,922)	0	0	0	0	**(76,922)**	**(76,922)**
Additions	8,770	298	0	645	852	0	48,801	**50,596**	**59,366**
Reclassification	0	0	25	67,091	0	0	(67,116)	**0**	**0**
Other adjustments	0	0	0	0	0	0	0	**0**	**0**
Derecognition disposals	0	0	0	(5,062)	0	0	0	**(5,062)**	**(5,062)**
As at 31 March 2025		**16,497**	**0**	**332,013**	**3,652**	**1,491**	**55,544**	**409,199**	
Depreciation and Impairment									
As at 1 April 2024		**0**	**776**	**12,257**	**0**	**0**	**0**	**13,033**	
Transfer to Right Of Use Assets on transition to IFRS 16	0	0	(825)	0	0	0	0	**(825)**	**(825)**
Depreciation	1,177	565	0	8,769	560	0	0	**9,894**	**11,071**
Reclassification	0	0	49	(49)	0	0	0	**0**	**0**
Disposals	0	0	0	(5,062)	0	0	0	**(5,062)**	**(5,062)**
As at 31 March 2025		**565**	**0**	**15,915**	**560**	**0**	**0**	**17,040**	
Net Book Value									
As at 31 March 2025	**32,028**	**15,932**	**0**	**316,098**	**3,092**	**1,491**	**55,544**	**392,158**	**424,186**
As at 31 March 2024	**24,435**	**16,199**	**76,121**	**257,082**	**2,800**	**1,491**	**73,859**	**427,553**	**451,989**

As Merseytravel applies consistent policies for both its single entity and group accounts, please refer to note 1 in the single entity accounts for further information on accounting for non-current assets as well as leased out assets.

6. Intangible Assets

2024/25 £'000				2025/26 £'000		
Goodwill on Consolidation	Licences	Total		Goodwill on Consolidation	Licences	Total
			Cost or valuation:			
			Opening balance:			
2,803	5,781	8,584	Gross carrying amount	2,803	3,553	6,356
(1,108)	(2,188)	(3,296)	Accumulated amortisation	(1,108)	(2,176)	(3,284)
1,695	**3,593**	**5,288**	**Opening net carrying amount**	**1,695**	**1,377**	**3,072**
0	47	47	Additions	0	19	19
0	(2,263)	(2,263)	Amortisation	0	(244)	(244)
1,695	**1,377**	**3,072**	**Net carrying amount at end of year**	**1,695**	**1,151**	**2,846**
			Comprising:			
2,803	3,553	6,356	Gross carrying amount	2,803	3,572	6,375
(1,108)	(2,176)	(3,284)	Accumulated amortisation	(1,108)	(2,420)	(3,528)
1,695	**1,377**	**3,072**		**1,695**	**1,151**	**2,846**

Goodwill of £1.7m relates to the acquisition by Mersey Ferries Limited of The Beatles Story. For impairment testing purposes, this goodwill has been allocated to the wholly owned subsidiary, which forms part of the Mersey Ferries Group. This represents the lowest level within the LCRCA at which goodwill is monitored for internal management purposes.

Merseytravel has performed its annual impairment test as at 31 March 2026. The recoverable amount of The Beatles Story is determined on a value in use basis using discounted cash flow projections based on historical financial outturns and future forecasts.

Some sensitivity analysis was then applied to these assumptions resulting in little change to the original values. The resultant calculation showed the value of implied goodwill was consistent with that shown in the group balance sheet and no impairment was required for 2025/26.

7. Short Term Debtors

2024/25 £'000		2025/26 £'000
10,786	Trade Receivables	927
5,477	Prepayments	1,238
85,236	Group Debtors	77,935
32,086	Other Receivable Amounts	49,245
(274)	Estimated Credit Loss Trade Receivables	(239)
133,311	**Balance as at 31 March**	**129,106**

8. Short Term Creditors

2024/25 £'000		2025/26 £'000
(5,712)	Trade Payables	(3,470)
(1,700)	Group Creditors	(1,492)
(313)	Lease Liabilities	(245)
(44,680)	Other Payables	(40,526)
(52,404)	**Balance as at 31 March**	**(45,734)**

9. Leases

Merseytravel Group as Lessee

2025/26

Right of Use Assets	Property £'000	Vehicles £'000	Total £'000
Cost			
Balance as at 1 April 2025	77,649	42	**77,690**
Creation of Right of Use Asset	0	59	59
Revaluation inc/(dec) recognised in the Revaluation Reserve	(1,523)	0	(1,523)
Additions	495	0	495
Disposals	(105)	(41)	(146)
Balance as at 31 March 2026	**76,517**	**60**	**76,576**
Accumulated Depreciation			
Balance as at 1 April 2025	(2,466)	(24)	(2,490)
Leased assets transferred from PPE	0	0	0
Depreciation	(2,473)	(32)	(2,505)
Depreciation written out to the Revaluation Reserve	4,453	0	4,453
Disposals	105	41	146
Balance as at 31 March 2026	**(380)**	**(15)**	**(395)**
NBV as at 31 March 2026	**76,136**	**45**	**76,180**
NBV as at 31 March 2025	**75,183**	**18**	**75,200**

2024/25

Right of Use Assets	Property £'000	Vehicles £'000	Total £'000
Cost			
Balance as at 1 April 2024	0	0	**0**
Creation of Right of Use Assets on transition to IFRS 16	2,105	41	2,146
Leased assets transferred from PPE	76,922	0	76,922
Additions	152	0	152
Revaluation inc/(dec) recognised in the Surplus/Deficit on the Provision of Services	(1,446)	0	(1,446)
Disposals	(85)	0	(85)
Balance as at 31 March 2025	**77,649**	**42**	**77,690**
Accumulated Depreciation			
Balance as at 1 April 2024	0	0	0
Leased assets transferred from PPE	(825)	0	(825)
Depreciation	(2,552)	(24)	(2,576)
Revaluation inc/(dec) recognised in the Surplus/Deficit on the Provision of Services	826	0	826
Disposals	85	0	85
Balance as at 31 March 2025	**(2,466)**	**(24)**	**(2,490)**
NBV as at 31 March 2025	**75,183**	**18**	**75,200**
NBV as at 31 March 2024	**0**	**0**	**0**

Merseytravel incurred the following expenses and cash flows in relation to leases:

2024/25 £'000	Right of Use Assets	2025/26 £'000
	Comprehensive income and expenditure statement	
82	Interest expense on lease liabilities	81
1,175	Expense relating to exempt leases	0
(146)	Income from subletting right-of-use assets	(154)
	Cash flow statement	
320	Total cash outflow for leases	328

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

2024/25 £'000		2025/26 £'000
312	Not later than one year	314
1,179	Between one and five years	1,204
737	Over five years	442
2,227	**Total**	**1,960**

Merseytravel Group as Lessor

Merseytravel has a number of operating leases where it acts as the lessor. The following income was received during the year.

2024/25 £'000	Operating Leases	2025/26 £'000
(14,131)	Income	(14,265)

The table below details the future minimum lease payments in respect of Merseytravel's leases in future years:

2024/25 £'000		2025/26 £'000
(24,614)	Not later than one year	(24,622)
(57,667)	Between one and five years	(33,218)
(200)	Over five years	(56)
(82,481)	**Total**	**(57,896)**

Within the group, Mersey Ferries Limited holds several operating leases with external parties, leasing out various properties under operational leases. These include interchange sites and ferry terminals.

10. Long Term Loan from Group Company

2024/25 £'000		2025/26 £'000
1,766	Long Term Loan from Group Company	(1,541)
1,766	**Total**	**(1,541)**

The long-term loan on the Merseytravel Group Balance Sheet relates to a loan from Liverpool City Region Combined Authority to Merseytravel to fund the acquisition of The Beatles Story. This loan is payable in equal instalments of principal and interest until 2032/33.

11. Note to Cash Flow Statement

Cash Flow Statement Operating Activities

The surplus or deficit on provision of services has been adjusted for the following non-cash movements:

2024/25 £'000		2025/26 £'000
16,569	Depreciation amortisation and revaluation losses	19,917
22,691	Increase/(decrease) in creditors, provisions	(6,708)
(28,486)	(Increase)/decrease in debtors	4,205
55	(Increase)/decrease in inventories	39
(608)	Pension movements	66,319
10,221	**Total**	**83,772**

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2024/25 £'000		2025/26 £'000
(58,791)	Grants received for the financing of capital expenditure	(58,943)
(58,791)	**Total**	**(58,943)**

Cash Flow Statement Investing Activities

2024/25 £'000		2025/26 £'000
(61,750)	Purchase of property, plant and equipment and intangible assets	(59,465)
58,791	Other (purchases)/receipts from investing activities	58,943
(2,959)	**Total**	**(522)**

Cash Flow Statement Financing Activities

2024/25 £'000		2025/26 £'000
(238)	Repayment of lease liabilities	(247)
(238)	**Total**	**(247)**

Reconciliation of Liabilities Arising from Financing Activities

		Cash Movements			
	1st April 2025 £'000	Repayment of Principal £'000	Interest £'000	Non-Cash Movements £'000	31 March 2026 £'000
Finance Lease Liabilities	(1,917)	247	81	(140)	(1,728)
Total liabilities from financing activities	**(1,917)**	**247**	**81**	**(140)**	**(1,728)**

		Cash Movements			
	1st April 2024 £'000	Repayment of Principal £'000	Interest £'000	Non-Cash Movements £'000	31 March 2025 £'000
Finance Lease Liabilities	0	238	82	(2,237)	(1,917)
Total liabilities from financing activities	**0**	**238**	**82**	**(2,237)**	**(1,917)**

12. Prior Year Restatement

During 2025/26, Merseytravel underwent a service reporting review and as a result services have moved reporting categories. The 2024/25 figures in the Comprehensive Income and Expenditure Statement have therefore been restated to reflect these new reporting categories. The below tables summarise the movements between categories.

CIES Restatement	Previous Gross Expenditure	Previous Gross Income	Previous Net Expenditure	Restate Net Movement	Restated Gross Expenditure	Restated Gross Income	Restated Net Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bus Services	52,844	-26,249	26,595	-26,595	0	0	0
Rail Services	179,286	-179,986	-700	700	0	0	0
Customer Delivery	9,581	-2,549	7,032	-7,032	0	0	0
Travel Concession	62,608	-17,033	45,576	-45,576	0	0	0
Policy	1,742	-993	749	-749	0	0	0
Corporate Management & Corporate Costs	5,841	-853	4,988	0	5,840	-853	4,987
Mersey Ferries	15,006	-9,923	5,083	-5,083	0	0	0
Mersey Tunnels	18,965	-19,290	-325	325	0	0	0
Transport	0	0	0	38,657	204,446	-165,789	38,657
Transport Infrastructure Programmes	0	0	0	-7,388	36,025	-43,412	-7,388
Customer and Operations	0	0	0	52,740	99,562	-46,821	52,740
Total	345,873	-256,875	88,997	0	345,873	-256,875	88,997

EFA Note	Previous Adjustments for Capital Purposes	Previous Net change for Pension Adjustments	Previous Other Differences	Previous Total Adjustments	Restate Net Movement	Restated Adjustments for Capital Purposes	Restated Net change for Pension Adjustments	Restated Other Differences	Restated Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Bus Services	2,087	-103	0	1,984	-1,984	0	0	0	0
Rail Services	9,124	-43	0	9,081	-9,081	0	0	0	0
Customer Delivery	19	-140	0	-121	121	0	0	0	0
Travel Concession	0	0	0	0	0	0	0	0	0
Policy	0	-19	0	-19	19	0	0	0	0
Corporate Management & Corporate Costs	2,827	140	13	2,980	0	2,827	140	13	2,980
Mersey Ferries	3,244	-98	0	3,146	-3,146	0	0	0	0
Mersey Tunnels	0	-325	0	-325	325	0	0	0	0
Transport	0	0	0	0	3,007	3,293	-286	0	3,007
Transport Infrastructure Programmes	0	0	0	0	7,918	7,937	-19	0	7,918
Customer and Operations	0	0	0	0	2,821	3,244	-423	0	2,821
Net Cost of Services	17,301	-588	13	16,726	0	17,301	-588	13	16,726

EFA External Income	Previous External Income	Restate Movement	Restated External Income
	£'000	£'000	£'000
Bus Services	-6,623	6,623	0
Rail Services	-33,801	33,801	0
Customer Delivery	-1,926	1,926	0
Travel Concession	-17,033	17,033	0
Policy	0	0	0
Corporate Management & Corporate Costs	-130	0	-130
Mersey Ferries	-10,204	10,204	0
Mersey Tunnels	-110	110	0
Transport	0	-15,822	-15,822
Transport Infrastructure Programmes	0	-25,953	-25,953
Customer and Operations	0	-27,922	-27,922
Total	-69,827	0	-69,827

GLOSSARY OF FINANCIAL TERMS

Accounting Policies
Those specific principles, bases, conventions, rules and practices applied that specify how the effects of transactions and other events are to be reflected in the financial statements.

Accruals
The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Agent/Agency
Where the organisation is acting as an intermediary, as opposed to on its own behalf.

Amortisation
The accounting technique of recognising a cost or item of income in the Comprehensive Income and Expenditure Statement or the Movement in Reserves Statement over a period of years rather than when the initial payment is made.
Its purpose is to charge/credit the cost/income over the accounting periods that gain benefit for the respective item.
The technique is supported by relevant accounting policies and practices.

Amortised Cost
A method of determining the Balance Sheet carrying amount and periodic charges to the Comprehensive Income and Expenditure Statement of a financial instrument based on the expected cash flows of that instrument.

Capital Expenditure
Expenditure on the acquisition or enhancement of a non-current asset or capital advances and loans to other individuals or other third parties.

Capital Financing Requirement (CFR)
Introduced as a result of the Prudential Framework for Capital Accounting and measures the underlying need of the organisation to borrow for expenditure of a capital nature.

Capital Receipts
The proceeds from the sale of capital assets or repayment of capital advances.

Carrying Amount
The amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.

Cash Equivalents
Short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

Cash Flows
Inflows and outflows of cash and cash equivalents.

Community Assets
Assets that the organisation intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples include parks and public open spaces.

Contingent Asset
An asset arising from past events where its existence can only be confirmed by one or more uncertain events not wholly within the control of the organisation.

Contingent Liability
A condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. Where a material loss can be estimated with reasonable accuracy a contingent liability is accrued in the financial statements. If, however, a loss cannot be accurately estimated or the event is not considered sufficiently certain, it will be disclosed in a note to the balance sheet.

Creditors
Financial liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied.

Credit Risk
The possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss to the other party.

Current Replacement Cost
The cost the organisation would incur to acquire the asset on the reporting date.

Current Service Cost (Pensions)
The increase in the present value of liabilities resulting from employee service in the period.

Curtailment (Pensions)
An event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

(i) termination of employees' services earlier than expected, for example as a result of closing or discontinuing a segment of a business; and

(ii) termination of, or amendment to the terms of, a defined benefit plan so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Debtors
Financial assets arising from the obligation to future cash receipt for goods or services or other benefits that have been delivered or provided.

Defined Benefit Plan
A pension or other retirement benefit plan other than a defined contribution plan. Usually, the plan rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the plan. The plan may be funded or un-funded (including notionally funded).

Depreciated Replacement Cost (DRC)
A method of valuation which provides the current cost of replacing an asset with its modern equivalent less deductions for all physical deterioration and all relevant forms of obsolescence.

Depreciation
The measure of the wearing out, consumption or other reduction in the useful life of a non-current asset over its useful economic life.

Discretionary Benefits
Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the organisation's discretionary powers.

Existing Use Value (EUV)
The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion assuming that the buyer is granted vacant possession of all parts of the property and disregarding potential alternative uses and any other characteristics that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

Fair Value
The fair value of an asset is the price at which it could be exchanged in an arm's length transaction, less, where applicable, any grants receivable towards the purchase or use of the asset.

Financial Instrument
A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term covers both financial assets and financial liabilities and includes both the most straightforward financial assets such as trade receivables (debtors) and trade payables (creditors) and the most complex ones such as derivatives.
Typical financial instruments are:
(i) Liabilities
- Trade payables
- Borrowings
- Financial Guarantees

(ii) Assets
- Bank deposits
- Trade receivables
- Loans receivable
- Investments

Finance Lease
A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee, with the asset then recognised on the lessee’s Balance Sheet.

Financing Activities
Activities that result in changes to the size and composition of the principal, received from or repaid to external providers of finance.

Going Concern
An assumption that the functions of Merseytravel will continue in operational existence for the foreseeable future.

Government Grants and Contributions
Assistance in the form of cash or transfers of resources to an Authority in return for past or future compliance with certain conditions relating to the operation of activities of Merseytravel.

Heritage Assets
The Heritage Assets are assets that are held by the organisation principally for their contribution to knowledge understanding and appreciation of the Borough’s history and/or culture.

Historical Cost
Deemed to be the carrying amount of an asset as at 1 April 2007 or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment (if applicable).

IAS19
This International Accounting Standard (IAS) is based on the principle that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years into the future.

Impairment
A reduction in the value of a non-current asset below its carrying amount on the balance sheet.

Infrastructure Assets
A class of non-current assets that are inalienable. Examples of infrastructure assets are bridges, roads and footpaths.

Intangible Fixed Asset
"Non-financial" fixed assets that do not have physical substance but are identifiable and are controlled by the organisation through custody or legal rights e.g. software licences.

Interest on Plan Assets (Pensions)
The annual investment return on the fund assets based on an average of the expected long-term return.

Interest on Plan Liabilities (Pensions)
The expected increase during the period in the present value of liabilities as the benefits move one year closer to being paid.

Inventories
The amount of unused or unconsumed stocks held in expectation of future use or resale.

Investing Activities
The acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Liquidity Risk
The possibility that one party will be unable to raise funds to meet its commitments associated with financial instruments.

Market Risk
The possibility that the value of a financial instrument will fluctuate because of changes in interest rates, market prices, foreign currency exchange rates, etc.

Market Value
The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Material/Materiality
Omissions or misstatements are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

Net Book Value
The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amount provided for depreciation.

Net Realisable Value
The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-Current Assets
Assets that yield benefits to the organisation and the services it provides for a period of more than one year.

Non-Operational Assets
Non-current assets held by an organisation but not directly occupied, used or consumed in the delivery of services, or for the service or strategic objectives of the organisation.

Operating Activities
Activities of the organisation that are not investing or financing activities.

Operating Leases
A lease that does not transfer substantially all of the risks and rewards of ownership of a non-current asset to the lessee. The asset is recognised on the lessor's Balance Sheet. Expenditure financed by operating leasing does not count against capital allocations.

Past Service Cost/Gain (Pensions)
The increase or reduction in the present value of liabilities arising from decisions in the period whose effect relates to years of service earned in earlier periods.

Plan Liabilities (or plan defined benefit obligations)
The liabilities of a defined benefit plan for outgoings due after the valuation date. Plan liabilities measured using the projected unit credit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Price Risk
The risk that the value of financial instruments will fluctuate as a result of changes in market prices.

Projected Unit Credit (Actuarial Cost) Method
An accrued benefits valuation method in which the plan's liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the plan liabilities at the valuation date relate to:

(i) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and

(ii) the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries. Under this method, the current service cost will increase as members of the plan approach retirement.

Provisions
A liability of uncertain timing or amount.

Refcus (Revenue Expenditure Financed From Capital Under Statute)
Expenditure that is classified as revenue in accordance with proper accounting practices, but which statute determines may be financed by Capital sources of funding.

Related Parties
Related parties are those individuals and entities that the organisation either has the potential to influence or control (or be influenced or controlled by). Related include central government, other bodies, its members and its chief officers.

Related Party Transaction
A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Related party transactions include the provision of services to a related party.
The materiality of related party transactions should be judged not only in terms of their significance to Merseytravel, but also in relation to its related party.

Re-Measurement (Pensions)
The changes in estimated assets and liabilities, assessed by the actuary and arising because:
(i) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
(ii) the actuarial assumptions have changed.

Remuneration
The *Accounts and Audit Regulations 2015* require the disclosure of amounts paid to Officers and define remuneration as:
'……..all amounts paid to or receivable by a person and includes sums due by way of expense allowance (so far as those sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash.'

Retirement Benefits
All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either:
(i) an employer's decision to terminate an employee's employment before the normal retirement date; or
(ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revenue Expenditure
This is money spent on the day-to-day running costs of providing services and includes salaries, goods and services.
It is usually of a constantly recurring nature and produces no permanent asset.

Senior Employees
Senior employees are defined under the Local Government and Housing Act 1989, however within Merseytravel this is deemed to be the Directors and Chief Executive.

Settlement (Pensions)
An irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to affect the settlement. Settlement includes the transfer of scheme assets and liabilities relating to a group of employees leaving Merseytravel's scheme.

Termination Benefits

Amounts payable as a result of either:

(i) an employer's decision to terminate an employee's employment before the normal retirement date; or

(ii) an employee's decision to accept voluntary redundancy in exchange for those benefits.

Useful Life

The period over which the organisation will derive benefits from the use of a non-current asset.