



## Merseytravel

Statement of Accounts 2024/25 (subject to audit)

---



**METROMAYOR**  
LIVERPOOL CITY REGION

## TABLE OF CONTENTS

	<b>Page No.</b>
Narrative Report by the Executive Director Resources	2
Statement of Responsibilities for Merseytravel's Statement of Accounts	11
Annual Governance Statement	12
Independent Auditor's Report to the Members of Merseytravel	29
Primary Single Entity Financial Statements	
Movement in Reserves Statement	31
Comprehensive Income and Expenditure Statement	33
Balance Sheet	34
Cash Flow Statement	35
Notes to the Primary Statements	36
Group Accounts	80
Glossary of Financial Terms	95

## **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 2025. 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 2024/25.

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 2024/25

Merseytravel's budget was approved on 1 February 2024, following approval of the Combined Authority's budget on 26 January 2024. The 2024/25 transport levy of £105.300m was agreed by the Combined Authority; this informs the level of grant that can be provided to Merseytravel. The grant to Merseytravel to support its provision of transport functions was set at £84.094m, and a separate grant of £26.169m approved to support the operation of the Mersey Tunnels. The table below compares the actual spend against the budget for 2024/25:

	<b>Revised Budget £'000</b>	<b>Outturn £'000</b>	<b>Variance £'000</b>
Bus Services	27,685	23,124	4,561
Rail Services	8,220	5,719	2,501
Hubs	2,791	3,385	(594)
Rolling Stock	(15,726)	(16,448)	722
Mersey Ferries	2,115	2,304	(189)
Mersey Tunnels	18,669	15,892	2,777
Customer Delivery	2,400	2,088	312
Concessionary Travel	46,384	43,638	2,746
Policy & LTP	632	590	42
Asset Management	7,267	7,014	253
LCRCA Recharges to Merseytravel	9,558	9,009	549
Corporate Costs	270	334	(64)
<b>Total Expenditure</b>	<b>110,263</b>	<b>96,649</b>	<b>13,614</b>
<b>Funded by:</b>			
Merseytravel Grant	(84,094)	(82,149)	(1,945)
Mersey Tunnels Grant	(26,169)	(23,152)	(3,017)
<b>Total Income</b>	<b>(110,263)</b>	<b>(105,301)</b>	<b>(4,962)</b>
<b>Net transfer (to)/ from Reserves</b>	<b>0</b>	<b>(8,652)</b>	<b>8,652</b>

The position detailed in the table above is based on actual cost against budget not proper accounting practice 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.

	<b>2023/24 £'000</b>	<b>In Year Movement £'000</b>	<b>2024/25 £'000</b>
Capital Reserves	5,181	(1,131)	4,050
Earmarked Usable Reserves	59,177	7,581	66,759
General Fund Balances	7,448	1,070	8,518
Subsidiary Reserves	1,349	469	1,817
<b>Total</b>	<b>73,155</b>	<b>7,989</b>	<b>81,144</b>

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

### Capital Expenditure 2024/25

Merseytravel spent £81.742m on capital during 2024/25 (compared to £68.628m in 2023/24). This expenditure is summarised below.

2023/24 £'000		2024/25 £'000
39,635	Revenue Expenditure Funded from Capital under Statute	22,584
11,731	Non-Current Assets (Property Plant and Equipment)	1,485
14,318	Assets under Construction	48,801
0	Right Of Use Assets	56
1,599	Intangible Assets	47
1,345	Non-Current Assets (Infrastructure)	8,770
<b>68,628</b>	<b>Total</b>	<b>81,742</b>

The table below details the funding of the capital programme.

2023/24 £'000		2024/25 £'000
68,102	Capital Grants	80,611
526	Application of Reserves	1,131
<b>68,628</b>	<b>Total</b>	<b>81,742</b>

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 2024/25.

	£'000
Rolling Stock Programme	26,366
Bus reform	19,673
Ferries - New Vessel Build	9,903
Woodside Development	8,148

## 2024/25 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 the CA's behalf, 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. We work 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. We work in partnership with government, local authorities, the Local Enterprise Partnership, public transport operators, Transport for the North, the business community, community groups and members of the public.

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. 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.

This has been another year of major milestones for the city regions public transport, with significant investment in new infrastructure and further progression towards the goal of greater local control of the network. In October 2024 the Combined Authority was **named Regional Transport Authority of the Year** at the National Transport Awards, with judges praising the organisation for setting ‘a new standard for public transport’ in the UK.

Other notable examples of the progress being made to deliver key transport commitments during 2024/25 are presented below:

- Successful completion of **key milestones to deliver Baltic station** in one of the city region’s fastest growing areas, including public engagement events showcasing plans using a virtual reality walkthrough. Planning permission was granted in April, with work due to start imminently
- Launch of the ‘**Merseyrail in Bloom**’ initiative in July, which recognises and builds on the work done by community volunteers across the region to maintain station buildings and gardens
- Announcement of more than **£110m funding to radically improve the region’s bus network**, which will help to reduce journey times, improve reliability, and purchase new zero emission buses, and commitment of over £32m to build a brand-new **transport interchange for St Helens**
- **Extending the £2 adult single bus fare initiative** beyond the end of the national scheme and **freezing the under-19s unlimited dayrider pass MyTicket** for the seventh year running to help ensure bus travel in the LCR is as affordable as possible.



Work to deliver the Mayors commitment of ‘Merseyrail for All’ has also moved forward this year. In February, legendary Paralympian Baroness Tanni Grey-Thompson highlighted the **best-in-class accessibility of the new publicly owned trains**, and CA funding announced in November will bring the total number of stations in the region with planned or delivered **step-free access schemes** to 65, or around 80% of the Network.

Investment in **high-quality active travel infrastructure** has continued, with more than £70m committed over the past year. Funding to support projects which **improve access to walking and cycling** has also been committed – from support for ‘**bike libraries**’ in Everton and Toxteth in Liverpool to **free cycle safety training** for more than 10,000 young people across the region.

**Maintenance and modernisation of the Mersey Tunnels and Mersey Ferries** to keep them running both efficiently and safely has also continued during 2024/25. An £11m project to **install new LED lighting** was completed in December, which will cut carbon output by 60% each year, and new tap and go card payment technology was introduced in November, improving journey times and helping to cut carbon emissions.



Construction work also began on the **first new Mersey Ferry in more than 60 years** in November at the Birkenhead Cammell Laird shipyard, along with **major refurbishment work to the Woodside Ferry Terminal**.



## 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 2024/25 Merseytravel was able to 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 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 2025/26. 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 does not take revenue risk on bus or train operations, 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 works closely with operators across the region to address this, there is a risk that this flows back to Merseytravel as a budget pressure within the Bus Services through increased costs of round tenders and more supported services.

As part of the City Region Sustainable Transport Settlement (CRSTS), Merseytravel is responsible for directly delivering a significant proportion of the overall 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 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 Plan and overarching priorities.

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. Capital investment will continue over the next twelve months leading to enhanced travel hub and station accessibility and continued fleet improvements and modernisation.

As the transport delivery arm of the Combined Authority, Merseytravel receives funding for both revenue and capital activities from the Combined Authority. For 2025/26 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 2025/26 Merseytravel will receive an operational grant of £88.6m and a Tunnels grant of £26.2m; for capital activities a capital grant of £192.2m was approved.

Whilst the Combined Authority has set a balanced revenue budget for 2025/26, 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 the transition to a reformed bus market and potentially to mitigate the risks around network support that exist within bus services; any use of reserves will be subject to appropriate decision making.

A handwritten signature in black ink, appearing to read 'J Fogarty', written over a circular stamp or mark.

John Fogarty (CPFA)  
**Executive Director Resources**  
30 June 2025

## 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 2025. 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 2025 and its income and expenditure for the year ended 31 March 2025.



John Fogarty (CPFA)  
**Executive Director Resources**  
30 June 2025

# ANNUAL GOVERNANCE STATEMENT 2024/25

## 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 2025 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 Merseytravel 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.

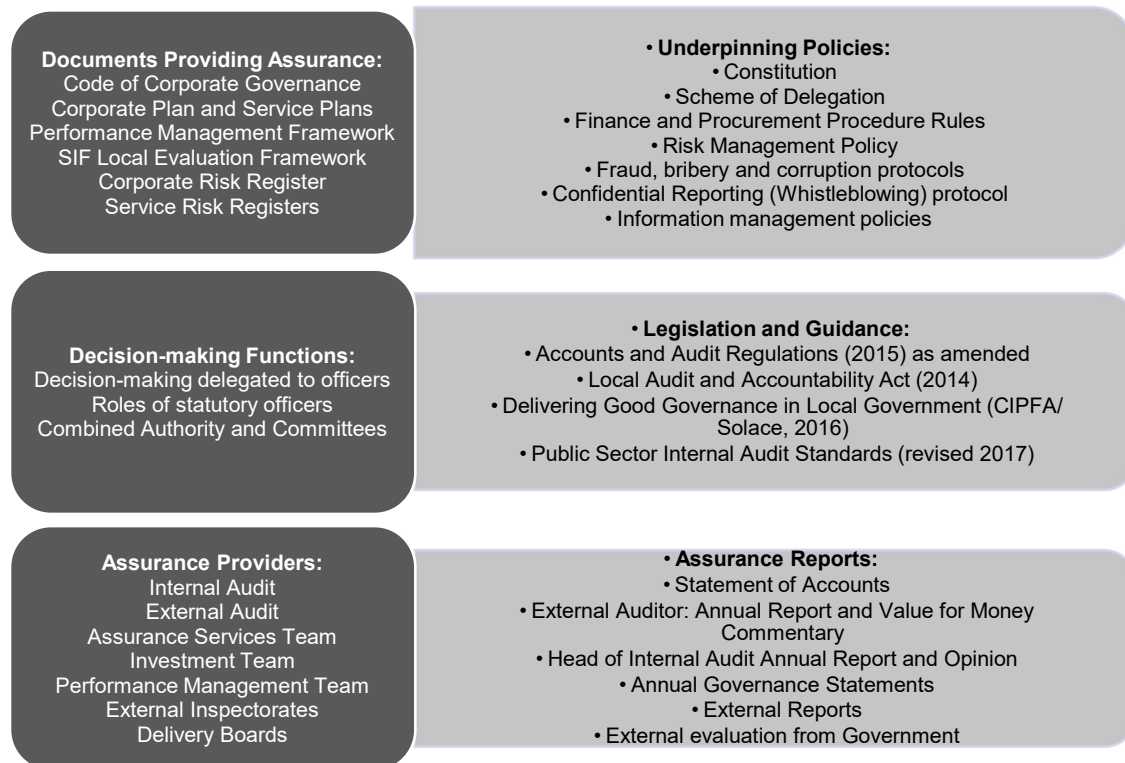
The Combined Authority was established by the Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral Combined Authority Order 2014, under the provisions of the Local Democracy, Economic Development and Construction Act 2009. It became a Mayoral Combined Authority in 2017. The Combined Authority is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

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. Some of the Executive Directors of the Combined Authority are also the Director General and Directors of Merseytravel. The statutory functions of Head of Paid Service, Secretary (Monitoring Officer) and Director of Finance 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.

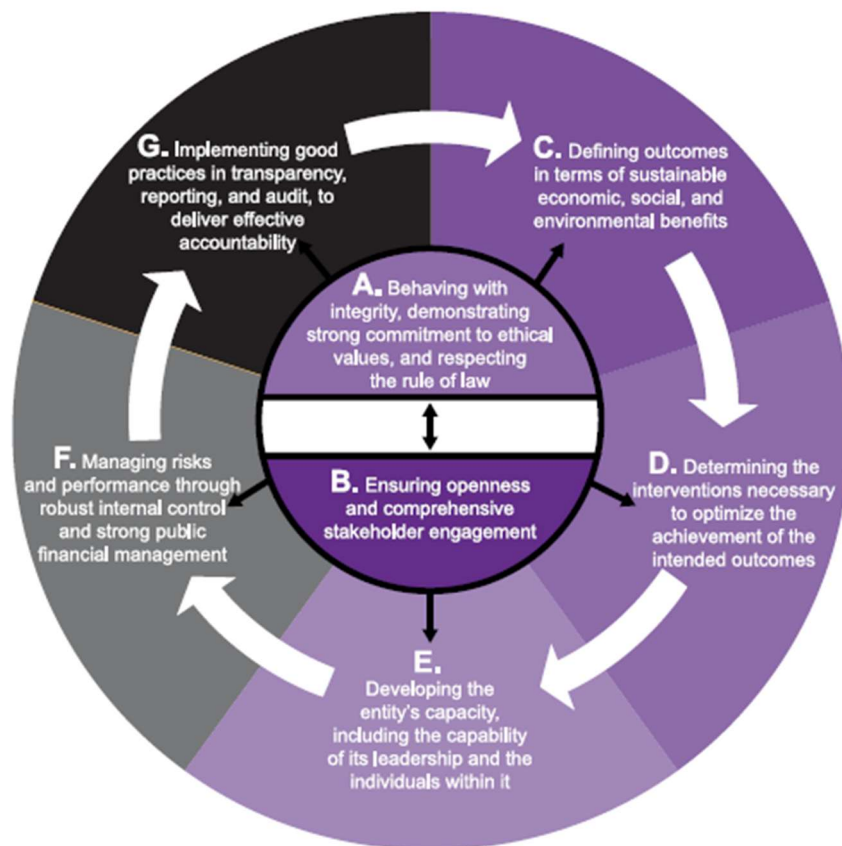
The key sources of assurance are set out in the following diagram:



## 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, including the Standards of Public Life (the “Nolan Principles”), was updated and approved during the year.

There is an Employee Code of Conduct in place and this is being reviewed. The refreshed document will form part of the forthcoming manager induction.

Understanding and awareness of the Nolan Principles has improved in recent years; and there continues to be a focus to ensure the principles are embedded. The results of an ethical behaviour questionnaire distributed by Internal Audit to Executive and Senior Leaders supported a positive level of awareness and demonstration of ethical behaviour. Managers across the organisation also reported positive awareness by employees of the organisation’s corporate behaviours. Understanding and demonstrating the corporate behaviours is part of the annual performance conversation – My Check In.

Employee induction “marketplaces” provide an opportunity to hear about the relevance of the Nolan Principles in the context of delivering the Corporate Plan and how these align with the organisation’s behaviours. These are held bi-monthly and are open to all new starters, those returning to the organisation as well as any employee who wishes to attend.

The Merseytravel Constitution sets out the framework for decision-making and the discharge of the Authority’s duties, including specific provisions on financial arrangements and procurement. The membership of the Merseytravel Executive strengthened during the year with the addition of four new members to replace two members who resigned.

Advice and support of the Legal Team is sought where required, including in relation to matters of interpretation of the Constitution, and specific matters such as subsidy control, and the Procurement Team supports procurement activity across the organisation. There were no legal challenges received in the year.

The Gifts, Hospitality and Declarations of Interest Procedure has been issued to employees via the policy delivery software. This is also held on the corporate intranet, along with the declaration forms and an annual reminder is sent to employees to complete declarations. The new system of utilising MyHR for the Declarations of Interest process is intended to support compliance in future.

The declaration of potential conflicts of interest is also a mandatory element of the procurement process.

The Confidential Reporting (Whistleblowing) Protocol and whistleblowing guidance for members of the public are refreshed annually and approved by the Combined Authority and Merseytravel. These cover the statutory provisions of the Public Interest Disclosure Act 1998 and the arrangements for employees to raise a concern in the public interest.

Corporate policies are disseminated to employees via a software system, which enables the monitoring of completion rates. Overall completion rates during 2024/25 were high at 83%.

## Core Principle B: Ensuring openness and comprehensive stakeholder engagement

Effective mechanisms are in place for engaging and consulting with relevant stakeholders. During the year the Corporate Affairs team was refreshed, to support engagement with government and other strategic stakeholders. Work continues to develop the approach to obtaining customer insight and improving methods of engagement more broadly.

There is a customer comments system in place to facilitate the provision of ad hoc feedback from stakeholders, as well as planned and formal engagement.

Teams across the organisation engage stakeholders regularly and early, including through the regular schedule of meetings with Growth Directors, Policy Leads, Portfolio Holders, Chief Executives, Leaders and external stakeholders more broadly. Merseytravel engages stakeholders, including through the regular schedule of meetings with the Transport Advisory Group, the Transport Portfolio holder and the Net Zero and Air Quality portfolio holder, Chief Executives and Leaders, and external stakeholders more broadly.

The Transport Delivery Board, an officer forum, has met monthly during the year, to consider matters in advance of determination by the Merseytravel Board or alternatively, depending on value, the Delegated Decision-making system of Merseytravel. A system of gateway reviews for key transport projects has continued to be utilised and further developed through the year, ensuring the presence of critical elements of project governance and control at each stage of the project lifecycle.

The Combined Authority's Transport Committee has met four times during the year and provides scrutiny of transport activities, including the Merseytravel budget. Officers are actively involved in providing briefings to members of the Transport Committee and to the Portfolio Holder for Transport and the Portfolio Holder for Net Zero and Air Quality.

Regular update reports on key modes of transport are presented to the Transport Committee and the Combined Authority for their information and consideration. The Transport Committee continues to provide oversight and scrutiny of key transport activity and minutes of Transport Committee meetings and rationale to support decisions are made available to stakeholders.

Regular briefings are held with elected members, in addition to elected member development sessions. Elected member queries are responded to within an appropriate timescale. Cabinet Boards are also in place for each elected member portfolio to develop elected member engagement and input to the achievement of the corporate priorities and to support the relationship with key members further.

To achieve the commitments set out in the Combined Authority's Equality Strategy, the Equality Panels have continued to meet and develop during the year. The panels cover gender, race, disability and LGBTQIA+. The Panels reflect the diversity of the City Region, with broad representation across protected characteristics and localities. The Mayor and Chief Executive meet bi-annually with Panel Chairs to give and receive feedback, share views and set direction. During the year, the Panels considered items of policy development, including in the following transport - related areas:

- St Helens Multi-Modal Interchange
- Local Transport Plan
- Travel Safe

Several key consultations have taken place during the year:

1. Following the decision taken by the Combined Authority and the Mayor in October 2023, to pursue the franchising model for bus services, work has continued at pace during the year to operationalise this model with a view to the launch of the first route in 2025/26. During the year, there was continued engagement with potential operators ahead of the procurement rounds, and with bus users.
2. The compilation of the Local Transport Plan continued, with a further period of public consultation conducted between October and December 2024, consulting with a wide variety of groups. The consultation generated over 1000 citizen responses, as well as feedback from specific groups. The feedback is being used to shape the Delivery Plan which will be presented for Combined Authority approval once the implications of future funding become clearer.
3. An extensive consultation ran during the year on the Mersey Tidal Power project, giving businesses and the public a chance to have their say about the plans to create the world's largest tidal power scheme. A series of public engagement events took place, and work is now underway to evaluate the results of the consultation and how these can be used to shape the next stages of the project.

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

A new Corporate Plan for the period 2024-28 was compiled and approved during the year. The compilation of the Plan was a collaborative process and details the Combined Authority's vision and its plan for achieving this. These are set out across five priority areas: Economy, People, Place, Transport, and Digital Infrastructure. The Plan also sets out the arrangements for compiling delivery plans and measuring performance.

Employees have an awareness of the Corporate Plan and the role that each area plays in achieving its priorities and why this is important to the residents of the City Region. This is particularly the case with the commitments to zero carbon targets, social value, and broader equalities duties.

Relevant financial, social, and environmental considerations must be included within Committee reports. The report template focuses the author's mind upon each of these key areas and provides guidance. Subject matter experts and statutory officers also review the reports to provide assurance of adherence.

Reporting key aspects of organisational performance to elected members has also continued during the year.

A Net Zero Carbon Delivery Board, comprised of officers, has been established to monitor progress and ensure that zero carbon objectives are reflected throughout the broadest range of Combined Authority and Merseytravel activity. The five-year Net Zero Action Plan was approved by the Combined Authority in July 2023 (and will be reviewed in 2025/26), and implementation of the action plan in relation to achieving the City Region's net zero carbon target for those aspects directly delivered or commissioned by the organisation has made positive progress during the year. The key projects include decarbonisation of public buildings, retrofit of energy efficiency measures to homes across the City Region, and the continued decarbonisation of public transport, such as via the procurement of bus fleet and the finalisation of the roll-out of the new fleet of trains.

Considerable progress continues to be made in respect of Active Travel, including the continued development of improved cycling, walking and wheeling infrastructure.

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

As a result of the development and approval of the Corporate Plan 2024-28, the Combined Authority set out a new approach to service planning and reporting during the year, to align delivery of the corporate priorities to each service's activities, and to foster greater employee understanding of their role in delivery. Key aspects of service performance are reported by each service lead and corporate reports are prepared for the Executive Leadership Team and the Combined Authority on a quarterly basis. There is also a Corporate Performance dashboard which is reported to the Executive Leadership Team, to draw senior management attention to areas of good performance and areas for development. Performance reporting to elected members has greatly increased during the year, with quarterly reporting to the Overview and Scrutiny Committee and Cabinet Boards on aspects of Corporate Plan performance generally and of relevance to each portfolio.

Securing an Integrated Financial Settlement from 1 April 2026 demonstrates government confidence in the organisation to deliver and will provide funding flexibility which will extend the interventions available to the organisation to meet the Corporate Plan objectives. Work is ongoing to ensure that the organisation meets the readiness requirements prior to implementation.

The Combined Authority is also providing input into the National Evaluation of the City Region Sustainable Transport Settlement (CRSTS) 1, and the team has recently commissioned two rail station evaluations (Maghull North and Headbolt Lane) to assess impact and gather learning to inform future policy and intervention design.

Training and workshops on risk management took place to develop the level of organisational understanding of implications and risks associated with decision-making.

Legal and financial implications are considered as part of the decision-making process. This has strengthened during the year with the continued use of the revised Committee report template, which supports transparency and consistency, and the delivery of training to managers on decision-making and report-writing.

Service areas are striving to provide value for money. This is facilitated by the financial and procurement regulations and the support provided by these functions. During the year, the external auditor issued an unqualified opinion in respect of value for money arrangements in respect of the 2023/24 period.

The organisation has continued to develop its approach to its social value responsibilities during the year. This has been supported by the delivery of mandatory training for managers and the incorporation of social value in procurement exercises. During the year, a network of social value champions has been enlisted from across the organisation to support the promotion of social value aspects, especially in the five priority areas: Commissioning and Procurement, Investment, Employment, Civic Leadership and Project Delivery.

The Combined Authority recommended, and the Mayor took the decision in October 2023, to pursue franchising as its delivery model for bus reform. During 2024/25, the organisation entered a period of intense activity in responding to the consultations with users,

undertaking market engagement with potential operators, and preparing for the procurement exercise relating to the first work package. This will continue in 2025/26 as the procurement award and implementation are progressed for the first round.

The organisation has worked very closely and effectively to manage the Merseyrail concession and agreements with bus operators to ensure that the public transport network was maintained throughout the year.

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

Capacity continues to be developed across the organisation with particular focus on accelerating delivery. Considerable work was ongoing during the year, and continues, to address the human resource needs of the growing organisation and respond to its new responsibilities. This has included the strengthening of the organisation through the development of several key posts to support bus franchising, and the recruitment to the new key role in the Director of Strategic Communications and Corporate Affairs.

An external review was completed of capacity in the digital function of the organisation. As a result, significant investment has commenced in strengthening the function to provide greater support to the organisation in achieving its key objectives.

There is continued joint working with each constituent Local Authority to support their capacity to deliver.

During the year, “In Shape to Deliver” - the Combined Authority’s internal business transformation programme, became business as usual. A key development during the year was the implementation of an integrated HR and payroll system. This system provides a convenient portal for staff to submit holiday requests, expense claims, declarations of interest, and to record their annual performance conversation, My Check-In.

It has been identified that some role descriptions are not up to date. Where this arises from organisational transformation and capacity-building, this will be reviewed as part of the transformation process. Otherwise, these will be subject to continuous review, and annually as part of the My Check-In process.

The organisation has a database of its policies which is accessible to employees. This is used to disseminate new and updated policies, encompassing the ability to monitor acceptance rates, and to function as a source of reference for employees. Acceptance rates of organisational policies overall are high at 83%.

There is a defined programme of corporate e-learning, which covers key responsibilities. All employees are required to complete the following: Health and Safety Introduction, Cyber Crime, Equality in the Workplace, Fraud Awareness, Fire Safety, Introduction to General Data Protection Regulation (GDPR) and Freedom of Information (FOI). Completion rates for e-learning across the organisation continue to improve; however, there is a small number of employees who have not completed each of the mandatory modules. Systems have been developed to improve information for senior managers on the level of completion of training, to enable targeted follow-up of non-completion.

During the year, there have been meetings of the Collaborative Leadership Team to continue to build collective and accountable leadership. In addition, a programme of “Management Essentials” training, covering the key skills needed for those in management roles, was delivered, although take up by the target audience was lower than expected. The programme is being reviewed to ensure that training relevant to roles is delivered.

The Senior Leadership Team has participated in several development sessions during the year, and the terms of reference for the monthly meetings of this group has been reviewed, to provide greater clarity of purpose.

Training needs are identified as part of My Check-In, although training needs have not always been addressed in a timely manner. Work is ongoing to review the learning offer to seek to develop the range of learning opportunities available to employees.

The Leadership Charter and People Strategy have been established to support workforce development.

An Employee Survey was conducted during the year. The surveys are facilitated by an external provider, which enables comparison and benchmarking with other organisations. This resulted in a higher overall score from the last survey conducted in Summer 2022, maintaining a one star "Very Good" rating. Actions continue to be progressed to address the findings.

Regular directorate leadership team meetings; 1-2-1s; and team meetings take place to allow employees to be kept up to date and to discuss any issues, including health, safety and wellbeing.

Elected members received appropriate training and they are briefed before meetings.

Steps have continued to be taken by the organisation to maintain the health, safety, and wellbeing of its employees. Managers across the organisation highlighted that team members are given the opportunity, on a regular basis, to raise and/or discuss matters relating to health, safety and wellbeing, and support is in place via the Employee Assistance Programme.

Display Screen Equipment (DSE) risk assessments are completed for office and home working, reflecting the hybrid working model adopted by many employees.

It is a continued focus that all employees are aware of cybercrime risk via completing the relevant training.

An area for continued focus is developing and maintaining service recovery plans and ensuring these are updated to reflect changes in the organisation and the outcomes of testing exercises. During the year, the Business Continuity Strategy was fully refreshed and updated following a programme of corporate training.

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

The Executive Leadership Team maintains the Corporate Risk Register, and this has been reviewed regularly during the year. The risks outlined in the Corporate Risk Register are strategic in nature, rather than operational; and therefore, have the greatest potential to prevent or frustrate the achievement of Corporate Plan priorities.

The Risk Management Policy was reviewed and updated during the year. The Risk Group continues to play a key role in dissemination of risk management across the organisation, engaging with directorate Risk Champions to discuss key current and emerging risks.

At a corporate level, understanding of, and compliance with the risk management process continues to increase. Considerable progress has been made to ensure the availability of service risk registers; whilst most services and projects have an appropriate risk register in place which has been reviewed during the year, there remains a small number of areas for which the risk register is either not in place or is overdue an update. The training of officers, particularly senior officers, in risk management has continued during the year, both in the form of e-learning and workshops.

Risk should be included as part of all reports presented to Merseytravel, and this is developing positively. The template report format includes a 'Risks and Mitigation' section for completion. Guidance is available to support the effectiveness of the information included within Committee reports. The risk information presented within reports is reviewed by the Risk Manager to ensure robustness of content.

Fraud awareness training is available as an e-learning package, which has been completed by most employees, and an appropriate Fraud, Bribery and Corruption Strategy is in place alongside supporting protocols, including in respect of whistleblowing. However, understanding and management of fraud risk is an area of continued focus, and during the year, a fraud risk assessment tool was rolled out to all services. There is continued work planned to ensure completion of the risk assessment and to evaluate the results.

Fraud risk sessions were delivered during the year as part of the campaign for International Fraud Awareness Week 2024, and an internal Counter-Fraud Hub group continued to meet during the year to develop fraud risk awareness. Counter-fraud champions from across the business have attended to support the compilation and roll-out of the fraud risk assessment.

During the year, a self-assessment against the “Code of Practice on Managing the Risk of Fraud and Corruption in Local Government” (CIPFA, 2014) was undertaken. The self-assessment indicated a sustained 84% compliance with its requirements – which means that the organisation is meeting the standard set out in the guidance. One of the fundamental areas of focus arising from the assessment in the coming year is the need for the organisation to continue to identify and assess its fraud risks and ensure that appropriate measures are in place to manage these risks, and the fraud risk assessment has been designed to support this.

During the year, the management of health and safety risk gained a higher profile, as the Health and Safety Improvement Board was established and met on several occasions, with a focus on higher risk areas. An external review of the arrangements in place was commissioned, and the implementation of the agreed recommendations is the core focus of the Board. The availability of health and safety risk assessments remains a focus, and

system developments are taking place that will make these easier to share and to report on as part of the corporate performance reporting arrangements.

Arrangements have been developed during the year for safeguarding children and vulnerable adults, with a safeguarding lead officer, reporting system and network of trained Designated Safeguarding Leads in place.

In terms of digital and cyber risks, the organisation remains Cyber Essentials Plus accredited and has a process in place to respond to cyber incidents, as well as monitoring for threats and vulnerabilities. A group has been established during the year to look at the opportunities and potential usage of Artificial Intelligence (AI) (particularly generative AI) within the organisation and within City Region organisations. This continues to develop, and during 2025/26 an internal pilot is planned to look at harnessing the benefits by the organisation, as well as a board with external partners from the wider business community.

A self-assessment was undertaken in relation to the role of the Chief Financial Officer, reviewing assurance over compliance with the governance requirements detailed in "The Role of the Chief Financial Officer in Local Government" (CIPFA, 2016). The positive responses provided highlighted that key controls have operated effectively during the year. Robust financial management processes are in place, evidenced by the unqualified external audit opinions for the 2023/24 Statements of Accounts, and the work undertaken during the year to develop and strengthen the Finance function.

There is awareness amongst employees of financial policies and procedures. Schemes of delegation are in place; delegated decisions are completed when appropriate; and authorised limits are adhered to by signatories.

As a result of the development and approval of the Corporate Plan 2024-28, the organisation has set out a new approach to service planning, to align delivery of the corporate priorities to each service's activities, and to foster greater employee understanding of their role in delivery. Key aspects of service performance are reported by each service lead and corporate reports are prepared for the Executive Leadership Team and the Combined Authority on a quarterly basis. There is also a Corporate Performance dashboard which is reported to the Executive Leadership Team, to draw senior management attention to areas of good performance and areas for development.

Service areas are confident in arrangements to ensure data/information is stored securely. A self-assessment has been undertaken in relation to the role of Senior Information Risk Owner (SIRO), reviewing assurance over compliance with the governance requirements detailed in "Local Public Services Data Handling Guidelines" (Public Services Network, April 2018). Proactive steps continue to be taken to strengthen arrangements across the organisation further.

There was a small number of data breaches reported during the year, but none were reportable to the Information Commissioner's Office. Managers have reported continued progress in employee awareness of how to report a data breach, should it be required, in accordance with the Data Breach Protocol.

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

The organisation follows good practice in providing clear and accurate information and has developed its reporting profile and its online presence with transparency in mind. Committee reports are available in the public domain wherever possible, to support transparency in decision-making. Transport Committee meetings are broadcast live via the Combined Authority website, and this facilitates public engagement in meetings. Public questions are received and answered by the Chair.

The organisation follows the requirements of the Transparency Code and makes all required data available to the public.

Mechanisms are in place within service areas to ensure relevant and appropriate documentation is made available to stakeholders. Training has been provided to Committee report authors to assist them in writing reports in plain English.

Merseytravel and the Combined Authority publish on their websites freedom of information requests received and responses provided. Work has been undertaken to provide as much information as possible on the website to reduce Freedom of Information (FOI) requests. All FOI/Data Protection requests during the year were responded to within statutory deadlines.

The Combined Authority's Audit and Governance Committee met regularly during the year, providing scrutiny of matters relating to internal control, risk management, governance and financial management across the organisation, including Merseytravel. The Committee undertook a review of its effectiveness, which identified areas of good practice and areas for development, and this was reported to the Committee during the year. This review will be reflected in the Annual Report of the Committee and will be repeated on an annual basis in line with "Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2022).

During the year, steps have been taken to ensure that outstanding Internal Audit recommendations are implemented, and improvements have been evident, however not all recommendations are implemented within the expected timescale. There has been continued improvement in engagement in Internal Audit work during the year, supported by regular presentations by the Head of Internal Audit to the Executive Leadership Team on work undertaken, outcomes and recommendation progress. Customer feedback on the service is positive.

A self-assessment has been undertaken in relation to compliance with the governance requirements detailed in "The Role of the Head of Internal Audit in Public Sector Organisations" (CIPFA, 2019). The positive responses provided highlighted that key controls have operated effectively during the year. The Internal Audit service continued to comply with the Public Sector Internal Audit Standards, and to prepare for the

implementation of the Global Internal Audit Standards for the UK Public Sector, which came into force on 1 April 2025.

The external auditor has provided the Value for Money Commentary in respect of 2023/24 during the year. The conclusion was that these did not identify any significant weaknesses in value for money arrangements.

The Head of Internal Audit's conclusion for 2024/25 was that Merseytravel's arrangements for internal control, risk management and governance are adequate and that the capacity for improvement is good.

## 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 2024/25 were appropriate to its resources and responsibilities in that year.

The arrangements in place in 2024/25 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



A handwritten signature in black ink, appearing to read 'R. McGuckin', written in a cursive style.

**Richard McGuckin**  
Director General: Merseytravel



A handwritten signature in black ink, appearing to read 'J. Fogarty', written in a cursive style.

**John Fogarty CPFA**  
Executive Director: Resources

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
MERSEYTRAVEL**

## 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
<b>As at 1st April 2024</b>	<b>7,448</b>	<b>64,358</b>	<b>71,806</b>	<b>41,453</b>	<b>413,534</b>	<b>(2,104)</b>	<b>(357)</b>	<b>452,525</b>	<b>524,332</b>
<b>Comprehensive Income and Expenditure Statement</b>	<b>51,802</b>	<b>0</b>	<b>51,802</b>	<b>0</b>	<b>0</b>	<b>(222)</b>	<b>0</b>	<b>(222)</b>	<b>51,580</b>
<b>Adjustments to the revenue resources *</b>									
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
<b>Total adjustments to revenue resources</b>	<b>(43,127)</b>	<b>0</b>	<b>(43,127)</b>	<b>0</b>	<b>42,532</b>	<b>608</b>	<b>(13)</b>	<b>43,127</b>	<b>0</b>
<b>Adjustments between revenue and capital resources</b>									
Capital expenditure financed from revenue balances	(24)	0	(24)	0	24	0	0	24	0
<b>Total adjustments to capital resources</b>	<b>(24)</b>	<b>0</b>	<b>(24)</b>	<b>0</b>	<b>24</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>0</b>
<b>Adjustments to capital resources</b>									
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
<b>Total adjustments to capital resources</b>	<b>0</b>	<b>(1,131)</b>	<b>(1,131)</b>	<b>(1,539)</b>	<b>2,670</b>	<b>0</b>	<b>0</b>	<b>1,131</b>	<b>0</b>
Transfer between reserves	(7,582)	7,582	0	0	0	0	0	0	0
<b>Net Increase/(Decrease) in 2024/25</b>	<b>1,069</b>	<b>6,451</b>	<b>7,520</b>	<b>(1,539)</b>	<b>45,226</b>	<b>386</b>	<b>(13)</b>	<b>44,060</b>	<b>51,580</b>
<b>Balance as at 31st March 2025</b>	<b>8,518</b>	<b>70,809</b>	<b>79,327</b>	<b>39,915</b>	<b>458,758</b>	<b>(1,718)</b>	<b>(370)</b>	<b>496,585</b>	<b>575,912</b>

\*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
<b>As at 1st April 2023</b>	<b>8,533</b>	<b>55,744</b>	<b>64,277</b>	<b>33,210</b>	<b>393,137</b>	<b>15,359</b>	<b>(448)</b>	<b>441,259</b>	<b>505,536</b>
<b>Comprehensive Income and Expenditure Statement</b>	<b>27,023</b>	<b>0</b>	<b>27,023</b>	<b>9,448</b>	<b>0</b>	<b>(17,675)</b>	<b>0</b>	<b>(8,227)</b>	<b>18,796</b>
<b>Adjustments to the revenue resources *</b>									
Pensions costs	(212)	0	(212)	0	0	212	0	212	0
Holiday pay	(91)	0	(91)	0	0	0	91	91	0
Charges for depreciation and amortisation of non-current assets	8,505	0	8,505	0	(8,505)	0	0	(8,505)	0
PPE Revaluation losses charged to the CIES	1,296	0	1,296	0	(1,296)	0	0	(1,296)	0
Revenue expenditure funded from capital under statute	39,635	0	39,635	0	(39,635)	0	0	(39,635)	0
Capital grants and contributions credited to the CIES	(68,102)	0	(68,102)	0	68,102	0	0	68,102	0
<b>Total adjustments to revenue resources</b>	<b>(18,968)</b>	<b>0</b>	<b>(18,968)</b>	<b>0</b>	<b>18,665</b>	<b>212</b>	<b>91</b>	<b>18,968</b>	<b>0</b>
<b>Adjustments to capital resources</b>									
Use of reserves to finance capital expenditure	0	(526)	(526)	0	526	0	0	526	0
Difference between fair value and historical cost depreciation	0	0	0	(1,205)	1,205	0	0	0	0
<b>Total adjustments to capital resources</b>	<b>0</b>	<b>(526)</b>	<b>(526)</b>	<b>(1,205)</b>	<b>1,731</b>	<b>0</b>	<b>0</b>	<b>526</b>	<b>0</b>
Transfer between reserves	(9,141)	9,141	0	0	0	0	0	0	0
<b>Net Increase/(Decrease) in 2023/24</b>	<b>(1,086)</b>	<b>8,615</b>	<b>7,529</b>	<b>8,243</b>	<b>20,397</b>	<b>(17,463)</b>	<b>91</b>	<b>11,267</b>	<b>18,796</b>
<b>Balance as at 31st March 2024</b>	<b>7,448</b>	<b>64,358</b>	<b>71,806</b>	<b>41,453</b>	<b>413,534</b>	<b>(2,104)</b>	<b>(357)</b>	<b>452,526</b>	<b>524,332</b>

\*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.

2023/24 £'000				2024/25 £'000			Note
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
51,606	(20,401)	31,205	Bus Services	52,844	(26,249)	26,595	
186,251	(186,910)	(659)	Rail Services	178,110	(178,810)	(700)	
10,485	(3,002)	7,483	Customer Delivery	9,581	(2,708)	6,873	
57,392	(14,667)	42,725	Travel Concession	62,608	(17,033)	45,575	
1,665	(883)	782	Policy	1,742	(993)	749	
2,906	(1,476)	1,430	Corporate Management & Corporate Costs	5,841	(1,172)	4,669	
6,476	(4)	6,472	Mersey Ferries	5,724	0	5,724	
20,135	(20,135)	0	Mersey Tunnels	18,965	(19,290)	(325)	
<b>336,916</b>	<b>(247,478)</b>	<b>89,438</b>	<b>Net Cost of Services</b>	<b>335,415</b>	<b>(246,255)</b>	<b>89,160</b>	
		127	Other Operating Expenditure			0	7
		(931)	Financing and Investment Income			(23)	8
		(115,657)	Taxation and Non Specific Grant Income			(140,939)	10
		<b>(27,023)</b>	<b>(Surplus) or Deficit on the Provision of Services</b>			<b>(51,802)</b>	
		17,675	Remeasurement (Gains)/Losses on Pension Assets/Liabilities			222	
		(9,448)	Surplus on Revaluation Non Current Assets			0	
		<b>8,227</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>222</b>	
		<b>(18,796)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(51,580)</b>	

## 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 2024 £'000		As at 31 March 2025 £'000	Note
450,871	Property, Plant and Equipment	423,211	16
0	Right Of Use Assets	73,580	22
326	Heritage Assets	326	
3,593	Intangible Assets	1377	18
1,981	Loan to Subsidiary Company	1,766	19
<b>456,771</b>	<b>Long Term Assets</b>	<b>500,261</b>	
634	Inventories	582	
103,361	Short term Debtors	130,085	20
154	Cash and Cash Equivalents	117	
<b>104,149</b>	<b>Current Assets</b>	<b>130,783</b>	
(27,836)	Short term Creditors	(49,223)	21
(2,366)	Provisions	(315)	
(1,335)	Grant Receipts in Advance	(1,143)	10
<b>(31,537)</b>	<b>Current Liabilities</b>	<b>(50,682)</b>	
(1,981)	Loan from Group Company	(1,766)	
(966)	Provisions	(966)	
(2,104)	Pension Liability	(1,718)	9
<b>(5,051)</b>	<b>Long term Liabilities</b>	<b>(4,450)</b>	
<b>524,332</b>	<b>Net Assets</b>	<b>575,912</b>	
(71,806)	Usable Reserves	(79,327)	6
(452,526)	Unusable Reserves	(496,585)	5
<b>(524,332)</b>	<b>Total Reserves</b>	<b>(575,912)</b>	



Richard McGuckin  
Executive Director Place  
30 June 2025



John Fogarty (CPFA)  
Executive Director Resources  
30 June 2025

## 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.

2023/24 £'000		2024/25 £'000	Note
<b>27,023</b>	<b>Net surplus/(deficit) on the provision of services</b>	<b>51,802</b>	
2,082	Adjustments to net surplus on the provision of services for non-cash movements	7,361	24
(28,553)	Adjustments to net surplus on the provision of services for items which are investing and financing activities	(58,791)	24
<b>552</b>	<b>Net cash inflows from Operating Activities</b>	<b>372</b>	
(440)	Investing activities	(409)	24
<b>112</b>	<b>Net increase in cash and cash equivalents</b>	<b>(37)</b>	
42	Cash and cash equivalents as at 1 April	154	23
<b>154</b>	<b>Cash and cash equivalents as at 31 March</b>	<b>117</b>	

# 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 2024/25 and its position as at 31 March 2025. 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 2024/25, 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.

#### Discretionary Benefits

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**

#### **Financial Assets**

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 2025. 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.

### **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.

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.

### Subsequent Measurement

The right-of-use asset is subsequently measured using the fair value model. The Authority considers the cost model to be a reasonable proxy 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.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

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, using the effective interest method. 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.

### 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 sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. 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 2024/25.

### 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.

## **2. Accounting Standards Issued but not yet Adopted**

As at the Balance Sheet date there are a number of accounting standards that have been published but not yet adopted by the Code.

- i. IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023.
- ii. IFRS 17 Insurance Contracts issued in May 2017.
- iii. The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value assets using the historical cost approach.

Items i. & ii., will not be applicable.

Item iii., will not have a significant impact on the accounts.

## **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 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 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

- i. Pension benefits: the cost of defined benefit pension plans is determined using an independent actuarial valuation, involving the use of assumptions about discount rates, returns on assets, future salary increases, mortality rates and future pension increases. Such assumptions are reviewed at each period end and determined jointly between the pension fund management and the actuaries. The details of the assumptions and sensitivity analysis relating to these assumptions can be found in Note 9 within the accounts.

## 5. Unusable Reserves

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
(41,453)	Revaluation Reserve	(39,915)
(413,534)	Capital Adjustment Account	(458,758)
2,104	Pension Reserve	1,718
357	Accumulating Absences Account	370
<b>(452,526)</b>	<b>Total</b>	<b>(496,585)</b>

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

2023/24 £'000		2024/25 £'000
<b>(15,359)</b>	<b>Balance as at 1 April</b>	<b>2,104</b>
17,675	Remeasurements of the net defined benefit liability	222
3,817	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	4,498
(4,029)	Employers pension contributions and direct payments to pensioners payable in the year	(5,106)
<b>2,104</b>	<b>Balance as at 31 March</b>	<b>1,718</b>

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.

2023/24 £'000		2024/25 £'000
<b>448</b>	<b>Balance as at 1 April</b>	<b>357</b>
(448)	Settlement or cancellation of accrual made at the end of the preceding year	(357)
357	Amounts accrued at the end of the current year	370
<b>357</b>	<b>Balance as at 31 March</b>	<b>370</b>

## 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 2024/25.

	Note	Balance 1 April 2023 £'000	Transfers Out 2023/24 £'000	Transfers In 2023/24 £'000	Balance 31 March 2024 £'000	Transfers Out 2024/25 £'000	Transfers In 2024/25 £'000	Balance 31 March 2025 £'000
Capital Reserves	a	(5,708)	526	0	(5,181)	1,131	0	(4,050)
Rail Franchise Reserve	b	(24,519)	0	(8,330)	(32,849)	0	(6,605)	(39,454)
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)	0	0	(4,631)
Bus Operations Reserve	e	(3,507)	0	(550)	(4,057)	0	0	(4,057)
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)	0	0	(2,800)	500	0	(2,300)
Rail Maintenance Reserve	k	0	0	(262)	(262)	0	(1,476)	(1,738)
<b>Total Earmarked Reserves</b>		<b>(55,744)</b>	<b>526</b>	<b>(9,141)</b>	<b>(64,358)</b>	<b>1,631</b>	<b>(8,081)</b>	<b>(70,809)</b>
General Fund Reserve	l	(8,533)	1,086	0	(7,448)	500	(1,570)	(8,518)
<b>Total Usable Reserves</b>		<b>(64,277)</b>	<b>1,612</b>	<b>(9,141)</b>	<b>(71,806)</b>	<b>2,131</b>	<b>(9,651)</b>	<b>(79,327)</b>

- (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

2023/24 £'000		2024/25 £'000
127	Pension administration costs	0
<b>127</b>	<b>Total</b>	<b>0</b>

## 8. Financing and Investment Income

2023/24 £'000		2024/25 £'000
13,785	Interest on Pension Liabilities	14,026
(14,619)	Pension Interest on Plan Assets	(14,046)
118	Interest Payable on Intercompany Loan	108
(118)	Interest Receivable on Intercompany Loan	(108)
(97)	Expected Credit Loss	(3)
0	Interest on ROU Liability	1
<b>(931)</b>	<b>Total</b>	<b>(23)</b>

## 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.

### 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.

2023/24 £'000		2024/25 £'000
	<b>Net Cost of Service</b>	
4,376	Current service cost	4,101
1	Past service cost	293
147	Effect of curtailments	0
0	Administration expenses	124
	<b>Other Operating Expenditure</b>	
127	Administration expenses	0
	<b>Financing and Investment Income</b>	
(834)	Net interest expense	(1,614)
0	Interest on asset ceiling	1,594
<b>3,817</b>	<b>Total Post Employment Benefits Charged to the CIES</b>	<b>4,498</b>

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

2023/24 £'000		2024/25 £'000
(3,817)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(4,498)
4,029	Employers contribution payable to the Scheme	5,106
<b>212</b>	<b>Total</b>	<b>608</b>

### **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:

2023/24 £'000		2024/25 £'000
(292,826)	Benefit obligation at the end of the period	(260,473)
323,244	Fair Value of plan assets at end of the period	326,837
(32,522)	Effect of asset ceiling	(68,082)
<b>(2,104)</b>	<b>Surplus/(Deficit) as at 31 March</b>	<b>(1,718)</b>

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

2023/24 £'000		2024/25 £'000
<b>308,732</b>	<b>Balance brought forward 31 March</b>	<b>323,244</b>
14,619	Interest on plan assets	15,640
8,379	Remeasurements	(3,802)
(127)	Administration expenses	(124)
4,029	Employers contributions	5,106
1,741	Members contributions	1,701
(14,129)	Benefits/transfers paid	(14,928)
<b>323,244</b>	<b>Balance 31 March</b>	<b>326,837</b>

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

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
<b>(293,373)</b>	<b>Balance brought forward 31 March</b>	<b>(292,826)</b>
(4,376)	Current service cost	(4,101)
(1)	Past service cost	(293)
(147)	Curtailments	0
(13,785)	Interest on pension liabilities	(14,026)
(1,741)	Members contributions	(1,701)
6,468	Remeasurements (liabilities)	37,546
14,129	Benefits/transfers paid	14,928
<b>(292,826)</b>	<b>Balance 31 March</b>	<b>(260,473)</b>

As at 31 March the assets comprised:

<b>31 March 2024 £'000</b>					<b>31 March 2025 £'000</b>			
<b>Quoted</b>	<b>Unquoted</b>	<b>Total</b>	<b>% of total</b>		<b>Quoted</b>	<b>Unquoted</b>	<b>Total</b>	<b>% of total</b>
				<b><u>Equities</u></b>				
41,474	1,261	42,735	13	UK	41,944	896	42,840	13
76,578	44,509	121,087	37	Global	83,313	52,340	135,653	42
				<b><u>Bonds</u></b>				
1,500	0	1,500	0	Overseas Government	1,506	0	1,506	0
122	0	122	0	Collateralized Bonds	15	0	15	0
1,502	0	1,502	0	UK Government	3,466	0	3,466	1
3,024	0	3,024	1	UK Corporate	1,939	0	1,939	1
15,670	0	15,670	5	UK Indexed Linked (Gov)	8,367	0	8,367	3
2,294	0	2,294	1	Overseas Corporate	1,878	0	1,878	1
0	68	68	0	Derivative Contracts	0	1,577	1,577	0
				<b><u>Property</u></b>				
0	0	0	0	UK Property Loans	3328	0	3,328	1
0	15,063	15,063	5	UK Direct Property	0	14,232	14,232	4
273	12,951	13,224	4	UK Managed Property	323	8,281	8,604	3
0	10,463	10,463	3	Global Managed Property	0	9,106	9,106	3
				<b><u>Alternatives</u></b>				
34	15,302	15,336	5	UK Private Equity	0	17,315	17,315	5
136	17,347	17,483	5	Global Private Equity	215	13,730	13,945	4
0	102	102	0	UK Other Alternatives	0	36	36	0
0	8,282	8,282	3	Global Other Alternatives	0	8,675	8,675	3
0	20,687	20,687	6	UK Infrastructure	0	18,391	18,391	6
0	10,872	10,872	3	Global Infrastructure	0	10,253	10,253	3
102	4,805	4,907	2	UK Private Credit	0	4,589	4,589	1
443	12,167	12,610	4	Global Private Credit	502	13,049	13,551	4
0	1,261	1,261	0	Global Multi Asset	0	1,362	1,362	0
				<b><u>Cash</u></b>				
0	1,704	1,704	1	Goodhart	0	1,721	1,721	1
3,248	0	3,248	1	Cash Instruments	4,489	0	4,489	1
<b>146,400</b>	<b>176,844</b>	<b>323,244</b>	<b>100</b>		<b>151,285</b>	<b>175,553</b>	<b>326,838</b>	<b>100</b>

## 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-24		31-Mar-25
	<u>Base Assumptions</u>	
2.70%	Rate of CPI inflation	2.60%
4.20%	Rate of increase in salaries	4.10%
2.80%	Rate of increase in pensions	2.70%
4.90%	Discount Rate	5.80%
	<u>Mortality Assumptions</u>	
22.2	Life expectancy of male future pensioner aged 65 in 20 years' time	22.1
25.2	Life expectancy of female future pensioner aged 65 in 20 years' time	25.2
20.9	Life expectancy of male current pensioner aged 65	20.8
23.4	Life expectancy of female current pensioner aged 65	23.5

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	+0.5% p.a. discount rate	+0.25% p.a. inflation	+0.25% p.a. pay growth	1 year increase in life expectancy	+1% change in 24/25 investment returns	-1% change in 24/25 investment returns
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Liabilities	260,473	244,715	268,729	262,214	265,982	260,473	260,473
Assets	(326,837)	(326,837)	(326,837)	(326,837)	(326,837)	(330,065)	(323,609)
(Surplus)/ Deficit	(66,364)	(82,122)	(58,108)	(64,623)	(60,855)	(69,592)	(63,136)
Projected service cost next year	3,062	2,646	3,288	3,062	3,142	3,062	3,062
Projected net interest cost for next year	(3,955)	(5,289)	(3,465)	(3,843)	(3,625)	(4,142)	(3,768)

## 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 2022/23 financial year and rates applied from 1 April 2023.

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 £3.657m in contributions to the scheme in 2024/25.

#### Virgin Media Limited v NTL Pension Trustees

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. The High Court ruling was subsequently appealed and, in a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court. The ruling will form part of case law and is therefore expected to apply across other pension schemes.

The Government's Actuary's Department (GAD) is currently in the process of reviewing historical rule amendments to Local Government Pension Schemes (LGPS). Any impact of the legal case and its applicability to LGPS is currently too uncertain to recognise at this stage. The position will however be monitored to assess any potential impact on the LGPS net liability.

## 10. Grant Income

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

<b>2023/24 £'000</b>	<b>Credited to Services</b>	<b>2024/25 £'000</b>
(127,662)	Special Rail Grant	(126,404)
(1,516)	Bus Special Operator Grant	(1,516)
(20,052)	Mersey Tunnels Operating Grant	(19,180)
(39,549)	REFCUS	(21,821)
(1,253)	Covid Restart Grants	0
(7,784)	Bus Services Improvement Plan Grant	(16,409)
(157)	Better Deal for Bus	(92)
(1,314)	Other Grants	(1,185)
<b>(199,287)</b>	<b>Total</b>	<b>(186,606)</b>

<b>2023/24 £'000</b>	<b>Credited to Taxation and Non Specific Grant Income</b>	<b>2024/25 £'000</b>
(87,104)	Merseytravel Grant	(82,149)
(28,553)	Capital Grants	(58,791)
<b>(115,657)</b>	<b>Total</b>	<b>(140,939)</b>

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:

2023/24 £'000	Grant Receipts in Advance	2024/25 £'000
(789)	Transforming Cities Funding	(789)
(252)	Smart Ticketing	(252)
(233)	Clean Bus Grant	(41)
(61)	Other	(61)
<b>(1,335)</b>	<b>Total</b>	<b>(1,143)</b>

## 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	Total Remuneration £'000
Executive Director Place - Richard McGuckin (i)	2024/25	134	1	21	156
	2023/24	131	2	20	153
Executive Director Resources (ii)	2024/25	74	0	11	85
	2023/24	69	0	11	80
Executive Director Corporate Development and Delivery - Liz Dean retired 30 September 2024 (iii)	2024/25	45	0	166	211
	2023/24	53	0	10	63
Interim Director of Communications and Public Affairs appointed 4 July 2024 resigned 2 March 2025 (iv)	2024/25	41	0	6	47
	2023/24	0	0	0	0
Director of Communications and Public Affairs appointed 3 March 2025 (v)	2024/25	5	0	1	6
	2023/24	0	0	0	0
Director of Customer and Operations appointed 24 January 2025 (vi)	2024/25	24	0	4	28
	2023/24	0	0	0	0
Programme Director of Rolling Stock appointed 24 January 2025 (vii)	2024/25	28	0	5	33
	2023/24	0	0	0	0
Director of Transport appointed 24 January 2025 (viii)	2024/25	27	0	4	31
	2023/24	0	0	0	0
Interim Director of Finance appointed 24 January 2025 (ix)	2024/25	23	0	4	27
	2023/24	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 provides services to both LCRCA and Merseytravel and as such the salary is split 50/50 across both entities. Further to the retirement information, the organisation has restructured some service areas where realigned to Corporate Services and a new role Director of Strategic Communications and Corporate Affairs was created.
- (iv) (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, which will continue to have the salary split across both entities (see iii).
- (vi) Director of Customer and Operations was appointed to Merseytravel Board 24 January 2025 with 100% of salary charged to Merseytravel.
- (vii) Programme Director Rolling Stock was appointed to Merseytravel Board 24 January 2025 with 100% of salary charged to Merseytravel.
- (viii) Director of Transport was appointed to Merseytravel Board 24 January 2025 with 100% of salary charged to Merseytravel.
- (ix) 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.

### **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.

2023/24	Remuneration Range	2024/25
43	£50,000 to £54,999	50
17	£55,000 to £59,999	26
9	£60,000 to £64,999	9
18	£65,000 to £69,999	16
5	£70,000 to £74,999	7
2	£75,000 to £79,999	4
3	£80,000 to £84,999	4
0	£85,000 to £89,999	2
0	£90,000 to £94,999	0
1	£95,000 to £99,999	0
1	£100,000 to £104,999	0
2	£105,000 to £109,999	1
1	£110,000 to £114,999	1
0	£115,000 to £119,999	0
0	£120,000 to £124,999	1
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
1	£145,000 to £149,999	0
0	£150,000 to £154,999	1
<b>103</b>	<b>Total</b>	<b>122</b>

## 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	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24 £'000	2024/25 £'000
£0 - £20,000	0	0	2	0	2	0	36	0
£20,001 - £40,000	0	0	1	2	1	2	25	66
£40,001 - £60,000	0	0	1	0	1	0	55	0
£60,001 - £80,000	0	0	0	1	0	1	0	64
£80,001 - £100,000	0	0	1	0	1	0	94	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	1	0	1	0	189	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>3</b>	<b>6</b>	<b>3</b>	<b>399</b>	<b>130</b>

### 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.

2023/24 £'000				2024/25 £'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
29,689	1,516	31,205	Bus Services	24,611	1,984	26,595
(4,633)	3,974	(659)	Rail Services	(9,781)	9,081	(700)
7,407	76	7,483	Customer Delivery	6,994	(121)	6,873
42,725	0	42,725	Travel Concession	45,575	0	45,575
777	5	782	Policy	768	(19)	749
363	1,067	1,430	Corporate Management & Corporate Costs	1,689	2,980	4,669
2,961	3,511	6,472	Mersey Ferries	3,620	2,104	5,724
(143)	143	0	Mersey Tunnels	0	(325)	(325)
<b>79,145</b>	<b>10,292</b>	<b>89,437</b>	<b>Net Cost of Services</b>	<b>73,476</b>	<b>15,684</b>	<b>89,160</b>
(87,200)	(29,260)	(116,461)	Other Income and Expenditure	(82,151)	(58,811)	(140,962)
<b>(8,055)</b>	<b>(18,968)</b>	<b>(27,024)</b>	<b>Surplus or deficit</b>	<b>(8,675)</b>	<b>(43,126)</b>	<b>(51,802)</b>
(64,277)			Opening Balance 1 April	(71,806)		
(8,055)			Surplus for the Year	(8,675)		
526			Transfers to Capital Resources	1,154		
<b>(71,806)</b>			<b>Closing Reserves at 31 March</b>	<b>(79,327)</b>		

## Note to the EFA 2024/25

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
Bus Services	2,087	(103)	0	1,984
Rail Services	9,124	(43)	0	9,081
Customer Delivery	19	(140)	0	(121)
Travel Concession	0	0	0	0
Policy	0	(19)	0	(19)
Corporate Management & Corporate Costs	2,827	140	13	2,980
Mersey Ferries	2,202	(98)	0	2,104
Mersey Tunnels	0	(325)	0	(325)
<b>Net Cost of Services</b>	<b>16,259</b>	<b>(588)</b>	<b>13</b>	<b>15,684</b>
Other Income & Expenditure from the Funding Analysis	(58,791)	(20)	0	(58,811)
<b>Difference between General Fund surplus or deficit and CIES surplus or deficit</b>	<b>(42,532)</b>	<b>(608)</b>	<b>13</b>	<b>(43,126)</b>

## Note to the EFA 2023/24

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
Bus Services	1,484	32	0	1,516
Rail Services	3,956	17	0	3,974
Customer Delivery	19	57	0	76
Travel Concession	0	0	0	0
Policy	0	5	0	5
Corporate Management & Corporate Costs	959	199	(91)	1,067
Mersey Ferries	3,469	42	0	3,511
Mersey Tunnels	0	143	0	143
<b>Net Cost of Services</b>	<b>9,888</b>	<b>495</b>	<b>(91)</b>	<b>10,292</b>
Other Income & Expenditure from the Funding Analysis	(28,553)	(707)	0	(29,260)
<b>Difference between General Fund surplus or deficit and CIES surplus or deficit</b>	<b>(18,665)</b>	<b>(212)</b>	<b>(91)</b>	<b>(18,968)</b>

### 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

2023/24 £'000		2024/25 £'000
	<b>Expenditure</b>	
23,268	Employee benefits expenses	24,217
317,758	Other service expenses	309,729
9,801	Depreciation, amortisation, impairment	15,496
118	Interest payments	109
<b>350,945</b>	<b>Total expenditure</b>	<b>349,551</b>
	<b>Income</b>	
(62,907)	Fees, charges and other service income	(73,700)
(118)	Interest and investment income	(108)
(314,944)	Government grants and contributions	(327,545)
<b>(377,968)</b>	<b>Total Income</b>	<b>(401,353)</b>
<b>(27,023)</b>	<b>(Surplus) or deficit on the Provision of Services</b>	<b>(51,802)</b>

### 14. Audit Fees

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

2023/24 £'000		2024/25 £'000
114	External Audit fees in respect of Merseytravel	146
<b>114</b>	<b>Total</b>	<b>146</b>

### 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, Merseyside Pension Fund, detailed information can be found at Note 9. One of the councillors who is a member of the LCR Overview and Scrutiny Committee and a substitute member of the LCR Audit and Governance Committee, has declared that they have a role on the Local Pension Board of the Merseyside Pension Fund. This information has been declared at meetings, and the member has taken no part in the any discussions or decisions involving the Merseyside Pension Fund.

There were no members allowances payable.

## 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 2025 Merseytravel single entity had short term deposits of £83.354m (£73.522m 2023/24) 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%
Accrington Technologies Ltd	Merseytravel	500 £1 ordinary shares	Smartcards	50.10%
Real Time Information Group Ltd	Merseytravel	1x £1 ordinary shares	Real Time Information Systems	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 31st March 2025 both RTIG and Accrington Technologies are both in process of being wound up.

*Accrington Technologies* - during the last seven financial years the company has not traded and has received no income and incurred no expenditure. As at 31 March 2025 the company had requested to be dissolved at Companies House which was completed in May 2025.

*Real Time Information Group (RTIG)* - on 9th March 2023 RTIG transferred business to RTIG Inform Limited. The RTIG company will therefore be wound up in due course. This is to be completed in 2025/26.

## 16. Property Plant and Equipment

### Movement on Balances 2024/25

	Infrastructure Assets £'000	Other PPE						Total PPE £'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
<b>Cost or Valuation</b>									
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)
<b>As at 31 March 2025</b>		<b>16,497</b>	<b>0</b>	<b>330,797</b>	<b>3,652</b>	<b>1,491</b>	<b>55,544</b>	<b>407,981</b>	
<b>Depreciation and Impairment</b>									
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)
<b>As at 31 March 2025</b>		<b>565</b>	<b>0</b>	<b>15,673</b>	<b>560</b>	<b>0</b>	<b>0</b>	<b>16,798</b>	
<b>Net Book Value</b>									
<b>As at 31 March 2025</b>	<b>32,027</b>	<b>15,932</b>	<b>0</b>	<b>315,124</b>	<b>3,092</b>	<b>1,491</b>	<b>55,544</b>	<b>391,183</b>	<b>423,211</b>
<b>As at 31 March 2024</b>	<b>24,435</b>	<b>16,199</b>	<b>75,764</b>	<b>256,322</b>	<b>2,800</b>	<b>1,491</b>	<b>73,859</b>	<b>426,435</b>	<b>450,871</b>

## Movement on Balances 2023/24

	Infrastructure Assets £'000	Other PPE						Total PPE £'000
		Freehold Property £'000	Leasehold Property £'000	Vehicles Plant and Machinery £'000	Vessels £'000	Surplus Assets £'000	Assets Under Construction £'000	
<b>Cost or Valuation</b>								
As at 1 April 2023		16,570	69,671	106,759	3,630	1,254	208,763	406,648
Additions	1,345	83	522	10,415	711	0	14,318	26,049
Revaluation inc/(dec) recognised in the Revaluation Reserve	0	712	5,676	0	(754)	235	0	5,869
Revaluation inc/(dec) recognised in the Surplus/Deficit on the Provision of Services	0	(1,164)	(105)	0	(787)	0	0	(2,056)
Reclassification	0	0	0	149,221	0	0	(149,221)	0
<b>As at 31 March 2024</b>		<b>16,199</b>	<b>75,764</b>	<b>266,395</b>	<b>2,800</b>	<b>1,491</b>	<b>73,859</b>	<b>436,508</b>
<b>Depreciation and Impairment</b>								
As at 1 April 2023		0	0	6,478	1,187	0	0	7,665
Depreciation	1,429	648	2,138	3,594	364	0	0	6,743
Depreciation written out to the Revaluation Reserve	0	(648)	(2,138)	0	(793)	0	0	(3,579)
Depreciation written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	(759)	0	0	(759)
<b>As at 31 March 2024</b>		<b>0</b>	<b>0</b>	<b>10,073</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,073</b>
<b>Net Book Value</b>								
<b>As at 31 March 2024</b>	<b>24,435</b>	<b>16,199</b>	<b>75,764</b>	<b>256,322</b>	<b>2,800</b>	<b>1,491</b>	<b>73,859</b>	<b>426,435</b>
<b>As at 31 March 2023</b>	<b>24,518</b>	<b>16,570</b>	<b>69,671</b>	<b>100,281</b>	<b>2,443</b>	<b>1,254</b>	<b>208,763</b>	<b>398,982</b>

## 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.

## 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 outgoing 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.

Infrastructure assets, assets under construction (gross book value £55.544m), short life plant, machinery and vehicles (gross book value £330.797m) are carried at historical cost. The remaining categories of property, plant and equipment (gross book value £21.640m) are carried at current value with the last full valuation being undertaken at 31 March 2024.

### Capital Commitments

As at 31 March 2025, Merseytravel has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2025/26 and future years budgeted to cost £40.189m. Similar commitments at 31 March 2024 were £59.969m.

A breakdown of the main commitments is as follows:

- |                    |         |
|--------------------|---------|
| • New Vessel Build | £9.638m |
| • Bus Reform       | £9.228m |
| • Rolling Stock    | £6.270m |

## 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.

2023/24 £'000		2024/25 £'000
(381)	<b>Opening Capital Financing Requirement</b>	(381)
0	Adjustment for Right of Use Assets on transition to IFRS 16	41
	<b>Capital investment</b>	
27,394	PPE	59,056
1,599	Intangible assets	47
0	Right Of Use assets	56
39,635	Revenue Expenditure Funded from Capital Under Statute	22,584
	<b>Sources of Finance</b>	
(68,102)	Government grants and other contributions	(80,611)
0	Revenue contributions to capital outturn	(24)
(526)	Use of Reserves	(1,131)
(381)	<b>Closing Capital Financing Requirement</b>	(364)
0	<b>Movement in Capital Financing Requirement</b>	17

## 18. Intangible Assets

2023/24 £'000		2024/25 £'000
	<b>Cost or valuation:</b>	
	<b>Opening balance:</b>	
4,182	Gross carrying amount	5,780
(1,855)	Accumulated amortisation	(2,187)
<b>2,327</b>	<b>Opening net carrying amount</b>	<b>3,593</b>
1,599	Additions	47
(333)	Amortisation	(2,263)
<b>3,593</b>	<b>Net carrying amount at end of year</b>	<b>1,377</b>
	<b>Comprising:</b>	
5,780	Gross carrying amount	3,553
(2,187)	Accumulated amortisation	(2,176)
<b>3,593</b>		<b>1,377</b>

Intangible assets relate to licenses acquired by Merseytravel.

19. Long Term Debtors – loan to subsidiary company

2023/24 £'000		2024/25 £'000
1,981	Long Term loan to Subsidiary Company	1,766
<b>1,981</b>	<b>Balance as at 31 March</b>	<b>1,766</b>

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

2023/24 £'000		2024/25 £'000
13,453	Trade Receivables	10,460
787	Prepayments	4,760
73,727	Group Debtors	83,569
1,250	Grant	170
2,976	Tax Debtor	4,326
11,168	Other Receivable Amounts	26,800
<b>103,361</b>	<b>Balance as at 31 March</b>	<b>130,085</b>

2023/24 £'000	Expected Credit Loss	2024/25 £'000
13,453	Trade Receivables	10,460
<b>(5)</b>	<b>Expected Credit Loss</b>	<b>(1)</b>

21. Short Term Creditors

2023/24 £'000		2024/25 £'000
(8,856)	Trade Payables	(5,533)
(205)	Group Creditors	(215)
(17,317)	Accruals	(38,808)
0	Right of Use Lease Liability	(18)
(1,458)	Other Payables	(4,650)
<b>(27,836)</b>	<b>Balance as at 31 March</b>	<b>(49,223)</b>

22. Leases

Merseytravel is required to adopt the new 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 as an operating lease where Merseytravel is acting as the lessee onto the Balance Sheet. Such assets are known as “right of use” assets. Finance leases were already required to be accounted for in this manner and therefore have been transferred from Property, Plant and Equipment.

### Merseytravel as Lessee

Merseytravel has undertaken a review of its leased property portfolio and has transferred £75.764m of assets from Property, Plant and Equipment to Right of Use assets. These assets were last revalued on 31 March 2024. The assets 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.

Right of Use Assets	Property £'000	Vehicles £'000	Total £'000
<b>Balance as at 1 April 2024</b>	<b>0</b>	<b>0</b>	<b>0</b>
Creation of Right of Use Assets on transition to IFRS 16	0	41	41
Leased assets transferred from PPE	75,764	0	75,764
<b>Adjusted Balance as at 1 April 2024</b>	<b>75,764</b>	<b>41</b>	<b>75,805</b>
Additions	56	0	56
Depreciation	(2,257)	(24)	(2,281)
<b>Balance as at 31 March 2025</b>	<b>73,563</b>	<b>17</b>	<b>73,580</b>

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

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

### Merseytravel as Lessor

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

2023/24 £'000	Operating Leases	2024/25 £'000
(7,437)	Income	(12,847)

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

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
(23,790)	Not later than one year	(24,506)
(81,684)	Between one and five years	(57,232)
0	Over five years	(38)
<b>(105,474)</b>	<b>Total</b>	<b>(81,776)</b>

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.

## 23. Financial Instruments

### Categories of Financial Instruments

<b>31 March 2024 £'000</b>			<b>31 March 2025 £'000</b>	
<b>Current</b>	<b>Non Current</b>		<b>Current</b>	<b>Non Current</b>
		<b>Financial Assets at Amortised Cost:</b>		
205	1,981	Loan to Subsidiary Company	215	1,766
73,522	0	Amount deposited with LCRCA	83,354	0
28,847	0	Debtors	41,755	0
154	0	Cash & Cash Equivalents	117	0
<b>102,728</b>	<b>1,981</b>	<b>Total Financial Assets</b>	<b>125,441</b>	<b>1,766</b>
		<b>Financial Liabilities at Amortised Cost:</b>		
(205)	(1,981)	Loan from Group Company	(215)	(1,766)
0	0	Right of Use Lease Liability	(18)	0
(27,631)	0	Creditors	(48,991)	0
<b>(27,836)</b>	<b>(1,981)</b>	<b>Total Financial Liabilities</b>	<b>(49,223)</b>	<b>(1,766)</b>

### Income and Expenses through the CIES

During the year, Merseytravel paid interest of £108k (£118k in 2023/24) and received interest of £108k (£118k in 2023/24). 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 £1.766m 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:

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
9,801	Depreciation amortisation and revaluation losses	15,496
(30,646)	Increase/(decrease) in creditors, provisions	19,145
23,148	(Increase)/decrease in debtors	(26,724)
(10)	(Increase)/decrease in inventories	52
(212)	Pension movements	(608)
<b>2,082</b>	<b>Total</b>	<b>7,361</b>

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

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
(28,553)	Grants received for the financing of capital expenditure	(58,791)
<b>(28,553)</b>	<b>Total</b>	<b>(58,791)</b>

### **Cashflow Statement Investing Activities**

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
(28,993)	Purchase of property, plant and equipment and intangible assets	(59,200)
28,553	Other (purchases)/receipts from investing activities	58,791
<b>(440)</b>	<b>Total</b>	<b>(409)</b>

## 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 2-3 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
<b>As at 1st April 2024</b>	<b>7,448</b>	<b>65,707</b>	<b>73,155</b>	<b>41,684</b>	<b>413,534</b>	<b>(2,104)</b>	<b>(357)</b>	<b>452,757</b>	<b>525,912</b>
<b>Comprehensive Income and Expenditure Statement</b>	<b>52,238</b>	<b>0</b>	<b>52,238</b>	<b>0</b>	<b>0</b>	<b>(222)</b>	<b>0</b>	<b>(222)</b>	<b>52,016</b>
<b>Adjustments to the revenue resources *</b>									
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
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
<b>Total adjustments to revenue resources</b>	<b>(42,713)</b>	<b>0</b>	<b>(42,713)</b>	<b>0</b>	<b>42,118</b>	<b>608</b>	<b>(13)</b>	<b>42,713</b>	<b>0</b>
<b>Adjustments between revenue and capital resources</b>									
Capital expenditure financed from revenue balances	(238)	0	(238)	0	238	0	0	238	0
<b>Total adjustments to capital resources</b>	<b>(238)</b>	<b>0</b>	<b>(238)</b>	<b>0</b>	<b>238</b>	<b>0</b>	<b>0</b>	<b>238</b>	<b>0</b>
<b>Adjustments to capital resources</b>									
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
<b>Total adjustments to capital resources</b>	<b>0</b>	<b>(1,300)</b>	<b>(1,300)</b>	<b>(1,539)</b>	<b>2,839</b>	<b>0</b>	<b>0</b>	<b>1,300</b>	<b>0</b>
Transfer between reserves	(8,218)	8,218	0	0	0	0	0	0	0
<b>Net Increase/(Decrease) in 2024/25</b>	<b>1,071</b>	<b>6,918</b>	<b>7,988</b>	<b>(1,539)</b>	<b>45,194</b>	<b>386</b>	<b>(13)</b>	<b>44,028</b>	<b>52,016</b>
<b>Balance as at 31st March 2025</b>	<b>8,518</b>	<b>72,625</b>	<b>81,144</b>	<b>40,145</b>	<b>458,727</b>	<b>(1,718)</b>	<b>(370)</b>	<b>496,784</b>	<b>577,928</b>

\* 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
<b>As at 1st April 2023</b>	<b>8,533</b>	<b>56,482</b>	<b>65,015</b>	<b>33,375</b>	<b>393,137</b>	<b>15,359</b>	<b>(448)</b>	<b>441,423</b>	<b>506,438</b>
<b>Comprehensive Income and Expenditure Statement</b>	<b>27,634</b>	<b>0</b>	<b>27,634</b>	9,513	0	(17,675)	0	<b>(8,162)</b>	<b>19,472</b>
<b>Adjustments to the revenue resources *</b>									
Pensions costs	(212)	0	<b>(212)</b>	0	0	212	0	<b>212</b>	<b>0</b>
Holiday pay	(91)	0	<b>(91)</b>	0	0	0	91	<b>91</b>	<b>0</b>
Charges for depreciation and amortisation of non-current assets	8,628	0	<b>8,628</b>	0	(8,628)	0	0	<b>(8,628)</b>	<b>0</b>
PPE Revaluation losses charged to the CIES	1,296	0	<b>1,296</b>	0	(1,296)	0	0	<b>(1,296)</b>	<b>0</b>
Revenue expenditure funded from capital under statute	39,635	0	<b>39,635</b>	0	(39,635)	0	0	<b>(39,635)</b>	<b>0</b>
Capital grants and contributions credited to the CIES	(68,102)	0	<b>(68,102)</b>	0	68,102	0	0	<b>68,102</b>	<b>0</b>
<b>Total adjustments to revenue resources</b>	<b>(18,845)</b>	<b>0</b>	<b>(18,845)</b>	<b>0</b>	<b>18,543</b>	<b>212</b>	<b>91</b>	<b>18,845</b>	<b>0</b>
<b>Adjustments to capital resources</b>									
Use of reserves to fund capital spend	0	(649)	<b>(649)</b>	0	649	0	0	<b>649</b>	<b>0</b>
Difference between fair value and historical cost depreciation	0	0	<b>0</b>	(1,205)	1,205	0	0	<b>0</b>	<b>0</b>
<b>Total adjustments to capital resources</b>	<b>0</b>	<b>(649)</b>	<b>(649)</b>	<b>(1,205)</b>	<b>1,854</b>	<b>0</b>	<b>0</b>	<b>649</b>	<b>0</b>
Transfer between reserves	(9,874)	9,874	<b>0</b>	0	0	0	0	<b>0</b>	<b>0</b>
<b>Net Increase/(Decrease) in 2023/24</b>	<b>(1,085)</b>	<b>9,225</b>	<b>8,139</b>	<b>8,308</b>	<b>20,397</b>	<b>(17,463)</b>	<b>91</b>	<b>11,333</b>	<b>19,472</b>
<b>Balance as at 31st March 2024</b>	<b>7,448</b>	<b>65,707</b>	<b>73,155</b>	<b>41,684</b>	<b>413,534</b>	<b>(2,104)</b>	<b>(357)</b>	<b>452,757</b>	<b>525,912</b>

\* 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.

2023/24 £'000				2024/25 £'000		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
51,606	(20,401)	31,205	Bus Services	52,844	(26,249)	26,595
192,718	(193,377)	(659)	Rail Services	179,286	(179,986)	(700)
10,485	(2,819)	7,666	Customer Delivery	9,581	(2,549)	7,032
57,392	(14,667)	42,725	Travel Concession	62,608	(17,033)	45,575
1,665	(883)	782	Policy	1,742	(993)	749
2,906	(1,257)	1,649	Corporate Management & Corporate Costs	5,841	(853)	4,988
15,810	(10,373)	5,437	Mersey Ferries Group	14,378	(9,923)	4,455
20,135	(20,135)	0	Mersey Tunnels	18,965	(19,290)	(325)
<b>352,717</b>	<b>(263,912)</b>	<b>88,805</b>	<b>Net Cost of Services</b>	<b>345,245</b>	<b>(256,876)</b>	<b>88,369</b>
		127	Other Operating Expenditure			0
		(909)	Financing and Investment Income			331
		(115,657)	Taxation and Non Specific Grant Income			(140,939)
		<b>(27,634)</b>	<b>(Surplus) or Deficit on the Provision of Services</b>			<b>(52,238)</b>
		17,675	Remeasurement (Gains)/Losses on Pension Assets/Liabilities			222
		(9,513)	Surplus on Revaluation Non Current Assets			0
		<b>8,162</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>222</b>
		<b>(19,472)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(52,016)</b>

## 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 2024 £'000		As at 31 March 2025 £'000	Note
451,989	Property, Plant and Equipment	424,186	4
0	Right Of Use Assets	75,858	8
711	Heritage Assets	711	
5,288	Intangible Assets	3,072	5
<b>457,988</b>	<b>Long Term Assets</b>	<b>503,827</b>	
1,043	Inventories	988	
104,825	Short term Debtors	133,311	6
345	Cash and Cash Equivalents	188	
<b>106,213</b>	<b>Current Assets</b>	<b>134,487</b>	
(29,188)	Short term Creditors	(52,404)	7
(2,715)	Provisions	(700)	
(1,335)	Grant Receipts in Advance	(1,198)	
<b>(33,238)</b>	<b>Current Liabilities</b>	<b>(54,302)</b>	
(1,981)	Loan from Group Company	(1,766)	9
0	Long Term Creditors	(1,634)	
(966)	Provisions	(966)	
(2,104)	Pension Liability	(1,718)	
<b>(5,051)</b>	<b>Long term Liabilities</b>	<b>(6,084)</b>	
<b>525,912</b>	<b>Net Assets</b>	<b>577,928</b>	
(73,155)	Usable Reserves	(81,144)	1
(452,757)	Unusable Reserves	(496,784)	
<b>(525,912)</b>	<b>Total Reserves</b>	<b>(577,928)</b>	



Richard McGuckin  
Executive Director Place  
30 June 2025



John Fogarty (CPFA)  
Executive Director Resources  
30 June 2025

## 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.

2023/24 £'000		2024/25 £'000	Note
<b>27,634</b>	<b>Net surplus on the provision of services</b>	<b>52,238</b>	
1,628	Adjustments to net surplus on the provision of services for non-cash movements	9,355	10
(28,553)	Adjustments to net surplus on the provision of services for items which are investing and financing activities	(58,791)	10
<b>709</b>	<b>Net cash inflows from Operating Activities</b>	<b>2,803</b>	
(502)	Investing activities	(2,959)	10
<b>207</b>	<b>Net increase in cash and cash equivalents</b>	<b>(157)</b>	
138	Cash and cash equivalents as at 1 April	345	
<b>345</b>	<b>Cash and cash equivalents as at 31 March</b>	<b>188</b>	

## 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 2024/25. Details of the Merseytravel Single Entity reserves are included in note 6 of the single entity accounts.

	Balance 1 April 2023 £'000	Transfers Out 2023/24 £'000	Transfers In 2023/24 £'000	Balance 31 March 2024 £'000	Transfers Out 2024/25 £'000	Transfers In 2024/25 £'000	Balance 31 March 2025 £'000
Merseytravel Single Entity Reserves	(64,277)	1,612	(9,141)	(71,806)	2,131	(9,651)	(79,327)
Subsidiary Reserves	(738)	0	(612)	(1,349)	0	(469)	(1,817)
<b>Total Usable Reserves</b>	<b>(65,015)</b>	<b>1,612</b>	<b>(9,753)</b>	<b>(73,155)</b>	<b>2,131</b>	<b>(10,120)</b>	<b>(81,144)</b>

### 2. Tax

Included within the Group CIES is estimated corporation tax payable on the Beatles Story profits of £175k (£100k corporation tax 2023/24).

### 3. 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.

2023/24 £'000				2024/25 £'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
29,690	1,515	31,205	Bus Services	24,611	1,984	26,595
(4,633)	3,974	(659)	Rail Services	(9,781)	9,081	(700)
7,590	76	7,666	Customer Delivery	7,153	(121)	7,032
42,725	0	42,725	Travel Concession	45,576	0	45,576
777	5	782	Policy	768	(19)	749
582	1,067	1,649	Corporate Management & Corporate Costs	2,008	2,980	4,988
1,802	3,635	5,437	Mersey Ferries	1,937	2,518	4,455
(143)	143	0	Mersey Tunnels	0	(325)	(325)
<b>78,390</b>	<b>10,414</b>	<b>88,804</b>	<b>Net Cost of Services</b>	<b>72,271</b>	<b>16,098</b>	<b>88,369</b>
(87,179)	(29,260)	(116,439)	Other Income and Expenditure	(81,797)	(58,811)	(140,608)
<b>(8,789)</b>	<b>(18,845)</b>	<b>(27,635)</b>	<b>Surplus or deficit</b>	<b>(9,526)</b>	<b>(42,712)</b>	<b>(52,238)</b>
(65,015)			<b>Opening Balance 1 April</b>	(73,155)		
(8,789)			Surplus in Year	(9,526)		
649			Transfer to Capital Resources	1,538		
<b>(73,155)</b>			<b>Closing Reserves at 31 March</b>	<b>(81,144)</b>		

## Note to EFA 2024/25

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
Bus Services	2,087	(103)	0	1,984
Rail Services	9,124	(43)	0	9,081
Customer Delivery	19	(140)	0	(121)
Travel Concession	0	0	0	0
Policy	0	(19)	0	(19)
Corporate Management & Corporate Costs	2,827	140	13	2,980
Net Cost of Mersey Ferries	2,616	(98)	0	2,518
Mersey Tunnels	0	(325)	0	(325)
<b>Net Cost of Services</b>	<b>16,673</b>	<b>(588)</b>	<b>13</b>	<b>16,098</b>
Other Income & Expenditure from the Funding Analysis	(58,791)	(20)	0	(58,811)
<b>Difference between General Fund surplus or deficit and CIES surplus or deficit</b>	<b>(42,118)</b>	<b>(608)</b>	<b>13</b>	<b>(42,712)</b>

## Note to EFA 2023/24

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
Bus Services	1,484	32	0	1,515
Rail Services	3,956	17	0	3,974
Customer Delivery	19	57	0	76
Travel Concession	0	0	0	0
Policy	0	5	0	5
Corporate Management & Corporate Costs	959	199	(91)	1,067
Net Cost of Mersey Ferries	3,592	42	0	3,635
Mersey Tunnels	0	143	0	143
<b>Net Cost of Services</b>	<b>10,010</b>	<b>495</b>	<b>(91)</b>	<b>10,414</b>
Other Income & Expenditure from the Funding Analysis	(28,553)	(707)	0	(29,260)
<b>Difference between General Fund surplus or deficit and CIES surplus or deficit</b>	<b>(18,542)</b>	<b>(212)</b>	<b>(91)</b>	<b>(18,845)</b>

## Expenditure and Income Analysed by Type

2023/24 £'000		2024/25 £'000
	<b>Expenditure</b>	
27,897	Employee benefits expenses	29,744
328,809	Other service expenses	313,778
9,924	Depreciation, amortisation, impairment	15,910
118	Interest payments	190
<b>366,748</b>	<b>Total expenditure</b>	<b>359,622</b>
	<b>Income</b>	
(79,438)	Fees, charges and other service income	(84,316)
(314,944)	Government grants and contributions	(327,545)
<b>(394,382)</b>	<b>Total Income</b>	<b>(411,861)</b>
<b>(27,634)</b>	<b>(Surplus) or deficit on the Provision of Services</b>	<b>(52,238)</b>

#### 4. Property Plant and Equipment

##### Movement on Balances 2024/25

	Infrastructure Assets £'000	Other PPE						Total PPE £'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
<b>Cost or Valuation</b>									
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)
<b>As at 31 March 2025</b>		<b>16,497</b>	<b>0</b>	<b>332,013</b>	<b>3,652</b>	<b>1,491</b>	<b>55,544</b>	<b>409,199</b>	
<b>Depreciation and Impairment</b>									
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)
<b>As at 31 March 2025</b>		<b>565</b>	<b>0</b>	<b>15,915</b>	<b>560</b>	<b>0</b>	<b>0</b>	<b>17,040</b>	
<b>Net Book Value</b>									
<b>As at 31 March 2025</b>	<b>32,028</b>	<b>15,932</b>	<b>0</b>	<b>316,098</b>	<b>3,092</b>	<b>1,491</b>	<b>55,544</b>	<b>392,158</b>	<b>424,186</b>
<b>As at 31 March 2024</b>	<b>24,435</b>	<b>16,199</b>	<b>76,121</b>	<b>257,082</b>	<b>2,800</b>	<b>1,491</b>	<b>73,859</b>	<b>427,553</b>	<b>451,989</b>

## Movement on Balances 2023/24

	Infrastructure Assets £'000	Other PPE						Total PPE £'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
<b>Cost or Valuation</b>									
As at 1 April 2023		16,570	70,793	109,587	3,630	1,254	208,762	410,598	
Additions	1,345	83	533	10,466	711	0	14,318	26,111	27,456
Revaluation inc/(dec) recognised in the Revaluation Reserve	0	712	5,676	65	(754)	235	0	5,934	5,934
Revaluation inc/(dec) recognised in the Surplus/Deficit on the Provision of Services	0	(1,164)	(105)	0	(787)	0	0	(2,056)	(2,056)
Reclassification	0	0	0	149,221	0	0	(149,221)	0	0
Other adjustments	0	0	0	0	0	0	0	0	0
Derecognition disposals	0	0	0	0	0	0	0	0	0
<b>As at 31 March 2024</b>		<b>16,199</b>	<b>76,897</b>	<b>269,339</b>	<b>2,800</b>	<b>1,491</b>	<b>73,859</b>	<b>440,587</b>	
<b>Depreciation and Impairment</b>									
As at 1 April 2023		0	726	8,591	1,187	0	0	10,505	
Depreciation	1,429	648	2,188	3,666	364	0	0	6,866	8,295
Depreciation written out to the Revaluation Reserve	0	(648)	(2,138)	0	(793)	0	0	(3,579)	(3,579)
Depreciation written out to the Surp/Def on the Provision of Services		0	0	0	(759)	0	0	(759)	(759)
<b>As at 31 March 2024</b>		<b>0</b>	<b>776</b>	<b>12,257</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,033</b>	
<b>Net Book Value</b>									
<b>As at 31 March 2024</b>	<b>24,435</b>	<b>16,199</b>	<b>76,121</b>	<b>257,082</b>	<b>2,800</b>	<b>1,491</b>	<b>73,859</b>	<b>427,553</b>	<b>451,989</b>
<b>As at 31 March 2023</b>	<b>24,518</b>	<b>16,570</b>	<b>70,067</b>	<b>100,996</b>	<b>2,443</b>	<b>1,254</b>	<b>208,762</b>	<b>400,092</b>	<b>424,610</b>



7. Short Term Creditors

2023/24 £'000		2024/25 £'000
(8,920)	Trade Payables	(5,712)
0	Group Creditors	(1,700)
0	Lease Liabilities	(313)
(20,268)	Other Payables	(44,680)
<b>(29,188)</b>	<b>Balance as at 31 March</b>	<b>(52,404)</b>

8. Leases

Merseytravel Group as Lessee

Right of Use Assets	Property £'000	Vehicles £'000	Total £'000
<b>Balance as at 1 April 2024</b>	<b>0</b>	<b>0</b>	<b>0</b>
Creation of Right of Use Assets on transition to IFRS 16	2,143	41	2,184
Leased assets transferred from PPE	76,097	0	76,097
<b>Adjusted Balance as at 1 April 2024</b>	<b>78,240</b>	<b>41</b>	<b>78,281</b>
Additions	152	0	152
Depreciation	(2,552)	(24)	(2,576)
<b>Balance as at 31 March 2025</b>	<b>75,841</b>	<b>17</b>	<b>75,858</b>

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

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

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

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
535	Not later than one year	312
0	Between one and five years	1,179
0	Over five years	737
<b>535</b>	<b>Total</b>	<b>2,227</b>

#### 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.

<b>2023/24 £'000</b>	<b>Operating Leases</b>	<b>2024/25 £'000</b>
(14,013)	Income	(14,131)

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

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
(23,902)	Not later than one year	(24,614)
(82,109)	Between one and five years	(57,667)
(400)	Over five years	(200)
<b>(106,411)</b>	<b>Total</b>	<b>(82,481)</b>

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.

#### **9. Long Term Loan from Group Company**

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
1,981	Long Term loan to Subsidiary Company	1,766
<b>1,981</b>	<b>Balance as at 31 March</b>	<b>1,766</b>

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. Principal repayments in 2024/25 were £215k (£205k 2023/24).

## 10. 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:

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
9,924	Depreciation amortisation and revaluation losses	15,911
(34,442)	Increase/(decrease) in creditors, provisions	22,483
26,386	(Increase)/decrease in debtors	(28,486)
(28)	(Increase)/decrease in inventories	55
(212)	Pension movements	(608)
<b>1,628</b>	<b>Total</b>	<b>9,355</b>

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

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
(28,553)	Grants received for the financing of capital expenditure	(58,791)
<b>(28,553)</b>	<b>Total</b>	<b>(58,791)</b>

### Cash Flow Statement Investing Activities

<b>2023/24 £'000</b>		<b>2024/25 £'000</b>
(29,055)	Purchase of property, plant and equipment and intangible assets	(61,750)
28,553	Other (purchases)/receipts from investing activities	58,791
<b>(502)</b>	<b>Total</b>	<b>(2,959)</b>

## 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.

### **Curtailement (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.