

Directors' Report and Narrative Report

About Transport for Greater Manchester

TfGM's work is guided by the Greater Manchester Strategy, which sets out a vision of a thriving city region where everyone can live a good life. Transport is an important part of that vision, and TfGM's role is to help deliver a transport system fit for a global city region. TfGM and the Bee Network share the same purpose: improving lives by connecting people and places. TfGM's mission is to support journeys across the city region, while the Bee Network's mission is to provide seamless, affordable, safe and sustainable journeys for all.

TfGM's values continue to guide decision-making across the organisation. These are to deliver, by doing the right thing and meeting commitments; adapt, by responding to change and helping Greater Manchester move forward; and care, by looking after colleagues, customers, the city region and the environment.

TfGM's Business Plan sets out five strategic objectives: enabling city region outcomes through transport; operating a safe, green and customer-focused integrated network; growing and transforming the transport system; building an inclusive and high-performing organisation; and securing financial sustainability and efficient use of resources. Performance against the Business Plan is monitored throughout the year.

Business at a glance

TfGM manages 1,600 Bee Network buses on 577 routes, supported by 4,200 bus shelters and 12,000 bus stops. It also oversees 1,000 Starling Bank Bikes operating from 200 stations, 147 trams serving 99 stops across 103km of track, a 650km Key Route Network, 2,500 traffic signals, 14 Information and Ticket offices, and 19 transport interchanges and bus stations.

Strategic context

As part of the Greater Manchester family, TfGM has a central role in delivering the vision and ambitions set out in the Greater Manchester Strategy and its delivery plan: to make Greater Manchester a thriving city region where everyone can live a good life. Greater local powers and greater control over funding give TfGM more scope to improve current services and to plan future routes, vehicles and infrastructure that will support long-term growth across the city region.

TfGM's long-term transport planning is set out through the draft Greater Manchester Transport Strategy 2050 and its Delivery Plan for 2027–37. These documents build on the Greater Manchester Transport Strategy 2040 and align with other strategies, including the Greater Manchester Clean Air Plan and Places for Everyone. Public consultation on the draft 2050 strategy and delivery plan took place from 9 December 2025 to 9 March 2026. Work is now under way to consider feedback and move towards formal adoption.

The strategy is designed around customer needs and is supported by seven network ambitions: the network should be integrated, inclusive and affordable, healthy, environmentally responsible, reliable, safe and secure, and well maintained and resilient.

Bee Network: Connecting people with places

The Bee Network sits at the centre of Greater Manchester's transport plans as an integrated public transport and active travel network under local control. The Greater Manchester Transport Strategy 2050 is

focused on people, places and the connections between them, and transport is intended to support wider economic, social and environmental aims across the city region.

Following the completion of bus franchising in January 2025, 2025/26 was the first full year of Bee Network bus services. Together with Metrolink, this means that Greater Manchester now manages the majority of local public transport journeys in the city region.

During the year, TfGM continued to develop the Bee Network by keeping fares affordable, introducing service and infrastructure changes, and making improvements intended to support safety, accessibility, reliability and ease of use. TfGM manages the Bee Network in partnership with operators. Bee Network bus services are run under franchise by commercial bus operators including Diamond, First, Go North West, Metroline and Stagecoach. Bee Network tram services are operated under contract by KeolisAmey Metrolink. Bee Network cycle hire is sponsored by Starling Bank and operated by Beryl.

Putting the customer first

With local control of the Bee Network, TfGM is now accountable for a larger share of the customer experience, including some areas where direct control remains limited. In response, TfGM has produced three plans: the Bee Network Safety Plan, an Operational Excellence Plan and a Customer Growth Plan. Together, these are intended to support safe and reliable services and encourage more people to use the network.

Over the last year, this work has included a continued focus on reliability, safety and the perception of safety, accessibility and affordability.

TfGM has also set out six customer commitments. These are that the Bee Network should be safe, accessible, affordable, reliable, sustainable and accountable. Customer feedback is collected through the Bee Network app and website, including a 'Rate your journey' survey, and a Bee Network Customer Panel has been established to help TfGM understand customer views and use them to improve services.

Growing the bus network and improving customer satisfaction

Buses remain the main form of public transport across Greater Manchester and continue to play a key role in linking people to work, education, healthcare and leisure. Since bus services came under local control through franchising, TfGM has focused on stabilising day-to-day operations, improving reliability and punctuality, and delivering a more consistent customer experience across the network.

Over the year, TfGM continued to develop the bus network as part of a wider integrated transport system. This included targeted service changes, closer operational oversight, and continued work to modernise and decarbonise the fleet through additional zero-emission buses and depot changes. These changes are intended to support cleaner, more reliable and more accessible bus services.

Growing patronage for Metrolink

Metrolink remains a major part of the Bee Network, with 99 stops, 147 trams and 103km of lines across Greater Manchester. Since opening in 1992, and following later expansion, it has become the largest light rail network in the UK. The network is fully accessible, with step-free access at every stop and level boarding between platform and tram.

Metrolink is powered by electricity and produces very little air pollution at street level. During the year, TfGM continued its £150 million multi-year investment programme to replace older track, overhead lines and power systems, while also continuing work on future options for network development, including new lines, extensions and tram-train services linking light and heavy rail.

Passenger use continued to increase during the year, despite some disruption associated with engineering work, with 46.6 million passenger journeys recorded in the financial year, the highest annual total on the network to date. TfGM owns the Metrolink network and is responsible for fares, investment, expansion planning and oversight of the operations and maintenance contract. KeolisAmey Metrolink operates and maintains the network under a ten-year contract running until 2027.

A resilient road network

Greater Manchester's roads remain the city region's main transport links, with around 1.8 billion individual trips made each year. The highways network supports Bee Network bus and tram services, emergency services, freight, businesses, visitors, commuters and, increasingly, active travel. TfGM works with partners to keep roads moving and to make sure the network can support growth while also contributing to Greater Manchester's ambition to be carbon neutral by 2038.

Greater Manchester wants 50% of all journeys to be made by walking, cycling and public transport by 2040. To support this, roads are being adapted to improve conditions for walking and cycling and to give greater priority to buses. Technology and data are also expected to play a larger role in improving highways performance, supporting bus reliability and road safety, and informing traffic management.

Road safety remains a key area of work through the partnership-led Vision Zero Strategy and Action Plan, which aims to eliminate deaths and life-changing injuries on the roads by 2040. TfGM has strategic oversight of the Key Route Network, which covers more than 650km of Greater Manchester's busiest roads across all ten local authority areas. Although this is around 7% of the total highways network by length, it carries around two-thirds of peak-time traffic.

Preparing for Bee Network rail

Rail is an important part of Greater Manchester's transport system, particularly for journeys to and around the regional centre. More than 43 million rail trips were made to Manchester central stations. TfGM is working with the rail industry to prepare for the first local rail services and stations to join the Bee Network from December 2026.

This is the first stage of a three-phase plan that would see eight local rail lines and 64 local stations integrated with the Bee Network by 2028. Planned changes include improvements to stations and information, a Bee Network customer experience, and the introduction of contactless pay-as-you-go fares.

TfGM is also delivering step-free improvements at 13 rail stations over the next four years. This will increase the proportion of Greater Manchester stations that are accessible from 58% to 70% by 2029.

In January 2026, the government formally agreed to work with Greater Manchester on proposals for a new rail line linking Liverpool and Manchester via Warrington as part of Northern Powerhouse Rail, and that the government will also work with Manchester and Greater Manchester partners to explore an underground option at Piccadilly station.

Getting active: Walking, wheeling and cycling

TfGM continues to promote and invest in walking, wheeling and cycling as healthy and sustainable ways to travel. The intention is for active travel to become the first choice for shorter journeys, or part of longer journeys involving buses, trams and trains. The Bee Network now includes 162km of compliant cycle routes and more than 200 new crossings, and the total is expected to exceed 180km by 2027.

The Starling Bank Bike hire scheme also continued to grow, recording 633,448 journeys between April 2025 and March 2026, which was 27% higher than the previous year.

TfGM's long-term aim is for 95% of Greater Manchester's population to live within 400 metres of a safe walking, wheeling and cycling route by 2040. The mission is structured around five priority areas: infrastructure; integration with public transport; school travel; access to active travel; and Vision Zero.

A green and healthy city region

Transport contributes directly to the Greater Manchester Green City Region ambition for a healthy, low-carbon and nature-rich environment. By improving connections between communities and encouraging walking, wheeling and cycling for shorter trips, the transport system is intended to improve air quality, reduce carbon emissions and support healthier and more liveable neighbourhoods.

Transport accounts for 30% of the city region's total carbon emissions, so a shift towards sustainable travel is described as essential if Greater Manchester is to become carbon neutral by 2038. Greater Manchester aims to have a fully decarbonised bike, bus and tram network by 2030, and that by 2040 50% of all journeys to be made by walking, wheeling, cycling and public transport, equivalent to one million more sustainable journeys each day.

TfGM is building climate resilience into transport investment by considering carbon across the whole life of a scheme or service and by planning for risks such as extreme heat, flooding and severe weather. Key areas of work include delivering a lower-carbon Bee Network, delivering the investment-led Greater Manchester Clean Air Plan, supporting additional electric vehicle charging infrastructure with the ten local authorities, and delivering actions set out in the Corporate Environment Plan.

Working with communities, partners and stakeholders

TfGM is committed to maintaining strong relationships with a wide range of stakeholders, partners and communities. This includes businesses, employers, community groups, education providers, the voluntary sector, residents, councils and groups representing people with protected characteristics.

TfGM carries out both statutory and non-statutory consultation and survey work during the year, with equalities considerations built into planning and decision-making. This can include co-design work with stakeholders where appropriate.

TfGM works closely with central government officials across different departments to influence policy, transport projects and other outcomes affecting Greater Manchester. This engagement is intended to support listening, partnership working and influence across all parts of transport and end-to-end journeys.

Our people

TfGM's people strategy is central to the organisation's work. The organisation aims to be a workplace in which colleagues can develop and contribute effectively. TfGM supports staff through wellbeing support,

learning and development opportunities and career progression, and it seeks to reflect the diversity of the communities it serves while providing a collaborative and inclusive working environment.

The people function is organised around three areas of specialism: Human Resource operations, which provides HR strategy, policy and employee and industrial relations support; Resourcing, which manages strategic and operational recruitment for employed and contingent roles; and Organisational Development, which supports learning and development, engagement and change management.

Our performance

TfGM's financial performance in 2025/26 was a significant achievement. Against a backdrop of continuing inflationary pressure, higher operating costs, the first full year of franchised bus operations and growing expectations of the Bee Network, TfGM navigated a complex and demanding financial environment to deliver a broadly break-even position. This was not a passive outcome: it reflected active financial management, clear prioritisation and a sustained focus on protecting frontline services while keeping the organisation on a path towards longer-term financial sustainability. The year presented a series of material financial challenges. Energy, maintenance, staffing and contracted service costs remained under pressure, with indexation continuing to affect major operating contracts. At the same time, TfGM was absorbing the full-year impact of bus franchising, maintaining affordable fares, supporting concessionary travel commitments, and continuing to invest in the customer experience. These pressures were managed without losing sight of the core mission: to operate, sustain and grow an integrated transport network that supports Greater Manchester's economic, social and environmental ambitions.

Managing pressure, protecting services and sustaining the Bee Network

The delivery of the Bee Network is supported by a mixed funding model, including local contributions through the Mayoral Precept, the Transport Levy and agreed local authority contributions, alongside revenue and capital funding made available through Greater Manchester's Integrated Settlement. This funding framework has provided essential stability during a period of transformation, but it has also required disciplined choices about how resources are deployed across competing priorities. Throughout the year, TfGM maintained tight grip and control over expenditure. This included close monitoring of demand-led budgets, targeted review of discretionary spend, challenge over cost escalation, and prioritisation of resources towards services and activities with the greatest customer and operational impact. These actions helped contain in-year pressures and ensured that investment in the Bee Network could continue while remaining within the approved financial envelope.

Growing income and strengthening financial resilience At the same time, TfGM strengthened its income base. Patronage growth across bus and Metrolink supported fare revenue, while targeted marketing, customer growth activity and commercial partnerships helped to diversify income. Significant brand partnerships, including with Disney, Adidas and Mastercard, contributed to TfGM exceeding its annual commercial revenue target and demonstrated the value of the Bee Network as both a transport system and a civic brand with growing commercial potential. The break-even position therefore represents more than a technical budget outcome. It shows that TfGM has been able to absorb significant cost and operational pressures, support the transition to a fully franchised bus network, maintain affordable fares, continue to improve services and keep delivering the Bee Network for Greater Manchester. As the 2026/27 budget context makes clear, the financial environment remains challenging and continued discipline will be needed. However, the 2025/26 outturn provides strong evidence of organisational resilience, effective stewardship of public funding and a credible platform for the next phase of transport transformation.

Accounts

TfGM is required to prepare an annual Statement of Accounts in accordance with the Accounts and Audit Regulations 2015. These regulations require the accounts to be prepared using proper accounting practices. For TfGM, this mainly means the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards.

The Statement of Accounts includes a set of primary financial statements. Together, these statements explain TfGM's income, expenditure, assets, liabilities, reserves and cash movements for the year. They also help explain why the statutory accounting position can differ from the management view of the in-year trading position.

Primary statements

Comprehensive Income and Expenditure Statement (CIES): This statement shows the income receivable and the costs incurred in the year for providing services. TfGM's CIES for 2025/26 shows net expenditure of £11.3 million, compared with net income of £95.7 million in 2024/25.

However, this figure includes statutory non-cash accounting adjustments required under the Code. These do not reflect the underlying impact on usable revenue reserves, which show a net deficit for the year of £1.7 million, compared with a deficit of £12.2 million in 2024/25.

Two of the main adjustments are the treatment of capital grants and the estimated value of the net pension liability. In the statutory accounts, capital grants are recognised when they are received, whereas management accounts recognise the related income over time as depreciation is charged. Pension estimates can also change significantly from year to year because they depend on assumptions such as salary growth, discount rates and inflation. These adjustments are reversed through the Movement in Reserves Statement so that the revenue reserve reflects the underlying surplus or deficit position used for management reporting.

Key movements in the year

English National Concessionary Travel Scheme (ENCTS): TfGM operates reimbursement schemes for concessionary passengers. The scheme provides free off-peak bus travel for eligible older and disabled passengers, and Greater Manchester also funds some wider concessions. Expenditure reduced significantly in 2025/26 because Greater Manchester is now fully franchised and only Service Permitted Commercial Bus Operators need reimbursement going forward. For franchised Bee Network services, there is no separate reimbursement cost recorded within the cost of services section of the CIES.

Our Pass: The Our Pass scheme provides free bus travel for 16 to 18-year-olds across Greater Manchester and is funded from the Mayoral budget. In 2025/26, the scheme saw higher pass numbers, growth in patronage and higher reimbursement rates for non-franchised cross-boundary services due to inflationary pressures on ticket prices. On Bee Network franchised services, the reimbursement is now treated as revenue foregone due to TfGM.

Bus Franchising Full Year: 2025/26 reflects a full year of fully franchised bus operations, whereas only three months of 2024/25 reflected a fully franchised network. The net expenditure position includes passenger revenues, bus-specific grant income such as Bus Services Operator Grant, direct contract costs and overhead costs. It does not include TfGM-allocated income for concessionary fares and supported bus services revenue, which is shown within non-specific grant income in the CIES.

Replacement of tendered services cost: Once bus franchising was fully introduced across Greater Manchester in January 2025, TfGM no longer needed to tender separately for services that commercial operators had considered unviable. Those costs now sit within the wider bus franchising net expenditure position.

Metrolink net expenditure: Metrolink net expenditure increased mainly because the contracted cost of operating the network increased. This reflected indexation linked to RPI, lower energy savings than in the previous year, reinstatement costs on the Oldham-Rochdale line after the landslip near Derker, and other service enhancements.

Accessible transport: TfGM funds Ring and Ride and travel vouchers for people who are unable to use ordinary public transport because of serious mobility or sight difficulties. Net expenditure increased during the year, reflecting higher demand for these services.

Highways and Road Safety: Highways activity includes traffic signal management, design, installation, maintenance and monitoring of the Key Route Network. There was a small decrease in net income from highways activity in the year. Road safety income is linked to the Greater Manchester Casualty Reduction Partnership and the delivery of speed awareness and other driver training courses. Any surplus after costs is reinvested in road safety work, and there was a small increase in net income in the year.

Operational costs: Operational costs include bus station operations, information and ticket offices, safety and security, bus shelters, passenger information, consultation, depreciation and amortisation, support costs and spend on revenue-funded projects. Net operational costs increased slightly, reflecting modest growth in revenue-funded projects and programmes, higher staff costs and wider inflationary pressures.

Funding

After taking account of all sources of income and expenditure, TfGM's net expenditure is funded mainly through a revenue grant from the Greater Manchester Combined Authority. GMCA raises a levy from the ten Greater Manchester local authorities to support its expenditure, including the grant paid to TfGM. GMCA also receives central government funding, now mainly through Greater Manchester's Integrated Settlement, to support TfGM's activities.

Capital grants are also received from GMCA for approved capital schemes.

Movement in Reserves Statement (MIRS)

This statement shows how TfGM's reserves changed during the year. It separates reserves into usable reserves and unusable reserves. Usable reserves are available, subject to prudent management and any legal restrictions, to support services. Unusable reserves arise mainly from accounting adjustments and cannot be used to fund services directly.

Balance sheet

The balance sheet shows the value, at the balance sheet date, of the assets and liabilities recognised by TfGM. The net assets position is matched by the reserves held by TfGM, analysed between usable and unusable reserves.

Cash flow statement

The cash flow statement shows how cash and cash equivalents changed during the year. It explains how TfGM generated and used cash and classifies cash flows into operating, investing and financing activities.

The movement in cash flow from one year to the next mainly reflects the timing of receipts and payments linked to the capital programme.

Most funding received by TfGM comes from capital and revenue grants from GMCA, which reduces the risk around the recoverability of future cash inflows. Capital and revenue budgets are closely monitored to ensure expenditure remains within approved limits, and TfGM keeps its cash flow position under review with GMCA.

Expenditure and funding analysis

This note provides a link between in-year revenue budget monitoring and the final outturn in the financial statements. It shows the net expenditure charged to revenue reserves as reported to management and reconciles that position to the CIES.

Accounting Concepts and Policies

This section explains the accounting principles, bases, conventions, rules and practices used by TfGM in preparing and presenting the financial statements.

Notes to the Financial Statements

The notes provide further detail on material items in the main statements to help readers understand the figures reported.

Basis of preparation of Statement of Accounts

This Statement of Accounts includes the individual financial statements for TfGM only. Due to the size of its subsidiary entities, it is considered that they are not material in the context of TfGM and therefore group accounts have not been presented. There are no changes in accounting standards which are to have a material impact on the financial statements for TfGM. The Statement of Accounts is prepared under an accounting regime adopting the International Financial Reporting Standards (IFRS). TfGM implements IFRS by adopting the IFRS-based 'Code of Practice on Local Authority Accounting' ('the Code'), which is the 'version' of IFRS adopted by local authorities.

SG WARRENER

DM BULL

Director

Director

[date]

[date]

Statement of Responsibilities for the Statement of Accounts

TfGM is required to make proper arrangements for the administration of its financial affairs and to ensure that one of its officers has responsibility for those affairs. That officer is the Finance and Corporate Services Director. TfGM is also required to manage its affairs so that resources are used economically, efficiently and effectively, to safeguard its assets, and to approve the Statement of Accounts.

The Finance and Corporate Services Director is responsible for preparing TfGM's Statement of Accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. In preparing the accounts, the Director has selected suitable accounting policies and applied them consistently, made reasonable and prudent judgements and estimates, and complied with the Code so far as appropriate for a Passenger Transport Executive.

The Director is also responsible for keeping proper accounting records up to date and for taking reasonable steps to prevent and detect fraud and other irregularities.

The source document includes the Responsible Financial Officer's certificate, which states that the Statement of Accounts gives a true and fair view of TfGM's financial position and of its income and expenditure for the year ended 31 March 2025.

SG WARRENER

DM BULL

Director

Director

[date]

[date]

Annual Governance Statement

The CIPFA/SOLACE Delivering Good Governance in Local Government Framework (the Framework) requires local authorities, which includes TfGM, to publish an Annual Governance Statement, and to be responsible for ensuring that:

- its business is conducted in accordance with all relevant laws and regulations;
- public money is safeguarded and properly accounted for; and
- resources are used economically, efficiently, and effectively to achieve agreed priorities which benefit local people.

This Annual Governance Statement forms part of the Annual Accounts and describes how effective TfGM's governance systems and processes are, and where further improvement activity is planned. This statement covers the period from 1 April 2025 to the date the accounts are signed.

Greater Manchester Transport Governance

Transport for Greater Manchester (TfGM) is the local government body responsible for transport.

TfGM is responsible for developing and delivering Greater Manchester's transport vision, strategic plans and policies on behalf of the Greater Manchester Combined Authority (GMCA), which is made up of the Greater Manchester Mayor and the ten Greater Manchester local authorities.

GMCA is the city region's primary decision-making body responsible for economic development, regeneration and housing, environment, strategic spatial planning, skills and training, police and crime, and fire and rescue. Group Chief Executive Caroline Simpson is CEO of TfGM, GMCA and the GM Fire and Rescue Service.

Greater Manchester Mayor and Commissioners

The Greater Manchester Mayor was first elected in May 2017. Andy Burnham held the role from May 2017 until June 2026 when he was elected as the Member of Parliament for Macclesfield, requiring him to resign as Mayor. A bye-election for a new GM Mayor has been called for Thursday 30th June. Paul Dennett, Mayor of Salford, and Deputy GM Mayor is the interim GM Mayor.

The Office of Greater Manchester Mayor holds some transport powers (including powers relating to bus franchising) which must be exercised individually.

Voting requirements for mayoral and GMCA functions are due to change in line with the English Devolution and Community Empowerment Act (2026) which moves away from unanimous/super majority decision making to simple majority voting for most decisions. The GMCA is currently updating its Constitution to implement these changes from the end of June 2026.

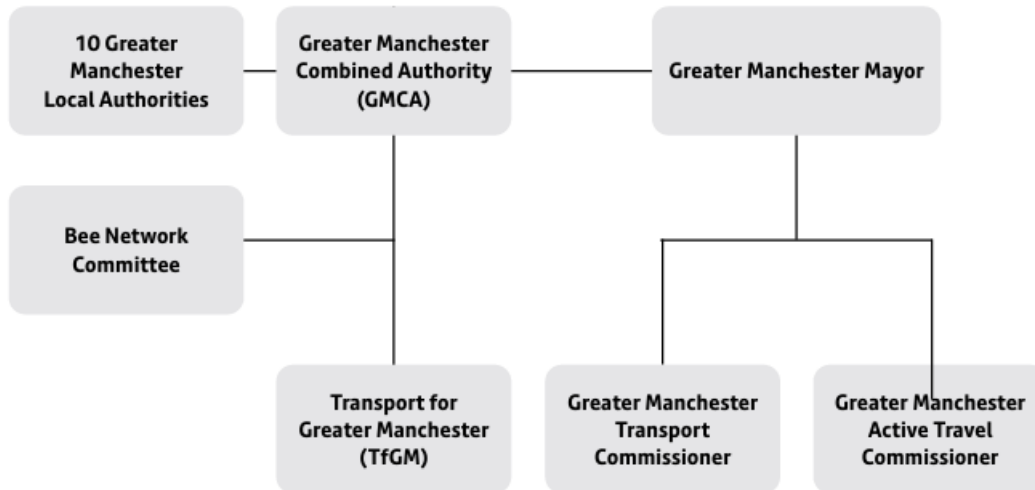
Transport Commissioners

The former Mayor appointed a Transport Commissioner, Vernon Everitt CBE, and an Active Travel Commissioner, Dame Sarah Storey, to oversee and help drive delivery of Greater Manchester's transport commitments.

GMCA has appointed both commissioners to the TfGM Executive Board, and the Transport Commissioner chairs the TfGM Executive Board.

The Bee Network Committee

Some transport powers are delegated to the Bee Network Committee, a joint committee of the GM Mayor, the GMCA and the ten Greater Manchester local authorities. This Committee makes decisions, monitors the performance of the transport network, develops policy and supports local coordination of the Greater Manchester highway authorities (ten GM local authorities).



TfGM Governance Framework

TfGM's Governance Framework comprises the systems and processes, and the culture and values, by which TfGM is directed and controlled, and the activities through which it is made accountable to, engages with, and supports the community. The Governance Framework enables TfGM to monitor the achievement of its corporate objectives, as set out in the TfGM Business Plan, and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

A significant review of TfGM's governance was undertaken in late 2024 which recommended changes in response to:

- TfGM's expanding role and remit, including the significant growth in the scale of TfGM's operations following the implementation of bus franchising and as a result of the ongoing capital programme;
- Greater Manchester's Integrated Settlement which provides greater funding flexibility, allowing for a more integrated approach to policy development and delivery with a focus on delivering agreed outcomes;
- Changes to GM's Group arrangements to improve engagement and alignment between TfGM and the Mayor, the GM Transport Commissioners, GM Local Authorities, GMCA, and the wider GM Group; and
- The acute financial pressure being faced by Local Authorities, and the increase in TfGM's financial risk and exposure following its expanded role and remit.

Implementation of the recommendations of that review continues with revisions to the TfGM Constitution approved by the Executive Board in January 2026, and further revisions being considered as part of TfGM's 'Reorganise to Deliver' Programme which has been established to reshape TfGM's organisation, governance, and ways of working so it can deliver its expanding responsibilities effectively, with clearer decision-making, better use of resources, and a stronger focus on customer outcomes.

TfGM's Executive Board

The Executive Board is the primary decision-making body within TfGM and is responsible, in particular, for determining strategic issues consistent with the GM Mayor's and GMCA's policies. The members of the TfGM Executive Board during the period covered by this Statement were:

- Caroline Simpson, Group Chief Executive of the GMCA, TfGM, and the GM Fire and Rescue Service (Director General)
- Steve Warrener, Managing Director, TfGM
- Danny Vaughan, Chief Network Officer, TfGM
- Non-Executive Directors:
 - Jo Kaye
 - Tracey Matthews (Until 31 Jan 2026)
 - Tanya Coff (Appointed 1 Feb 2026)
 - Mike Blackburn
- Vernon Everitt, GM Transport Commissioner (TfGM Executive Board Chair)
- Sarah Storey, GM Active Travel Commissioner
- Tom Stannard, Chief Executive, Manchester City Council (Local Authority CEO Representative)
- Board Advisor: Steve Wilson (Ex Officio Position for GMCA Treasurer)

The Executive Board has appointed a number of sub-committees to support the Board in discharging its responsibilities, namely an Audit, Risk and Assurance Committee and a People Committee which are long standing. In response to TfGM's expanding role and remit the Board has now established three new sub-committees to support the Board with oversight of priority areas. The three new committees are a Major Projects Committee, a Health, Safety and Environment Committee and a Customer, Growth and Technology Committee.

Executive level decision making is supported by a governance framework including the Chief Executive Leadership Team and the Performance Board. The responsibilities of these bodies are set out in TfGM's Constitution.

A review of the effectiveness of the Executive Board and TfGM's governance framework is undertaken regularly. This year the review has been undertaken as part of TfGM's Reorganise to Deliver Programme and further changes to the framework are currently being considered.

TfGM's alignment with the CIPFA/Solace Principles

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

TfGM demonstrates its commitment to integrity, ethical values and the rule of law through a clear governance framework, supported by its Constitution, Code of Conduct, organisational Values and established policies. The Values of 'Deliver', 'Adapt' and 'Care' are embedded through induction, corporate documents, performance management and business planning, helping to promote a culture in which high standards of conduct and behaviour are expected and reinforced.

Standards of openness and accountability are supported by arrangements for declaring and managing interests. Staff involved in procurement, specification, evaluation or decision-making, and those attending Executive Board or delegated Board and Committee meetings, are required to declare relevant interests in a centrally held register. Declarations are reviewed annually, updated when circumstances change, and confirmed at each decision-making meeting.

TfGM takes fraud, corruption, bribery, money laundering and maladministration seriously. Its Whistleblowing, Counter Fraud and Corruption, Fraud Response, Anti-Bribery and Anti-Money Laundering policies and procedures are reviewed in line with agreed review cycles and were substantially reviewed and updated in 2026 by TfGM's Counter Fraud Specialist. These arrangements are supported by a Counter Fraud Strategy, a work programme to strengthen the counter-fraud framework, mandatory e-learning, staff communications and participation in the Cabinet Office National Fraud Initiative.

Ethical standards are also embedded through TfGM's procurement and contract management arrangements. The Constitution includes Financial Regulations and Procurement Rules that are binding on staff, and major procurements require suppliers to provide assurance on matters including criminal activity, corruption, fraud, money laundering, modern slavery, health and safety, equality, environmental compliance, payment of the Real Living Wage and, where applicable, social value commitments aligned to Greater Manchester priorities and the National Procurement Policy Statement.

During 2025/26 TfGM continued to strengthen ethical procurement. Work has progressed to improve the identification and mitigation of modern slavery and human trafficking risks in the supply chain, with strengthened clauses and wording in relevant documents and a published Modern Slavery policy. TfGM has also embedded the Procurement Act 2023, including training for Procurement colleagues, guidance for suppliers, and revisions to the Constitution Procurement Rules approved by the Executive Board in January 2026. Procurement Self-Serve has also been launched for lower-value requirements, providing guidance and templates that reinforce ethical sourcing and social value.

TfGM respects the rule of law through its Constitution, Scheme of Delegation, Financial Regulations and Procurement Rules, which set out the statutory framework, decision-making responsibilities and controls within which officers must act. Officers exercising delegated powers must ensure decisions comply with legal requirements, the Constitution, approved budgets and established policies, plans and procedures. Although TfGM is not legally required to appoint a Monitoring Officer, the Head of Legal Services carries out equivalent duties where appropriate and has overall responsibility for legal issues.

Principle B: Ensuring openness and comprehensive stakeholder engagement

TfGM demonstrates openness and comprehensive stakeholder engagement through public decision-making, transparent reporting, formal consultation and sustained partnership working across Greater Manchester. The Executive Board provides TfGM's primary decision-making forum, while decisions requiring GMCA, Mayoral or Bee Network Committee approval are considered through the relevant public governance arrangements, except where exempt information applies. Key Decisions are published on the GMCA Key Decision Register at least 30 days in advance, providing public notice and supporting scrutiny by the GMCA Overview and Scrutiny Committee.

TfGM is committed to open governance and publishes substantial information through GMCA and Bee Network Committee reporting, including financial updates, capital programme delivery information and performance reporting across transport modes. Although the Local Government Transparency Code does not apply directly to Passenger Transport Executives, TfGM voluntarily complies with the Code where practicable and meets its responsibilities under the Freedom of Information Act 2000.

Engagement is supported by TfGM's Partnerships, Engagement and Inclusion team, which works with businesses, employers, community and voluntary sector organisations, education providers, residents, local authorities and people with protected characteristics. The team designs and delivers statutory and non-statutory consultations, surveys and co-design activity, helping ensure that equality, accessibility and stakeholder insight are built into transport planning and decision-making.

During 2025/26, key engagement activity included consultation on the draft Greater Manchester Transport Strategy 2050 and Delivery Plan 2027–2037, which closed in March 2026 and will inform the final Local Transport Plan and delivery plan to be considered by the Mayor and GMCA later in 2026. TfGM also engaged on bus network changes, amendments to the local concessionary scheme to extend free pre-9.30am bus travel for older and disabled people, bus priority measures, rail station accessibility improvements and local authority cycling and walking schemes.

TfGM's engagement approach is reinforced by strong partnership arrangements across the GMCA Group, the ten Greater Manchester local authorities, transport operators, National Highways, business representatives and other strategic partners. Forums such as the Business Advisory Council and Bee Network Partnership Board provide routes for business and transport partners to share intelligence, influence priorities and support integrated planning and service improvement across the transport network.

Customer and citizen engagement is embedded through formal consultation, targeted communications, digital channels, stakeholder briefings and structured research and insight programmes. This includes the Strategic Research Programme, Voice of the Customer reporting, behavioural data, operational performance monitoring and campaign evaluation, enabling TfGM to understand customer needs, sentiment and travel behaviour and use that evidence to shape services, policies and investment decisions.

This insight is reported through TfGM's governance framework, with customer and citizen engagement, performance information and research outputs reviewed by CELT and the Performance Board, scrutinised by the Customer, Growth and Technology Sub-Committee, and reflected in Executive Board reporting and Business Plan performance updates. These arrangements provide a clear line of sight from stakeholder and customer feedback to governance, assurance and decision-making.

Principle C: Determining outcomes in terms of sustainable economic, social, and environmental benefits

There is a clear line of sight from the Greater Manchester Strategy (GMS) to delivery planning, performance frameworks and investment decisions. TfGM plays a central role in delivering the GMS vision “to make Greater Manchester a thriving city region where everyone can live a good life”, with transport investment explicitly linked to enabling housing growth, job creation and improved connectivity across the city region. This is reinforced by the GMS Performance Framework, which tracks progress against strategic ambitions and includes measures such as resident perception metrics to ensure that outcomes reflect social value and lived experience, not just outputs. Together, these arrangements ensure that TfGM’s objectives and activities are consistently aligned to wider economic, social and environmental outcomes at the GM level.

TfGM’s approach is further strengthened through the Integrated Settlement Outcomes Framework, which embeds an explicit outcomes-based accountability model across funding and delivery. The framework establishes outcome-based targets agreed with Government, providing a single, streamlined mechanism for aligning local and national priorities and monitoring performance against outcomes rather than inputs or projects. TfGM contributes to this through regular reporting of both Integrated Settlement and GMS outcomes, providing narrative and quantitative updates on progress and performance. This ensures that investment decisions and programme delivery are consistently assessed in terms of their contribution to long-term outcomes such as economic growth, reduced inequality, and environmental sustainability, with clear accountability to both GMCA and central government.

Finally, TfGM operationalises these outcome frameworks through the Local Transport Plan (LTP) and associated delivery plans, which translate strategic ambitions into specific interventions. The governance and assurance framework makes clear that transport delivery planning—through mechanisms such as the Five-Year Transport Delivery Plan and emerging Local Outcome Delivery Plans—sets out coordinated investments designed to deliver sustainable, integrated transport networks, support housing and employment growth, and address environmental challenges. Under the Integrated Settlement, the draft LTP and forthcoming transport delivery plans also fulfil the role of transport Local Outcome Delivery Plans, explicitly linking schemes and programmes to agreed outcomes over the medium to long term. This ensures that TfGM’s planning framework consistently connects strategy, funding and delivery, demonstrating a robust and transparent approach to determining and achieving sustainable economic, social and environmental outcomes

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

TfGM determines the interventions necessary to optimise intended outcomes through an integrated approach to strategy, delivery planning, funding, appraisal and assurance. Interventions are identified and prioritised by assessing network performance, growth pressures, asset condition, customer needs, financial sustainability and policy requirements, ensuring that investment and service decisions are evidence-based and aligned to agreed economic, social and environmental outcomes.

This approach is framed by the Greater Manchester Strategy, the Integrated Settlement Outcomes Framework and the development of the Greater Manchester Transport Strategy 2050 and Delivery Plan 2027–2037, which will replace the current GMTS 2040 and Five-Year Transport Delivery Plan. Following consultation between December 2025 and March 2026, the new strategy and delivery plan will provide the long-term framework for prioritising and sequencing transport interventions, with adoption through the GMCA governance process expected later in 2026.

TfGM works with the ten Greater Manchester local authorities, GMCA, transport operators and other partners to develop packages of infrastructure, service and policy interventions that support housing and employment growth, improve access to jobs and services, encourage modal shift, reduce emissions and improve network resilience. Options are appraised to identify the mix of interventions that will deliver the greatest benefit and best value over the whole life of the investment, ensuring that schemes are selected for their contribution to agreed outcomes rather than as standalone projects.

Budgeting, business planning and financial sustainability arrangements support this prioritisation. The Executive Board approves detailed revenue and capital budgets following determination by GMCA of the levy and other funding available to TfGM. For 2026/27, the budget process has been strengthened through zero-based budgeting in key areas, requiring budgets to be built from current service requirements and priorities rather than relying solely on historical allocations. This supports stronger challenge, transparency and alignment of resources with the Medium-Term Financial Strategy and Financial Sustainability Plan.

Delivery is supported by procurement, programme and project management disciplines that promote economy, efficiency, effectiveness and compliance with legal and regulatory requirements. TfGM's assurance approach includes early assessment of project risk and complexity using the CIFTER toolset, helping align project complexity with the required capability and level of assurance. Higher-risk and major projects continue to be subject to Gateway Reviews at key stages in the project and programme lifecycle.

Progress is monitored through integrated business planning, budget monitoring, monthly management accounts and performance reporting to the Performance Board, Executive Board and relevant GMCA governance forums. This creates a feedback loop through which interventions can be reviewed, reprioritised and refined in response to performance, risk, affordability and changing external conditions, including inflationary pressure, energy and supply chain volatility and the continuing financial challenges facing public transport networks.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

TfGM develops organisational capacity and capability through its People Strategy, governance framework and Reorganise to Deliver Programme. Although TfGM does not have a statutory duty under the Local Government Act 1999, it remains committed to continuous improvement, value for money and ensuring that its structures, skills and ways of working remain fit for purpose as its role and remit expands, including through bus franchising, the Integrated Settlement and the capital programme.

The People Strategy sets priorities for leadership and performance, building capability, productivity and cost-effectiveness, and a values-driven culture. These priorities are supported by the Reorganise to Deliver Programme, which is reshaping organisational design, governance and decision-making so that capacity is aligned to priority outcomes, resources are used effectively and leadership capability develops in line with TfGM's growing operational, delivery and customer responsibilities.

During 2025/26 TfGM strengthened leadership capacity through targeted senior recruitment and development activity, including roles in health, safety and environment, infrastructure delivery and bus network leadership. TfGM is also participating in the GMCA Group's Leading Together programme, supporting more consistent leadership capability, stronger cross-group collaboration and a more coherent approach to leading organisational change.

Capability is developed through corporate and local induction, role profiles, regular 1-2-1s, wellbeing check-ins and the My Impact performance review process, which aligns individual objectives to the Business Plan and strategic and functional priorities. Learning and Development arrangements, including Learning Champions across the organisation, help identify, prioritise and deliver training through in-house, online and external provision.

Clear accountability is supported by TfGM's Constitution and Scheme of Delegation, which define the responsibilities of the Executive Board, its committees and officers, including delegated authority for expenditure and decision-making. The Scheme of Delegation is reviewed regularly and is being updated for implementation in 2026/27, helping maintain clarity between day-to-day management responsibilities and decisions reserved for collective approval.

TfGM also monitors and responds to colleague experience. During 2025/26 it participated in both a pulse survey and the annual b-Heard colleague engagement survey. The April/May 2025 pulse survey achieved a 70% response rate and indicated improved engagement and a return to One Star status, while the November 2025 full survey recorded a lower overall score and a 'One to Watch' classification. In response, TfGM is implementing an engagement plan and wider organisational development work to strengthen leadership visibility, colleague experience and engagement.

The People Committee, made up of Non-Executive Directors, provides Board-level oversight of remuneration policies and senior management remuneration. TfGM's Wellbeing Plan and membership of the Greater Manchester Good Employment Charter further support its commitment to a positive, inclusive and sustainable employment environment.

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

TfGM manages risk, performance and public finances through an established governance, assurance and internal control framework. Its Risk Management Strategy is aligned to recognised good practice, including ISO 31000:2018, HM Treasury's Orange Book and Management of Risk guidance, and supports a consistent approach to identifying, assessing, owning, mitigating and reporting risk across strategic, functional, operational, programme and project activity.

The Executive Board has overall responsibility for the risk management framework, with the Audit and Risk Assurance Committee providing independent oversight and assurance through quarterly review of risk, control and governance matters. The Chief Executive Leadership Team reviews the strategic and organisational risk register quarterly, supported by the Audit, Risk and Assurance team, Functional Risk Champions and senior management. Risk appetite statements, central risk systems and clear ownership of risks and mitigating actions support risk-informed decision-making and escalation.

During 2025/26 TfGM continued to strengthen risk governance as part of the wider governance review. This included mapping strategic and organisational risks to strategic objectives and Business Plan activity, continuing to monitor performance against risk appetite statements, improving supplier and contract management reporting, and developing proposals to clarify how Executive Board sub-committees contribute to risk oversight. Changes to programme governance are also being developed to streamline escalation and maintain visibility of major project and programme risks through portfolio and corporate reporting arrangements.

Resilience arrangements are maintained through TfGM's Resilience Management System, covering incident management, emergency response and business continuity. A Resilience Steering Group oversees an annual

work programme to review, test and improve contingency plans, with learning from exercises and incidents feeding back into plan updates. TfGM also fulfils its role as a Category 2 Responder under the Civil Contingencies Act 2004 and contributes to Greater Manchester multi-agency preparedness and major incident response. Compliance with transport security requirements, including rail and light rail security programmes and the developing Martyn's Law regime, is coordinated through the Resilience Team.

Performance management is coordinated through the Performance Board, which brings together operational, financial, risk and assurance information to support corporate-level oversight, challenge and intervention by exception. During 2025/26 TfGM has been developing a more integrated approach to performance reporting, including a corporate balanced scorecard aligned to the Business Plan, to provide a clearer line of sight between strategy, delivery, risk, finance and outcomes. Performance updates are reviewed through the governance framework and reported onwards to the Executive Board, GMCA, Bee Network Committee and GMCA Overview and Scrutiny Committee as appropriate.

Robust internal control is supported by regular review of the effectiveness of TfGM's governance framework, administered by the Audit and Risk Assurance Committee and informed by the Audit, Risk and Assurance team, internal and external audit, and other assurance providers. TfGM remains compliant with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and maintains established arrangements for information governance, data protection, information asset management and PCI DSS compliance, with oversight through the Information and Data Governance Board and regular reporting to the Audit and Risk Assurance Committee.

Strong public financial management is embedded through the Constitution, Financial Regulations, Scheme of Delegation, budgeting and forecasting processes, segregation of duties, management supervision and regular financial reporting. The Executive Board's responsibilities include stewardship of Greater Manchester's transport assets and securing value for money for the public purse. Financial performance is monitored through periodic and annual reporting against budgets and forecasts, supported by capital expenditure controls, programme and project management disciplines, and formal minuting of decisions, declarations of interest and approvals through the Executive Board, Performance Board and relevant governance forums.

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

TfGM supports effective accountability through transparent decision-making, accessible reporting and independent audit and assurance arrangements. Decisions requiring GMCA, Mayoral or Bee Network Committee approval are supported by timely information and, where required, published at least 30 days in advance on the GMCA Key Decision Register, in accordance with access to information requirements and the Combined Authorities governance framework.

TfGM publishes information through its Annual Accounts, Annual Governance Statement, GMCA and Bee Network Committee reports, performance updates, capital programme reporting and other public governance papers. Reports are prepared to provide clear, timely and proportionate information for the intended audience, supporting public understanding, political oversight and scrutiny by the GMCA Overview and Scrutiny Committee.

Financial and governance reporting is prepared in accordance with recognised standards. TfGM's Annual Accounts comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and Executive Board reporting is structured to support good governance, informed decision-

making and clear accountability for recommendations, risks, financial implications, legal implications and approvals.

TfGM recognises that the external auditor issued a disclaimed opinion on the 2024/25 accounts. While this reflected limitations in the evidence available to the auditor rather than a conclusion that the accounts were materially misstated, it has been treated as a significant learning point in light of the increase in complexity, scale and scope of TfGM since bus franchising. TfGM's asset base has grown significantly, which in turn requires increasingly complex technical accounting judgements for which TfGM needs to ensure it continuously updates and improves its processes and procedures. In response, the Finance team is implementing a targeted plan for the continuous improvement of external statutory reporting, with oversight through senior finance leadership, expert technical accounting advice, the Audit and Risk Assurance Committee and the Executive Board as appropriate.

The actions now being implemented include additional resources in the finance team (particularly 3rd party technical accounting expertise), earlier planning for the closedown and audit timetable (in light of increased complexity); clearer ownership and review of key working papers on technical accounting issues; strengthened quality assurance over technical accounting judgements, continuous improvement to evidence trails and audit deliverables; improved documentation of management review and sign-off; closer alignment between Finance, governance, legal, programme and operational teams where statutory reporting depends on wider organisational information; and more regular progress reporting against audit recommendations and closedown readiness. These actions are intended to support timely, well-evidenced and transparent statutory reporting, improve responsiveness to external audit requirements and provide stronger assurance over the integrity of future Annual Accounts and related governance disclosures.

Independent oversight is provided by the Audit and Risk Assurance Committee, which meets quarterly and supports the Executive Board in relation to risk, control, governance, financial reporting, internal and external audit, fraud and assurance. The Committee is chaired by an independent Non-Executive Director, includes independent Non-Executive Directors and the GMCA Treasurer, and meets privately at least annually with both the external auditors and the Head of Internal Audit.

TfGM's Audit, Risk and Assurance team provides integrated second- and third-line assurance, with clear separation between risk and assurance activity and internal audit. Quarterly reports to the Audit and Risk Assurance Committee provide updates on internal audit, assurance, risk management, control issues, management responses and progress against agreed actions. The Risk and Assurance team also supports programme and project accountability through Gateway Reviews, Health Checks and reporting to the relevant boards.

Internal Audit provides independent, risk-based and objective assurance, insight and foresight on the adequacy and effectiveness of governance, risk management and internal control. The function operates in accordance with the Global Internal Audit Standards, the CIPFA Code of Governance for Internal Audit and CIPFA's public sector application guidance. The Integrated Audit, Risk and Assurance Plan is informed by a continually refreshed assessment of risk and is reviewed by management and the Audit and Risk Assurance Committee which advises on:

- the overall adequacy and effectiveness of the strategic processes for risk management, internal control and the Annual Governance Statement;
- the robustness of financial controls, including the financial reporting process, accounting policies, and the Annual Report and Accounts of TfGM, to ensure that published financial information has

integrity, is well balanced, and transparent; and also, the extent to which assets are safeguarded against fraud and irregularity;

- the adequacy of management responses to recommendations made by the internal and external auditors in their reports;
- progress against planned activity and results of both internal and external audit work; and
- the assurances obtained regarding the adequacy and effectiveness of TfGM's arrangements to satisfy the requirements of the CIPFA/SOLACE framework of corporate governance.

For 2025/26, the Head of Internal Audit has provided a reasonable level of assurance on TfGM's arrangements for governance, risk management and internal control. The Internal Audit function was externally assessed in 2024/25 as compliant with the Public Sector Internal Audit Standards, and a 2025/26 self-assessment concluded that it continued to operate in conformance with PSIAS and the Global Internal Audit Standards.

External audit provides further independent accountability through the Audit Strategy Memorandum, Audit Completion Report and Auditor's Annual Report, including commentary on value for money arrangements. Together, these transparency, reporting and audit arrangements provide assurance to the Executive Board, GMCA, stakeholders and the public that TfGM's governance framework is subject to regular review, challenge and improvement.

Review of Effectiveness

TfGM is committed to a culture of continuous improvement and ensuring value for money. The Annual Governance Statement identifies areas where improvements have been and are continuing to be made. As part of the drive for continuous improvement and value for money TfGM will continue to focus its efforts on these and other areas during 2026/27. The Audit and Risk Assurance Committee and TfGM Executive Board will closely monitor these improvements.

Key areas of focus for 2026/27 will include completing and embedding the next phase of the governance review and Reorganise to Deliver Programme; implementing the revised Scheme of Delegation and supporting Constitution updates; commissioning an impact assessment of the updated governance arrangements, including the new Executive Board sub-committee structure and ARAC effectiveness arrangements; strengthening Executive Board sub-committee oversight, programme governance and risk escalation arrangements; further developing integrated performance reporting, including the corporate balanced scorecard; continuing to improve supplier and contract management assurance; embedding the Procurement Act 2023 and ethical procurement requirements; responding to the disclaimed opinion on the 2024/25 accounts by implementing actions to strengthen the control environment for external statutory reporting; and maintaining focus on organisational capacity, colleague engagement, resilience, information governance, and delivery of agreed outcomes through the Greater Manchester Strategy, Integrated Settlement Outcomes Framework, Business Plan and emerging transport strategy and delivery plan.

Conclusion

On the basis of the review of the sources of assurance set out in this statement, the Directors are satisfied that, throughout the year and up to the date of the approval of the accounts, TfGM had in place satisfactory systems of internal control which facilitate the effective exercise of the organisation's functions.

SG WARRENER

DM BULL

Director

Director

[Date]

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF
TRANSPORT FOR GREATER MANCHESTER**

Report on the audit of the financial statements

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF
TRANSPORT FOR GREATER MANCHESTER**

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF
TRANSPORT FOR GREATER MANCHESTER**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT for the year ended 31 March 2026

The Comprehensive Income and Expenditure 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 revenue grants (or other income). TfGM receives funding from the ten local authorities in Greater Manchester and the Mayoral Budget to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The cost of providing these services is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

*Restated 2024/25				2025/26		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
(28,171)	-	(28,171)	Concessionary fare schemes (non-franchised services)	(3,786)	-	(3,786)
(21,760)	27,875	6,115	Capped Fares Scheme (non-franchised services)	(2,453)	8,682	6,229
(18,430)	3,052	(15,378)	Supported bus services (non-franchised services)	-	-	-
(183,840)	83,891	(99,949)	Metrolink	(198,004)	87,971	(110,033)
(314,442)	167,505	(146,937)	Bus Franchised Services	(423,613)	269,464	(154,149)
(3,529)	-	(3,529)	Accessible transport	(4,723)	-	(4,723)
(10,567)	11,153	586	Management of traffic signals	(13,019)	13,161	142
(10,864)	11,578	714	Road safety activities	(11,555)	12,457	902
(19,452)	19,452	-	Provision of third-party passenger transport facilities	6 (13,633)	13,633	-
(97,826)	28,390	(69,436)	Operational and other costs	(114,136)	17,391	(96,745)
(708,881)	352,896	(355,985)	Cost of services	(784,922)	422,759	(362,163)
(8,017)	869	(7,149)	Other operating expenditure	10d (17,061)	307	(16,754)
(6,081)	875	(5,206)	Financing and investment income and expenditure	8 (10,167)	1,276	(8,891)
-	464,003	464,003	Taxation and non-specific grant income and expenditure	9 -	376,473	376,473
(722,979)	818,643	95,663	Surplus/(deficit) on provision of services	5b (812,150)	800,815	(11,335)
		6,949	Surplus on the revaluation of non-current assets			4,506
		(906)	Remeasurement of the net defined benefit liability	22		2,164
		6,043	Other comprehensive income and expenditure			6,670
		101,706	Total comprehensive income and expenditure			(4,665)

*A number of adjustments have been made due to a prior period error see note 29.

All amounts relate to continuing operations. The notes from page 30 onwards form part of these accounts.

A statement is provided in the Financial Performance section of the Narrative Report by way of explanation of the total comprehensive income and expenditure reported under the Code of Practice on Local Authority Accounts and the actual revenue surplus retained / deficit incurred by the organisation.

MOVEMENT IN RESERVES STATEMENT for the year ended 31 March 2026

The Movement in Reserves Statements show the movement in the year on the different reserves held by TfGM, analysed into 'usable reserves' (i.e. those reserves that TfGM may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use) and 'unusable reserves', which include reserves that hold unrealised gains and losses; and reserves that hold timing differences (for example the Capital Adjustment Account).

	Revenue Reserves £000	Unapplied Capital Grants and Contributions Account £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
At 31 March 2024	45,397	2,382	47,779	1,981,113	2,028,892
Adjustment to opening balance for 23/24	95	-	95	15,001	15,096
Total comprehensive income and expenditure	95,663	-	95,663	6,043	101,706
Adjustments between accounting basis and funding basis under regulations	(103,162)	(2,035)	(105,197)	105,197	-
Transfer between reserves	(2,751)	-	(2,751)	2,751	-
Increase / (decrease) in 2024/25	(10,155)	(2,035)	(12,190)	128,992	116,802
At 31 March 2025 restated*	35,242	347	35,589	2,110,105	2,145,694
Total comprehensive income and expenditure	(11,335)	-	(11,335)	6,670	(4,665)
Adjustments between accounting basis and funding basis under regulations	12,173	(55)	12,118	(12,118)	-
Transfer between reserves	(2,503)	-	(2,503)	2,503	-
Increase / (decrease) in 2025/26	(1,665)	(55)	(1,720)	(2,945)	(4,665)
At 31 March 2026	33,577	292	33,869	2,107,160	2,141,029

*A number of adjustments have been made due to a prior period error see note 29.

See note 23 for further analysis of the movement in reserves statement.

The notes from page 30 onwards form part of these accounts.

BALANCE SHEET at 31 March 2026

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities recognised by TfGM. The net assets of TfGM (assets less liabilities) are matched by the reserves held by TfGM. Reserves are reported in two categories – usable and unusable. Usable are those reserves that TfGM may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves are those that TfGM is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations.’

		31 March 2026 £000	31 March 2025 £000 Restated*	1 April 2024 £000 Restated*
	Notes			
ASSETS				
Long term assets				
Property, plant & equipment	10	2,223,312	2,239,828	2,061,381
Right of use assets	11	44,037	48,497	38,322
Investment property	12	14,950	18,084	17,963
Long term investments	13	5,626	5,319	4,450
Intangible assets	14	35,165	31,325	26,065
		2,323,090	2,343,053	2,148,181
Current Assets				
Short term debtors	15	118,979	99,698	117,183
Inventories	16	196	181	225
Cash and cash equivalents	17	15,535	1,877	5,993
		134,710	101,756	123,401
TOTAL ASSETS		2,457,800	2,444,809	2,271,583
LIABILITIES				
Current Liabilities				
Short term creditors	18	(119,847)	(106,451)	(100,460)
Provisions	18, 19	(15,888)	(2,810)	(3,814)
Current lease liabilities	11	(6,230)	(6,422)	(4,821)
Short term borrowing	20	(15,828)	(14,079)	(17,615)
		(155,793)	(129,762)	(126,710)
Long term liabilities				
Provisions	19	(458)	(1,431)	(1,122)
Non current lease liabilities	11	(12,420)	(16,977)	(11,236)
Net pension liabilities	22	(4,035)	(12,959)	(14,487)
Long term borrowings	20	(142,065)	(137,986)	(58,747)
		(158,978)	(169,353)	(85,592)
TOTAL LIABILITIES		(314,771)	(299,115)	(212,302)
NET ASSETS		2,141,029	2,145,694	2,059,280
FINANCED AS FOLLOWS:				
Reserves as follows:				
Usable reserves	23	33,869	35,589	47,874
Unusable reserves	23	2,107,160	2,110,105	2,011,406
		2,141,029	2,145,694	2,059,280

*A number of adjustments have been made due to a prior period error see note 29.

The notes from page 30 onwards form part of these accounts.

SG WARRENER
Director

DM BULL
Director [date]

CASH FLOW STATEMENT for the year ended 31 March 2026

The Cash Flow Statement shows the changes in cash and cash equivalents during the reporting period. The statement shows how TfGM generates and uses cash and cash equivalents and classifies cash flows into 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 are funded by way of grant income or from the recipients of services provided by TfGM. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to future service delivery. Cash flows arising from financing activities are a useful indicator in predicting claims on future cash flows by providers of capital (i.e. borrowing) to TfGM.

Note	2025/26 £000	2024/25 Restated* £000
Net (deficit)/surplus on provision of services	(11,335)	95,663
Adjustments to reconcile income to net cash flows:		
Adjustments for items included in the net surplus on the provision of services that are investing and financing activities		
Grants received for capital works	(112,492)	(203,227)
Revaluation I&E charge	4,583	10,425
Finance cost	8 5,983	5,458
Interest paid	(5,982)	(5,879)
Adjustments for other non- cash movements		
Depreciation and amortisation	10, 11,14 127,079	109,376
IFRS16 depreciation	6,932	5,817
Loss / (gain) on disposal of non-current assets	10 17,061	8,017
Gain on revaluation of Investments	13 (307)	(869)
IAS19 pension finance interest	22 543	623
IAS19 pension costs	22 (7,303)	(3,057)
Non cash interest portion of RV liabilities	1,215	3,523
Non cash interest portion of lease liabilities	7,753	1,213
(Increase)/decrease in debtors	593	(113)
Decrease/ (increase) in inventories	(15)	43
(Decrease) / increase in creditors and provisions	13,991	3,986
IFRS16 gain on revaluation	-	(1,032)
IFRS16 gain on peppercorn leases	-	(15,293)
Net cash flows from operating activities	48,229	14,674
Investing Activities		
Purchase of property, plant and equipment and intangible assets	(81,059)	(143,330)
Grants received for capital works	69,463	158,035
Proceeds from sale of property, land, and equipment	36	224
Net cash flows from investing activities	(11,560)	14,929
Financing Activities		
Repayment of short and long term borrowings	20 (38)	(24,363)
IFRS16 lease liability reduction	11 (7,758)	(6,035)
Residual value fleet liability reduction	(15,215)	(3,322)
Net cash flows from financing activities	(23,011)	(33,720)
Net increase/(decrease) in cash and cash equivalents	13,658	(4,117)
Cash and cash equivalents as at 1 April	17 1,877	5,994
Cash and cash equivalents as at 31 March	17 15,535	1,877

*A number of adjustments have been made due to a prior period error see note 29. The notes from page 30 onwards form part of these accounts.

NOTES TO THE ACCOUNTS

1 Introduction

TfGM is required to prepare an annual Statement of Accounts in accordance with the Accounts and Audit Regulations 2015. These Regulations require Accounts to be prepared in accordance with proper accounting practices.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS).

2 Basis of Preparation

The accounts have been prepared on a historical cost basis, except for certain land and building assets and financial instruments that are measured at either current value or fair value, in accordance with the Code.

The financial statements have been prepared on a going concern basis as it is considered by the Board that TfGM will continue to operate for the foreseeable future and will be able to continue to meet its liabilities as they fall due for payment.

TfGM carries out transport functions that are essential to Greater Manchester. If TfGM were therefore in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis.

Statement of Compliance with IFRS

The following accounting standards have been issued but not yet adopted by the Code:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

The accounting standards not yet adopted have been assessed and are not considered to have a significant impact on the Statement of Accounts.

TfGM has adopted all aspects of the Code other than as follows:

- Deregulation Reserve: IFRS 5 would treat the deregulation of bus services in 1986 as a discontinued operation, leading to the write off of any costs connected with deregulation. However, the Transport Act of 1985 allowed any costs incurred on deregulation to be transferred to a specific reserve, called the 'Deregulation Reserve'. TfGM has adopted a policy of amortising the Deregulation Reserve over 30 years. Refer to note 19 for further details.

3 Summary of Significant Accounting Policies

3.1 Property, Plant and Equipment and Assets Under Construction

Items of property, plant and equipment are measured at current value except for infrastructure assets which are carried at cost less accumulated depreciation. TfGM's policy is to write off the carrying value of all assets, other than freehold land, on a straight-line basis over their estimated remaining useful lives.

The range of estimated useful lives for each class of assets is as follows:

Freehold buildings	10 to 50 years
Infrastructure assets (see note * below)	3 to 50 years
Plant and equipment (see note** below)	Up to 40 years
Vehicles: Motor vehicles	3 to 5 years
Vehicles: Buses	Up to 15 years

* Infrastructure assets includes a number of categories of assets relating to the Metrolink network, Interchanges and Bus Stations, the Leigh to Ellenbrook Guided busway and cycle hubs.

Further details of the asset lives within this category are given below:

Civil structures	25 to 50 years
Stations and stop infrastructure	10 to 30 years
Track and track bed	20 to 30 years
Ticket machines and information points	5 to 20 years
Overhead power lines	20 to 30 years
Signalling/telecoms	15 to 30 years
Metrolink trams	30 years
Metrolink plant and equipment	3 to 35 years
Guided Busway and infrastructure	5 to 50 years
Park and Ride and infrastructure	5 to 40 years
Bus infrastructure (including internal fittings)	5 to 40 years
Bike hire assets and cycle hubs	10 years

**Plant and Equipment assets include a number of categories of assets, further details of the asset lives included within this category are below:

Electric vehicle rapid charging points	10 to 15 years
Bus depot electrification infrastructure	5 to 40 years
CCTV	4 to 15 years
Radios (Bus and Metrolink)	10 years
Audio Visual Announcement (AVA) system	10 years

The de minimis level for capitalising assets is £25,000 unless these form part of a larger asset when there is no de minimis level.

The cost of Metrolink includes the costs of acquiring the land required for the system to be constructed. In accordance with standard accounting practice this land is not being depreciated.

Depreciation of assets commences with effect from the month following capitalisation. Capitalisation of assets is carried out as soon as practicable following its acquisition or completion.

Annual reviews are undertaken of the estimated remaining life and current carrying amount of assets. Adjustments to the carrying amount, or remaining useful life, are made where necessary.

An item of property, plant and equipment is derecognised upon disposal, replacement or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition (calculated as the difference between the net disposal proceeds and the carrying amount) is included in the Comprehensive Income and Expenditure Statement in the year the item is derecognised, offset by the write-back of any grant funding that has been received and which has not been released to the Revenue Reserve.

Where a capitalisation is replacing an existing asset, in whole or in part, the cost, depreciation and net book value, and the associated grant, are written out of the property plant and equipment note such that only the appropriate gross values of the 'new' assets remain after the replacement.

Where only part of an existing asset is being replaced, the amount to be disposed is calculated with reference to supporting evidence. For example, where an element of track is replaced, the percentage of replacement is calculated using length being disposed over the total length covered by the component. This ensures that only the remaining cost, depreciation and net book value of the operational asset remains. This calculation in relation to track is subject to a 'de minimis' being applied of 1.5% of the gross value of the track, which is being replaced, below which assets are not written off.

For the ongoing measurement of property, plant and equipment, TfGM adopts the Code, which requires the current value method to be applied to non-infrastructure operational assets and surplus assets. Assets classified as infrastructure

include all Metrolink assets, bus stations, interchanges, turning points, bus depots, bus shelters and other route equipment and works.

As permitted by the Code, the carrying value of property, plant, and equipment in existence on the transition date to IFRS of 1 April 2010 has been treated as deemed cost at the transition date.

Assets under construction relate to expenditure incurred in respect of assets which are incomplete as at the reporting date. The assets are transferred to the appropriate heading and depreciated when they become available for use.

3.2 Prior period adjustments, changes in accounting policies and estimates and errors

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, ie 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 the authority's financial position or financial performance. Where a change is made, it is normally applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Exceptionally, the 2025/26 Code provides that changes to the valuation of non-investment assets as set out in the Code will be applied prospectively, with no restatement of prior year figures. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

3.3 Fair Value measurement

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

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

TfGM 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, TfGM 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.

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

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in TfGM's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 – unobservable inputs for the asset or liability.

3.4 Investment properties

Investment properties are initially recognised at cost, including direct transaction costs. They are subsequently revalued annually in accordance with the fair value model, reflecting market conditions at the balance sheet date. Any surplus or deficit arising from any change in fair value is recognised in the Comprehensive Income and Expenditure Statement in the period in which it arises.

Investment properties are not depreciated. They are de-recognised when disposed of, or when no future economic use is expected. The difference between net proceeds and carrying value is recognised in the Comprehensive Income and Expenditure Statement in the period of de-recognition.

3.5 Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by TfGM as a result of past events (e.g. software development costs and software licences) are capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to TfGM.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and TfGM will be able to generate future economic benefits or deliver service potential by being able to use or sell the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised). Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise TfGM's goods or services.

Intangible assets are measured initially at cost. The intangible asset is amortised over its useful life to operational costs in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the operating expenditure line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

3.6 Capital and revenue grants and contributions

Capital and revenue grants receivable and contributions are recognised immediately in the Comprehensive Income and Expenditure Statement except where the grant or contribution has a condition that has not yet been met. These amounts are recognised in the Balance Sheet within capital and revenue grants received in advance until such time as the conditions are met whereupon they are transferred to the Comprehensive Income and Expenditure Statement.

With respect to capital grants or contributions, if the expenditure to be financed from the grant or contribution has been incurred at the balance sheet date, the grant or contribution is transferred from the Revenue Reserve to the Capital Adjustment Account via the Movement in Reserves Statement. If the expenditure has not been incurred at the balance sheet date, the grant or contribution is transferred to the Capital Grants Unapplied Account via the Movement in Reserves Statement.

With respect to revenue grants or contributions, if the expenditure has not been incurred at the balance sheet date, the grant or contribution is transferred to the Revenue Grants Unapplied Account via the Movement in Reserves Statement.

In the cases where a capital or revenue grant is received which is subject to a stipulation that it be returned to the transferor if a specified future event does not occur, a return obligation does not arise until such time as it is expected that the stipulation will be breached; and a liability is not recognised until the recognition criteria have been satisfied.

3.7 Inventories

Inventories are carried at the lower of cost (including costs incurred in bringing the inventory to its present location, such as freight) and net realisable value, determined on a first in first out basis.

3.8 Financial Assets

Financial assets have the following categories: financial assets measured at fair value through profit or loss, financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income, in accordance with IFRS 9. Assets held at amortised cost are initially recognised at fair value and subsequently measured at amortised cost. Whereas assets held at fair value are revalued in accordance with fair value measurement set out in paragraph 3.2. TfGM's financial assets include the long term investments, cash, short-term deposits, trade, and other receivables.

Subsequent measurement depends on their classification as follows:

Long term investments: investments are reviewed to determine which category they should be classified as. The current investments have been deemed to fall within the fair value through other comprehensive income category.

Fair value through other comprehensive income assets is initially measured and carried at fair value in line with fair value measurement set out in note 3.2. There are two key criteria for election as a fair value through other comprehensive income asset, these are the asset must be an equity instrument and the asset must not be held for trading.

Comprehensive Income and Expenditure Statement treatment: movements in amortised cost debited/credited to the Surplus or Deficit on the Provision of Services, but movements in fair value debited/credited to Other Comprehensive Income and Expenditure:

- Interest credited to Surplus or Deficit on the Provision of Services using the effective interest rate method.
- Movements in impairment loss allowances debited/ credited to Surplus or Deficit on the Provision of Services (with a compensating credit/debit not against the carrying amount of the asset but to Other Comprehensive Income and Expenditure to offset movements against gains/losses on fair value).
- Changes in fair value posted to Other Comprehensive Income and Expenditure.
- Cumulative gains/losses on fair value are posted to the Surplus or Deficit on the Provision of Services on derecognition.

Cash and cash equivalents: funds placed with banks and other financial institutions by GMCA with a maturity of three months or less. In addition a small amount of cash is held in Travelshop floats. For the purpose of the cash flow statement, cash and cash equivalents are as defined above, net of any outstanding bank overdrafts. These are held at amortised cost.

Loans and deposits: non-derivative financial assets with fixed or determinable payments not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Any gains and losses are recognised in the Comprehensive Income and Expenditure Statement when the assets are amortised, de-recognised or impaired.

Trade and other receivables: recognised and carried at invoice or contract value less an allowance for any amounts which may not be collectable. These are held at amortised cost. The impairment loss allowance has been calculated on life-time expected credit losses (simplified approach) for trade and receivables. An expected credit loss provision has been created to allow for any credit losses on trade debtors where TfGM have concerns around recoverability. Should an amount become uncollectable, it is written off to the Comprehensive Income and Expenditure Statement in the period in which the write off is recognised if this was not provided for.

3.9 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when TfGM 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 external loans that TfGM has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

For Lender Option Borrower Option (LOBO) loans, the effective interest rate has been calculated over the life of the loan. Due to the change in interest rate during the life of the loan the interest rate used is an average rate and differs from the amounts actually paid in the year. The difference between the calculated average interest charge and the interest paid has been adjusted in the carrying amount of the loan. The amount charged in the Comprehensive Income and Expenditure Statement is the effective (average) interest rate for the life of the loan rather than the amount paid in the year as per the loan agreement and current interest rate.

TfGM commenced bus franchising in September 2023 where they took control of the bus network in Greater Manchester and were responsible for operating bus services. Contracts were awarded to third party bus operators to run the network on behalf of TfGM. As part of the contractual agreements TfGM had contractual rights over the bus fleet. Buses in general are owned by the bus operator and the use directed by TfGM. The franchising contracts have two types of arrangements for the bus fleet with different accounting treatments these are:

- Residual Value Fleet – these are buses the bus operators have either opted to add into the franchised fleet on a permanent basis or all newly acquired buses. If part of the Residual Value Fleet TfGM are liable for the remaining net book value of the bus on entry into franchising. This is either through payments during the contract term or for any remaining net book value via a one off payment at the end of the franchise or facilitation of the sale to the incumbent operator. As TfGM has the risks and rewards of the buses for their remaining life the buses have been included within property, plant and equipment with a corresponding liability within loans and borrowings for the remaining payments due.
- Operator supplied fleet – these relate to buses owned by the operators that are approved for use within the bus franchising contracts. At the end of either the life of the bus or the contract these return to the operators and TfGM have no legal obligations for any remaining payments. As TfGM have in affect the risks and rewards of the bus during the contract period only these buses have been accounted for as a Right of Use Asset in in line with the accounting requirements of IFRS 16 with a corresponding lease liability.

From 1 April 2024, following the mandatory implementation of IFRS 16, Leases, the residual value buses were initially accounted for as Right of Use assets in line with the accounting requirements of IFRS 16 with a corresponding lease liability. In financial years prior to 1 April 2024, the residual value fleet were accounted for as operating leases under the accounting requirements of IAS 17. TfGM has reviewed its accounting treatment for those buses that form part of the residual value fleet and determined that they should have been recognised as owned assets on the TfGM's balance sheet with a corresponding financial liability in line with the accounting requirements of IFRS 9, Financial Instruments. A prior period adjustment has been posted to reflect the liability for Residual Value Fleet within the loans and borrowings line on the balance sheet. A liability is recognised for the net payments due when a bus enters into the Residual Value fleet within franchising. All new buses purchased for bus franchising purposes are contractually required to enter the Residual Value Fleet. The value of the liability is the cost of the bus less any capital grants received. Capital grants are recognised within the CIES.

TfGM has not designated any financial liabilities or assets as at fair value through other Comprehensive Income. TfGM's financial liabilities include bank overdraft, trade creditors, loans, and other payables.

3.10 Offsetting of Financial Instruments

Financial assets and liabilities are offset, and the net amount reported in the Balance Sheet, if, and only if, there is an enforceable legal right to offset, and there is an intention to settle on a net basis in order to realise the assets and discharge the liabilities simultaneously.

3.11 Impairment of non-financial assets

TfGM assesses each year whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, TfGM estimates the asset's recoverable amount, which is the higher of its fair value less costs to sell, and its value in use. This is determined for an individual asset unless it does not generate cash flows independently from other assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is impaired down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted at a rate reflecting TfGM's current assessment of its average borrowing rates. In determining fair value less costs to sell, an appropriate valuation model is used. The calculations are reviewed where possible against other available indicators.

Impairment losses are recognised in the Comprehensive Income and Expenditure Statement in those expense categories consistent with the function of the asset, except for property previously re-valued where the revaluation was taken to reserves. In this case the impairment is also recognised in reserves up to the amount of any previous revaluation.

An assessment is also made each year as to whether there is any indication that previously recognised impairment losses may no longer exist; or may have decreased. If this is the case, TfGM estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited such that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been previously recognised. Such reversal is recognised in the Comprehensive Income and Expenditure Statement unless the asset is carried at re-valued amount, in which case the reversal is treated as a revaluation increase.

3.12 Provisions, Contingent liabilities, and Contingent assets

Provisions

Provisions are made where an event has taken place that gives TfGM a legal or constructive 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.

Provisions are charged either as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement or within project costs included within property, plant and equipment in the year that TfGM 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 be required (or a lower settlement than anticipated is made), the amount of the provision no longer required is reversed and credited back to the relevant service or project cost.

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 in the relevant service line if it is virtually certain that reimbursement will be received if TfGM settles the obligation.

Contingent liabilities

A contingent liability arises where an event has taken place that gives TfGM a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of TfGM.

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 are instead disclosed in a note to the accounts.

Contingent assets

A contingent asset arises where an event has taken place that gives TfGM a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly with the control of TfGM.

Contingent assets are not recognised in the Balance Sheet but are instead disclosed in a note to the accounts where it is possible that there will be an inflow of economic benefits or service potential.

3.13 Passenger Transport Facilities

As part of its statutory duties, TfGM is responsible for meeting the costs of upgrading public passenger transport facilities in the Greater Manchester area, including railway and highways infrastructure. The expenditure incurred is offset by equivalent grants received from GMCA and other parties.

Once completed, ownership of these assets vests in Network Rail, rail operating companies, Highways England, GMCA, or the Local Authority, or others, as appropriate.

Both the costs and the grant income are recognised within the Comprehensive Income and Expenditure Statement.

3.14 Turnover

Revenue is a sub-set of income and is defined as the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net worth.

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 service recipient in accordance with the performance obligations in the contract.

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 has been recognised but cash has not been received or paid, a debtor 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.

Turnover, which all arises within the United Kingdom and is stated net of value added tax, represents income arising from Metrolink and bus fare revenues, services provided, rental income, and advertising revenues, including estimates in respect of services provided but not invoiced at the year end.

3.15 TfGM as lessee

TfGM 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 and 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. TfGM initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the TfGM'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 TfGM is reasonably certain to exercise
- lease payments in an optional renewal period if TfGM is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless TfGM 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

TfGM 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 taking into account the lease term.

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
- TfGM 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, TfGM excludes leases:

- for low-value items that cost less than £10,000 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 TfGM is reasonably certain to exercise and any termination options that TfGM 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.

3.16 TfGM as a 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 TfGM grants a finance lease over a property or an item of plant or 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 (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. A gain, representing TfGM's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie 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 (together with any premiums received), and
- finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

Operating leases

Where TfGM 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 Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (eg there is a premium paid at the commencement of the lease). 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.)

3.17 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, and non-monetary benefits (eg cycle-to-work scheme) for current employees and are recognised as an expense for services in the year in which employees render service to TfGM. An accrual is made for the cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year-end that 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.

Termination benefits

Termination benefits are amounts payable as a result of a decision by TfGM 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 and are charged on an accruals basis at the earlier of when TfGM can no longer withdraw the offer of those benefits or when TfGM recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Reserves balance to be charged with the amount payable by TfGM 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.

3.18 Post -employment benefits

The Local Government Pension scheme

Unless they choose to opt out of the scheme, Employees of TfGM are members of the Local Government Pension Scheme administered by Greater Manchester Pension Fund (GMPF).

The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for TfGM.

The Scheme is accounted for as a defined benefits scheme:

- The liabilities of the GMPF attributable to TfGM 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 of 6.2% (2025: 5.8%).
- The assets of GMPF attributable to TfGM are included in the Balance Sheet at their fair value based on the bid values of the assets.
- The change in the net pensions liability is analysed into seven components:
 - Current service cost – the increase in liabilities as a result of years of service earned this year are allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
 - Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
 - Expected return on assets – the annual investment return on the fund assets attributable to TfGM, based on an average of the expected long-term return - is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;

- Gains or losses on settlements and curtailments – the result of actions to relieve TfGM of liabilities or events that reduce the expected future service or accrual of benefits of employees – are debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
- Remeasurement of the net defined benefit liability – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – are credited or debited to the Pensions Reserve; and
- Contributions paid to the GMPF – cash paid as employer’s contributions to the pension fund in settlement of liabilities; are not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the Revenue Reserve balance to be charged with the amount payable by TfGM 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 appropriations 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 balance on the Pensions Reserve therefore reflects the cumulative impact on the Revenue Reserve of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

3.19 Accrual 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 service 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 in financing and investment income and expenditure for the income that might not be collected.

3.20 Reserves

TfGM holds specific amounts as reserves for future policy purposes or to cover contingencies. Reserves held are shown in the Movement in Reserves Statement. 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.

Certain reserves are kept to manage the accounting processes for non-current assets, capital grants, retirement and employee benefits and do not represent usable resources for TfGM. These reserves are explained in note 23.

3.21 Events after the balance sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period 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;

- 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.

3.22 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.

3.23 Agency Services

Transactions are excluded from TfGM's financial statements for all agency relationships. As stipulated by the Code TfGM is acting as an agent in situations when TfGM do not have exposure to the significant risks and rewards in providing the goods or services. TfGM review all services provided to determine who has exposure to the significant risks and rewards and when this is not deemed to be TfGM the transactions have been excluded from the financial statements. There are two significant on-going agency relationship; they are in relation to the payments of the Bus Services Operator Grant to bus operators on behalf of GMCA, and Clean Air. See note 24.

In addition to the above agency arrangements there are also a number of agency transactions as part of the work undertaken on capital projects for assets that TfGM do not own. These are mainly in relation to capital schemes that TfGM pass funding onto third parties but have no risks and rewards of the contracted spend.

4 Significant accounting judgements, estimates and assumptions

The preparation of TfGM's accounts requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets, and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.

The items in TfGM's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows.

4.1 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 carrying value in the accounts and sensitivities are disclosed in note 22.

4.2 Carrying value of property, plant, and equipment

For assets held at historical cost the carrying value is the initial cost of the asset less accumulated depreciation. Depreciation is calculated using the expected useful life for each component of an asset. The useful life is a best estimate of the life of the asset and is provided by an expert in the relevant area. It is assumed that general repairs and maintenance are made during the life of each asset and where this does not meet the criteria for additional capital expenditure this is charged to the surplus or deficit on the provision of services.

Each year end an annual review is performed to ensure the remaining useful life and carrying value of the asset are appropriate. For assets held at valuation, a full valuation is performed as a minimum every 5 years by an independent external valuer; an impairment review is undertaken by management for all other years and if material would be adjusted in the financial statements. If the useful life is adjusted by one year, this would result in an estimated impact of £15.0 million (2024/25* £14.5 million). The carrying value in the accounts and further information is disclosed in note 10.

*A number of adjustments have been made due to a prior period error see note 29

5 Expenditure and Funding Analysis statement

2024/25 Restated*			2025/26			
Net expenditure chargeable to the revenue reserve	Adjustments between the Funding and Accounting Basis	Net expenditure in the Comprehensive Income and Expenditure Statement		Net expenditure chargeable to the revenue reserve	Adjustments between the Funding and Accounting Basis	Net expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
(28,171)	-	(28,171)	Concessionary fare scheme (non-franchised services)	(3,786)	-	(3,786)
(15,378)	-	(15,378)	Supported bus services (non-franchised services)	-	-	-
(123,931)	(23,006)	(146,937)	Bus Franchised Services	(134,176)	(19,973)	(154,149)
(27,391)	(72,558)	(99,949)	Metrolink	(35,925)	(74,108)	(110,033)
6,115	-	6,115	Capped fares (non-franchised services)	6,229	-	6,229
(3,529)	-	(3,529)	Accessible transport	(4,723)	-	(4,723)
586	-	586	Management of traffic signals	142	-	142
660	54	714	Road safety activities	779	123	902
(58,139)	(11,297)	(69,436)	Operational and other costs	(83,539)	(13,206)	(96,745)
(249,178)	(106,807)	(355,985)	Net cost of Services	(254,999)	(107,164)	(362,163)
241,679	209,969	451,649	Other income and expenditure	255,837	94,991	350,828
(7,499)	103,162	95,663	Surplus or Deficit	838	(12,173)	(11,335)
45,397			Opening revenue reserves balance	35,242		
(7,499)			Less / Plus surplus or (deficit) on revenue balance in Year	838		
(2,751)			Transfer between reserves	(2,503)		
95			23/24 Opening balance correction	-		
35,242			Closing revenue reserve at 31 March	33,577		

*A number of adjustments have been made due to a prior period error see note 29.

(a) Note to the expenditure and funding analysis

Adjustments between the Funding and Accounting Basis	2024/25 restated*			
	Adjustments for capital purposes (Note 1)	Net change for the Pensions adjustment (Note 2)	Net change for the gain on non-commercial leases	Total Adjustments
	£'000	£'000		£'000
Bus Franchised Services	(23,181)	175	-	(23,006)
Metrolink	(72,636)	78	-	(72,558)
Road safety activities	-	54	-	54
Operational and other costs	(14,047)	2,750	-	(11,297)
Net cost of Services	(109,864)	3,057	-	(106,807)
Other income and expenditure	195,299	(623)	15,293	209,969
Difference between revenue reserve surplus and Comprehensive Income and Expenditure Statement surplus on the Provision of Services	85,435	2,434	15,293	103,162

*A number of adjustments have been made due to a prior period error see note 29.

**Adjustments between Funding and Accounting Basis
2025/26**

Adjustments between the Funding and Accounting Basis	Adjustments for capital purposes (Note 1)	Net change for the Pensions adjustment (Note 2)	Net change for the gain on non-commercial leases	Total Adjustments
	£'000	£'000	£'000	£'000
Bus Franchised Services	(20,390)	417	-	(19,973)
Metrolink	(74,296)	188	-	(74,108)
Road safety activities	-	123	-	123
Operational and other costs	(19,781)	6,575	-	(13,206)
Net cost of Services	(114,467)	7,303	-	(107,164)
Other income and expenditure	95,534	(543)	-	94,991
Difference between revenue reserve surplus and Comprehensive Income and Expenditure				
Statement surplus on the Provision of Services	(18,933)	6,760	-	(12,173)

Adjustments for capital purposes

1) Adjustments for capital purposes – this column adds in Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year. Depreciation is added as part of adjustments for capital purposes. This also includes the adjustment for any capital grants remaining on disposal of assets.

Net Change for the Pensions Adjustments

2) Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as required by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Net change for the gain on non commercial leases

3) This column recognises the gain on non-commercial leases following the implementation of IFRS16. The Taxation and Non-Specific Grant Income and Expenditure line is credited with the gain recognised on leases on non-commercial terms. These are mainly in relation to vehicle assets where the lease liability is lower than the fair value of the right of use asset due to the vehicle being either part or fully grant funded.

(b) Note to the expenditure and funding analysis

	2025/26	2024/25
		Restated*
Expenditure/Income	£'000	£'000
Expenditure		
Employee benefits expenses*	68,523	61,217
Transport expenditure		
Metrolink	120,723	107,935
Concessionary fare schemes (non-franchised services)	3,786	28,171
Capped Fares scheme (non-franchised services)	2,453	21,760
Supported bus services (non-franchised services)	-	18,430
Bus Franchised Services	380,834	273,070
Accessible transport	4,723	3,529
Management of traffic signals	13,019	10,567
Road safety activities	10,132	9,539
Provision of passenger transport facilities	13,633	19,452
Other Transport Expenditure	35,383	41,888
Depreciation, amortisation, impairment	125,001	107,507
Right of use asset depreciation	6,931	5,817
Financing costs:		
Interest payable and similar charges	476	759
Adjustment for the equalisation of interest on a loan	(38)	(38)
Pensions interest cost and expected return on pensions assets	543	623
IFRS16 interest charge	1,215	1,213
Residual Value Fleet interest charge	7,752	3,523
Loss on the disposal of assets	17,061	8,017
Total expenditure	812,150	722,979

	2025/26	2024/25
		Restated*
Income	£'000	£'000
Fees, charges, and other service income		
Transport income		
Supported bus services (non-franchised services)	-	3,052
Capped Fares scheme (non-franchised services)	8,682	27,875
Metrolink	87,971	83,891
Bus Franchised Services	269,464	167,505
Management of traffic signals	13,161	11,153
Road safety activities	12,457	11,578
Provision of passenger transport facilities	13,633	19,452
Interest and investment income	1,276	875
Local government revenue grants and contributions	262,081	245,483
Local government capital grants and contributions	112,492	203,227
Gain on non-commercial leases	-	15,293
Investment revaluation	307	869
Bus station facility charges	239	1,012
Rail grant	1,900	1,900
Rents and service charges	1,674	1,522
Advertising revenue	434	430
Other highways income	4,506	4,442
Passenger information services, Travelshop, bus station ancillary charges, rail franchise, operators, and local authorities' recoveries.	10,538	19,085
Total income	800,815	818,643
Surplus / (deficit) on the Provision of Services	(11,335)	95,663

*A number of adjustments have been made due to a prior period error see note 29.

**Note this includes the IAS19 employer cost adjustments and removes staff time capitalised.

(c) Revenue from contracts with service recipients

Revenue generated from contracts with service recipients is £34.369 million for 2025/26 (2024/25: £35.063 million). The main source of revenue generated from service with recipients relates to Greater Manchester Urban Traffic Controls works undertaken during the year.

6 Passenger Transport Facilities

As part of its statutory duties, TfGM is responsible for meeting the costs of upgrading public passenger transport facilities in the Greater Manchester area, including certain railway and highways infrastructure. The expenditure incurred is offset by equivalent grants or funding, which for the year ended 31 March 2026 amounted to £13.6 million (2025: £19.5 million). The ownership of these assets normally vests in either Network Rail; train operating companies; GMCA; or the appropriate Local Authority. In certain circumstances, title in these assets may ultimately revert to TfGM. Costs and grants are written off as incurred / received. The spend in the year has included works on the Salford Central Rail station additional platform, Access for All schemes and bus improvement works on the highways.

7 Surplus/(deficit) on provision of services for the year

(a) The operating surplus for the year has been stated after the following payments made to the external auditors:

	2025/26 £000	2024/25 £000
Fees payable to external auditors for:		
• audit services*	133	254
• other services	-	-

*Note this is the PSAA agreed fee scale for 2025/26 and does not include additional fees that maybe agreed after completion of the external audit.

(b) Senior employees remunerations

The Executive Board is composed of the Chief Executive Officer and the other Executive Directors' and Non-Executive Directors' who have been appointed by GMCA as members of the executive under s9(2) of the Transport Act 1968. The remuneration of the Executive Directors' and senior employees has been disclosed as follows:

		Salary £	Employer pension contributions £	Total £
Managing Director	2025/26	207,642	43,598	251,240
SG Warrener (also Director of Finance & Corporate Services until 31 October 2024)	2024/25	203,596	42,246	245,842
Chief Network Officer*	2025/26	174,374	36,613	210,987
DG Vaughan (appointed 1 May 2024)	2024/25	168,996	34,475	203,471
Director of Finance, Commercial and Corporate Services*	2025/26	143,602	30,152	173,754
DM Bull (appointed 1 November 2024)	2024/25	59,675	12,174	71,849
Contribution to the salary of the Chief Executive				
Group Chief Executive**	2025/26	126,936	22,305	149,241
C Simpson (appointed 25 June 2024)	2024/25	94,300	26,646	120,946

* The salaries have been disclosed in 2024/25 from the date of appointment in their current role.

** The costs for C Simpson relate to a recharge of 50% of the salary costs. The full salary costs are paid by GMCA and are

disclosed in their financial statements.

(c) Staff costs (before IAS19 pension adjustments) and average number of employees

	2025/26	2024/25
	£000	£000
Wages and salaries*	68,420	60,977
Social security costs	9,217	6,826
Pension costs	13,682	12,177
	91,319	79,980
The average number of employees during the year	1,308	1,201

* This does not include staff time that has been subsequently capitalised or recharged to specific capital projects. The number of employees receiving more than £50,000 remuneration for the year (including severance payments but excluding employer's pension contributions) were as follows:

Remuneration range	2025/26	2024/25
	Number	Number
£50,000 to £54,999	135	111
£55,000 to £59,999	80	71
£60,000 to £64,999	70	76
£65,000 to £69,999	87	54
£70,000 to £74,999	43	37
£75,000 to £79,999	34	49
£80,000 to £84,999	39	11
£85,000 to £89,999	13	19
£90,000 to £94,999	17	7
£95,000 to £99,999	16	25
£100,000 to £104,999	19	4
£105,000 to £109,999	5	5
£110,000 to £114,999	3	3
£115,000 to £119,999	2	-
£120,000 to £124,999	-	1
£125,000 to £129,999	3	2
£135,000 to £139,999	1	1
£140,000 to £144,999	1	-
£170,000 to £174,999	1	-
£185,000 to £189,999	1	-
£245,000 to £249,999	-	1

Note that the numbers above do not include the Directors salaries. See note 7b) above for the Directors remuneration.

The numbers and bandings above also reflect the impact of the Voluntary Severance scheme run by TfGM in a previous year which was implemented in order to deliver ongoing operational cost savings. See note (d) below for further details.

(d) Staff exit packages

Details of the numbers of exit packages, with total cost per band and total cost of redundancies and other departures, are set out in the table below.

Exit package cost band	Number of voluntary redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
							£000	£000
£0 - £20,000	1	-	1	4	2	4	23	22
£20,001 - £40,000	1	-	1	1	2	1	48	32
£40,001 - £60,000	-	-	1	-	1	-	49	-
£60,001-£80,000	-	-	-	-	-	-	-	-
£80,001-£100,000	-	-	-	-	-	-	-	-
£100,001-£150,000	1	-	1	-	2	-	211	-
£150,001-£200,000	-	1	-	-	-	1	-	187
£200,001-£250,000	-	-	-	-	-	-	-	-
	3	1	4	5	7	6	331	241

The reduction in exit packages is due to the voluntary severance scheme that was launched in the prior year. The cost of the exit in 2024/25 in the £200,001 to £250,000 bracket included a pension strain cost of £163,000. The Local Government pension scheme provides protection to members who are aged over 55 should they be made redundant. These members are entitled to their retirement benefits early with no actuarial reduction. TfGM are therefore required to fund any shortfall on the value of the value of the benefits as a pension strain cost.

8 Financing and Investment Income and Expenditure

	2025/26 £000	2024/25 Restated £000
Financing Costs		
Interest payable and similar charges	695	760
Adjustment on the equalisation of interest on a loan	(38)	(38)
Residual Value Fleet interest	7,752	3,523
IFRS16 interest charge	1,215	1,213
Pensions interest cost and expected return on pensions assets	543	623
	10,167	6,081

*A number of adjustments have been made due to a prior period error see note 29.

	2025/26 £000	2024/25 £000
Investment Income		
Received from Piccadilly Triangle Developments LLP – distribution of part of partnership profits	434	307
Interest income	141	19
Investment property income	701	549
	1,276	875

9 **Taxation and non-specific grant income**

	2025/26	2024/25
	£000	Restated*
		£000
Revenue Grant income		
GMCA – Levy	147,906	152,022
GMCA – Other	112,182	92,563
Other	3,893	898
Total Revenue Grants	263,981	245,483
Capital grant income		
GMCA capital grants**	90,171	142,048
GMCA – residual value bus fleet	22,088	63,119
Income in advance	(55)	(2,035)
Gain on non-commercial leases	-	15,293
Other	291	95
Total Capital Grants	112,492	218,520
Total grant income	376,474	464,003

*A number of adjustments have been made due to a prior period error see note 29.

**Note the capital grants received from GMCA fund a number of capital schemes. In 2026, these included Metrolink Renewals and Enhancements Programme, the electrification and renewals of bus depots, planning and development of Bury Interchange and Golborne Station. Other items of capital expenditure related to upgrading the existing Metrolink network; and a number of other schemes including rail station improvements.

10 Property, Plant and Equipment

a) Capitalised assets available for use and assets under construction

Property, plant, and equipment is reported as either capitalised assets available for use or as assets under construction. An analysis of the movements within the gross and depreciated or impaired book value of property, plant and equipment by key category is contained in the tables below:

	Total £000	Infra- structure £000	Land & Building £000	Plant & Equipment £000	Vehicles £000	Surplus assets £000	Assets Under Construction £000
Cost or valuation:							
At 31 March 2024	2,901,316	2,706,537	26,234	82,977	22,787	17,707	45,074
Restatement of 23/24 PPA*	60,244	-	-	-	60,244	-	-
Expenditure during the year	298,339	17,234	199	28,516	200,042	-	52,348
Transfers from assets under Construction	-	6,820	-	44,129	157	19	(51,125)
Reclassification	(5,174)	(5,014)	16,485	-	-	(16,645)	-
Derecognition on transfer to	(2,063)	(133)	(1,930)	-	-	-	-
Revaluation of Assets	(7,476)	-	(7,476)	-	-	-	-
Disposals	(38,942)	(14,056)	(1,034)	(6,400)	(17,452)	-	-
At 31 March 2025 restated*	3,206,244	2,711,388	32,478	149,222	265,778	1,081	46,297
Expenditure during the year	118,260	7,216	-	11,047	39,057	9,843	51,097
Transfers from assets under Construction	-	13,426	928	1,904	805	-	(17,063)
Reclassification	648	-	68	-	-	580	-
Derecognition on transfer to	-	-	-	-	-	-	-
Revaluation of Assets	1,537	-	1,845	-	-	(308)	-
Disposals	(24,876)	(4,490)	-	(19,380)	(1,006)	-	-
At 31 March 2026	3,301,813	2,727,540	35,319	142,793	304,634	11,196	80,331
Depreciation and impairment:							
At 31 March 2024 restated	891,040	845,911	1,275	30,029	13,822	3	-
Prior period adjustment*	2,167	-	-	-	2,167	-	-
Depreciation provided during the period	106,600	81,008	1,385	8,810	15,397	-	-
Reclassification	(9)	(9)	3	-	-	(3)	-
Revaluation of Assets	(2,248)	-	(2,248)	-	-	-	-
Disposals	(31,134)	(11,227)	-	(6,260)	(13,647)	-	-
At 31 March 2025 restated*	966,416	915,683	415	32,579	17,739	-	-
Depreciation provided during the period	119,438	82,582	1,216	11,727	23,907	6	-
Reclassification	-	414	(414)	-	-	-	-
Restatement of Assets	(1,184)	-	(1,184)	-	-	-	-
Impairment of Assets	1,610	-	-	-	1,610	-	-
Disposals	(7,779)	(2,627)	-	(4,739)	(413)	-	-
At 31 March 2026	1,078,501	996,052	33	39,567	42,843	6	-
Net Book Value:							
At 31 March 2026	2,223,312	1,731,479	35,286	103,227	265,012	11,498	80,331
At 31 March 2025 restated	2,239,828	1,795,703	32,063	116,643	248,039	1,081	46,297

*A number of adjustments have been made due to a prior period error see note 29.

The transfer from assets under construction to infrastructure assets relates to a number of capital schemes that have been completed in the year. These include bus related assets such as bus depots, purchase of buses, bus stops and shelters along with renewals work on Metrolink.

b) Revaluation of property, plant, and equipment

The 2025/26 CIPFA Code of Practice introduces changes to the valuation of non-current, non-investment assets following updated HM Treasury guidance.

With effect from 1 April 2025, TfGM is no longer required to revalue assets where their carrying amount differs materially from current value. Instead, assets are required to be valued on a quinquennial basis (at least every five years), supported by annual indexation in intervening years using appropriate indices.

TfGM has elected to apply the transitional provisions within the Code and has treated 2025/26 as the first year of a new five-year valuation cycle. Accordingly, a full revaluation of all relevant assets has been undertaken at 31 March 2026, with indexation to be applied from the 2026/27 financial year onwards.

Valuations of land and buildings have been carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

A prior period adjustment has been recognised in relation to the valuation of bus depots. These assets were previously valued on an existing use value basis; however, it has subsequently been determined that they are specialised assets, and therefore a depreciated replacement cost (DRC) methodology is more appropriate. Valuations were undertaken by CBRE as at 31 March 2025 and 31 March 2026, and the resulting movements have been recognised in the financial statements.

The prior period adjustment resulted in a revaluation gain of £0.98 million and a revaluation loss of £2.8 million. In 2025/26, a revaluation gain of £1.4 million has been recognised.

Full revaluations of all other land and buildings required to be held at current value have been undertaken by Leslie Roberts & Co Limited, in accordance with RICS professional standards. TfGM's valuers work closely with finance officers and report regularly on all valuation matters.

Following the implementation of the revised valuation requirements and the full revaluation exercise at 31 March 2026, all relevant assets have been revalued and the resulting adjustments reflected in the financial statements. Revaluation gains have been credited to the Revaluation Reserve, while revaluation losses have been charged to the Comprehensive Income and Expenditure Statement where no prior revaluation gains exist for the relevant assets.

c) Assets under Construction

The value of assets under construction and the financial movements within this area are provided in Note 10a.

The main items of capital expenditure in the year related to amounts expended on the Metrolink Renewals and Enhancements Programme, the electrification of bus depots, planning and development of Bury Interchange and Golborne Station. Other items of capital expenditure related to upgrading the existing Metrolink network; and a number of other schemes including rail station improvements.

Financing of the expenditure is from capital grants. Capital grants receivable in the year were receivable from the GMCA.

At 31 March 2026, the amount of grants received in advance of payments made in respect of expenditure on capital projects and held within the Unapplied Grants Account was £0.35 million (£0.35 million at 31 March 2025).

The value of grants held against assets under construction and as deferred grants held against fixed assets are reported within the Capital Adjustment Account. The Capital Adjustment Account is included with the Unusable reserves within the balance sheet.

d) Net gain / (loss) on disposal of property, plant, and equipment and intangible assets

The reported gain or loss on disposal of fixed assets is calculated with reference to both the carrying value of the assets themselves, and the write-back of any unamortised grant outstanding. In relation to the gain / (loss) made during the year, this can be analysed as follows:

	2025/26 £000	2024/25 £000
Net proceeds from sale of assets	36	224
Disposal costs written off	-	-
De-recognition of carrying values of assets	(17,097)	(8,241)
Gain / (loss) on disposal of property, plant and equipment per Comprehensive Income and Expenditure Statement	(17,061)	(8,017)
De-recognition of carrying values of associated grants	16,958	7,928
	(103)	(89)

11 Right of use assets

In 2024/2025, TfGM has applied IFRS 16 Leases as adopted by the CIPFA Code of Accounting Practice. The main impact of the new requirements is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as liability), a right-of-use asset and a lease liability are to be brought into the balance sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/2025 and not by adjusting prior year figures.

As set out in note 29, in financial years prior to 1 April 2024, the residual value fleet were accounted for as operating leases under the accounting requirements of IAS 17. TfGM has reviewed its accounting treatment for those buses that form part of the residual value fleet and determined that they should have been recognised as owned assets on the TfGM's balance sheet with a corresponding financial liability in line with the accounting requirements of IFRS 9, Financial Instruments. The residual value fleet are the buses that franchise operators have opted to include in this category where TfGM effectively owns the buses as they are liable for the remaining net book value costs. Additionally any new buses purchased for bus franchising are contractually required to enter the residual value bus fleet. On inclusion into the residual value fleet TfGM are liable for the full cost of the bus either through annual contract payments or at the end of the contract through purchase of the remaining NBV of the bus or facilitation of the sale to an incumbent operator. Therefore in the 2025/26 all residual value fleet are no longer included as a leased asset and are included within Property Plant and Equipment.

Further to this a review took place of the valuation basis for bus depots. A number of the depots are held on a lease and are therefore included within right of use assets. These assets were previously valued on an existing use value basis; however, it has subsequently been determined that they are specialised assets, and therefore a depreciated replacement cost (DRC) methodology is more appropriate. Valuations were undertaken by CBRE as at 31 March 2025 and 31 March 2026, and the resulting movements have been recognised in the financial statements.

The details of the changes in accounting policies and transitional provisions are disclosed below.

Definition of a lease

On transition to IFRS 16, TfGM were required to apply the practical expedient not to reassess whether a contract is, or contains, a lease at 1 April 2024, except in relation to leases for nil consideration and housing tenancies. It has applied IFRS 16 only to contracts that were previously identified as leases under IAS 17 and IFRIC 4.

As a lessee

As a lessee, TfGM previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to TfGM. Under IFRS 16, TfGM recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

TfGM were required to apply recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets.

TfGM recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

i. Leases classified as operating leases under IAS 17

TfGM used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by TfGM's incremental borrowing rate at that date
- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics
- The weighted average of the incremental borrowing rates used to discount liabilities was 4.82 %
- Right-of use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded
- All leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 balance sheet
- For right-of-use assets for peppercorn or nominal lease payments a right-of use asset has been recognised at fair value on 1 April 2024 with the difference between the fair value and the lease liability credited as a gain in the surplus/deficit on the provision of services.

ii. Leases classified as finance leases under IAS 17

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 April 2024 are determined at the carrying amount of the lease asset and lease liability under IAS 17 at 31 March 2024.

As a lessor

TfGM is not required to make any adjustment on transition to IFRS 16 for leases in which it acts as a lessor, except for authorities acting as an intermediate lessor (subletting an asset it has acquired under a lease), or where TfGM is party to a lease for nil consideration.

TfGM was not party to any sublease arrangements as lessor as at 1 April 2024

TfGM as Lessee

Right of Use Assets

The table below shows the change in the value of right-of-use assets held under leases by TfGM:

	Infrastructure Asset £000	Land and buildings £000	Vehicles, plant and equipment £000	Total £000
Transfer from operating leases	125	17,673	13,851	31,378
Recognition on transfer to IFRS16	-	6,944	-	6,944
Balance at 1 April 2024 restated*	125	24,617	13,851	38,322
Additions**	-	14,524	9,140	23,664
Revaluation gain	-	1,752	-	1,752
Revaluation loss	-	(9,425)	-	(9,425)
Depreciation and Amortisation	(7)	(851)	(4,959)	(5,817)
Balance at 31 March 2025 restated*	118	30,617	17,761	48,497
Additions*	-	3,040	-	3,040
Revaluation gain	-	1,297	-	1,297
Revaluation loss	-	(1,871)	-	(1,871)
Depreciation and Amortisation	(7)	(881)	(6,038)	(6,926)
Balance at 31 March 2026	111	32,202	11,724	44,037

*A number of adjustments have been made due to a prior period error see note 29.

Revaluation of leases

The 2025/26 CIPFA Code of Practice introduces changes to the valuation of non-current, non-investment assets following updated HM Treasury guidance.

With effect from 1 April 2025, TfGM is no longer required to revalue assets where their carrying amount differs materially from current value. Instead, assets are required to be valued on a quinquennial basis (at least every five years), supported by annual indexation in intervening years using appropriate indices.

TfGM has elected to apply the transitional provisions within the Code and has treated 2025/26 as the first year of a new five-year valuation cycle. Accordingly, a full revaluation of all relevant assets has been undertaken at 31 March 2026, with indexation to be applied from the 2026/27 financial year onwards.

TfGM is required to revalue assets for each asset type using the same basis and methodology as Property Plant and Equipment whilst taking into account the terms and conditions of the lease e.g. restrictions and lease length. Valuations of land and buildings have been carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

A prior period adjustment has been recognised in relation to the valuation of bus depots. These assets were previously valued on an existing use value basis; however, it has subsequently been determined that they are specialised assets, and therefore a depreciated replacement cost (DRC) methodology is more appropriate. Valuations were undertaken by CBRE as at 31 March 2025 and 31 March 2026, and the resulting movements have been recognised in the financial statements for leasehold depots.

Full revaluations of all other land and buildings required to be held at current value have been undertaken by Leslie Roberts & Co Limited, in accordance with RICS professional standards. TfGM's valuers work closely with finance officers and report regularly to Finance Officers on all valuation matters.

Following the implementation of the revised valuation requirements and the full revaluation exercise at 31 March 2026, all relevant assets have been revalued and the resulting adjustments reflected in the financial statements. Revaluation gains have been credited to the Revaluation Reserve, while revaluation losses have been charged to the Comprehensive Income and Expenditure Statement where no prior revaluation gains exist for the relevant assets.

Transactions under leases

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

	31 March 2026	31 March 2025
	£000	Restated £000
Comprehensive income and expenditure statement		
Interest expense on lease liabilities	1,215	1,213
Expense relating to exempt leases of low-value items	10	10
Cash payments for interest portion of lease liabilities	1,215	1,213
Instalment lease liability	6,543	4,822
Total cashflow for leases	7,758	6,035

*A number of adjustments have been made due to a prior period error see note 29.

Maturity analysis of lease liabilities

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

	31 March 2026	31 March 2025 Restated
	£000	£000
Less than one year	7,152	7,593
One to five years	10,068	15,803
More than five years	6,479	5,748
Total undiscounted liabilities	23,699	29,144

*A number of adjustments have been made due to a prior period error see note 29.

Nature of the leasing activities

Vehicles, plant and equipment: These assets mainly relate to operator supplied bus fleet as part of the large and small franchise contracts. TfGM have undertaken a detailed review of the bus franchising contracts and determined that they have the right of use of the asset and ultimately control the use of the buses over. These have been brought onto the balance sheet at the estimated cost using the information that TfGM have available. Buses that are not expected to be in use for more than a year have been excluded from the note. The contract length has been determined as the lower of the remaining life of the bus or the current contract length.

Land and buildings: these assets primarily relate to land leases for transport sites that TfGM have built transport assets such as bus stations, interchanges and park and rides. Often these are at peppercorn rent as TfGM have invested capital costs on transport infrastructure and there are strict terms and conditions around the use of the land. Most of these have therefore been valued at £1. There are also a number of commercial land and buildings leased e.g. bus depots. The asset value and lease liability have been calculated using the commercial arrangements in place.

TfGM as Lessor

TfGM leases out land and buildings under operating leases and receive the following income:

	31 March 2026	31 March 2025
	£000	£000
Operating lease income	973	1,920
Total lease income	973	1,920

12 Investment Properties

The following items of income and expense have been accounted for in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

	31 March 2026	31 March 2025
	£000	£000
Rental income from investment property	701	549
Direct operating expenses arising from investment property	(142)	(167)
Net Gain/(Loss)	559	382

There are no restrictions on TfGM's ability to realise the value inherent in its investment property or on TfGM's right to the remittance of income and the proceeds of disposal. TfGM has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	31 March 2026 £000	31 March 2025 £000
Balance at start of the year	18,084	17,963
Additions:		
Purchases*	-	(39)
Reclassification (to) /from surplus properties	(580)	160
Reclassification (to) /from land and buildings	(68)	-
Net gains/losses from fair value adjustments	(2,486)	-
Balance at end of the year	14,950	18,084

*Note this is a negative transaction in the 2024/25 due to a difference in the actual amount to the amount estimated in 2023/24.

Fair Value Hierarchy

Details of TfGM's investment properties and information about the fair value hierarchy as at 31 March 2026 and 2025 are as follows:

Recurring fair value using:	Other significant observable inputs (Level 2)	Fair Value as at 31 March 2026
	£000s	£000s
Residential (market rental) properties	900	900
Office units	-	-
Commercial units	14,050	14,050
Total	14,950	14,950

2024/25 Comparative Figures

Recurring fair value using:	Other significant observable inputs (Level 2)	Fair Value as at 31 March 2025
	£000s	£000s
Residential (market rental) properties	1,255	1,255
Office units	-	-
Commercial units	16,829	16,669
Total	18,084	17,924

Transfers between levels of the fair value hierarchy

There were no transfers between Levels 1 and 2 during the year.

Valuation techniques used to determine Level 2 fair values for investment properties

Significant observable inputs – Level 2:

The fair value for the residential properties (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

Highest and best use of investment properties

In estimating the fair value of TfGM's investment properties, the highest and best use of the properties is their current use.

Valuation techniques

There has been no change in the valuation techniques used during the year for investment properties

Valuation process for investment properties

The fair value of TfGM's investment property has been subject to a full revaluation in 2025/26 and adjustments posted to reflect these. If the property has been purchased during the year at market rates these will initially be held at cost and revalued each year after. All valuations are carried out by Leslie Roberts & Co Limited, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. TfGM's valuation experts work closely with finance officers reporting on a regular basis regarding all valuation matters.

13 Investment Assets

Investments are reviewed to determine which category they should be classified as. The current investments have been deemed to fall within the fair value through other comprehensive income category. TfGM have made this irrevocable decision to account for fair value movements through other comprehensive income and expenditure. Fair value through other comprehensive income assets are initially measured and carried at fair value in line with fair value measurement set out in note 3.2.

Fair value of equity instruments designated at fair value through other comprehensive income include the following:

	31 March 2026 £000	31 March 2025 £000
Non-current assets		
Non-listed securities		
Mayfield Partnership Limited Partnership	3,301	2,994
TfGM Peel Wharfside 1 LLP	2,000	2,000
TfGM Peel Wharfside 2 LLP	325	325
	5,626	5,319

Note there has been an increase in valuation in Mayfield Partnerships of £0.307m in 2025/26 (2024/25: £0.869m). There has been no other income, expenses, gains, or losses recognised in the provision of services at 31 March 2026 and 31 March 2025 for any of the investments.

TfGM, Manchester City Council and London and Continental Railways Limited have formed the Mayfield Partnership Limited Partnership. The partnership is seeking to regenerate the former Mayfield Depot site near Piccadilly Station. Each party has pooled their existing land interests with a view to bringing forward significant development, employment, and business opportunities. Each party has contributed their existing land interests as set out in a Land Pooling Agreement dated 22 January 2015 which also sets out the equity participation, this is currently 10% for TfGM. This Partnership has then entered into a Limited Partnership, the Mayfield Development Partnership LP with the private sector development partner U And I Group Plc (a subsidiary of LandSec Plc). The Public Sector partners share of the scheme is 50% so TfGM 's interest is 5%, represented by a £2.1 million investment which includes TfGM's forecast future share in the investment return from the overall development.

In 2019/20 TfGM entered into an arrangement with Peel Group to form two joint venture vehicles; TfGM Peel Wharfside 1 LLP and TfGM Peel Wharfside 2 LLP. Each of TfGM and Peel Property (Partnerships) Limited (a company within the Peel group) hold membership interests in each of these limited liability partnerships. TfGM Peel Wharfside 1 LLP has been

granted a long lease of the former 'Communis' site, and TfGM Peel Wharfside 2 LLP has been granted a long lease of the site known as 'Wharfside' (each site is adjacent to the Metrolink Trafford Park Line). The manner in which these sites will be dealt with is being progressed between TfGM and Peel, in accordance with the agreed joint venture arrangements. The land was externally valued at fair value when entering into the joint venture arrangement. There has been no change in the use of the land or in local market values and therefore not deemed necessary to obtain an updated external valuation.

Fair values of financial assets

Some of the TfGM's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Recurring fair value Measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	31 March 2026 £000	31 March 2025 £000
Non-current assets				
Non-listed securities				
Mayfield Partnership Limited Partnership	Level 3	Discounted cash flow	3,301	2,994
TfGM Peel Wharfside 1 LLP	Level 2	Market value	2,000	2,000
TfGM Peel Wharfside 2 LLP	Level 2	Market value	325	325
			5,626	5,319

Equity shareholding in Mayfield Partnership Limited Partnership

TfGM's share in Mayfield Partnership LLP – the shares in this company are not traded in an active market and fair value of £2.9 million has been based on valuation techniques that are not based on observable current market transactions or available market data. The valuation has been prepared in accordance with the current UK national supplement (the RICS Red Book) published by the Royal Institution of Chartered Surveyors on the basis of the IFRS 13 definition of Fair Value. Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation has been made based on an analysis of the Gross Development Value, cost inputs and timing assumptions has produced the estimated Market Value of the scheme.

14 Intangible Assets

TfGM accounts for certain items of software as intangible assets, to the extent that the software is not an integral part of a particular IT system and is therefore accounted for as part of the hardware item of property, plant, and equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to TfGM. The useful lives assigned to the major software suites used by TfGM range between 4 and 5 years.

The movement on intangible asset balances during the year is as follows:

	Total £000	Internally Generated Assets £000	Other Assets £000	Assets under construction £'000
Balance as at 31 March 2024	26,065	16,883	3	9,179
Additions:				
Internal development	10,201	-	-	10,201
Transfer from assets under construction	-	13,498	-	(13,498)
Disposals	(3,756)	(3,756)	-	-
Amortisation for the period	(4,941)	(4,941)	-	-
Amortisation on disposals	3,756	3,756	-	-
Net carrying amount as at 31 March 2025	31,325	25,440	3	5,882
Comprising:				
Gross carrying amounts	52,275	45,561	832	5,882
Accumulated amortisation	(20,950)	(20,121)	(829)	-
At 31 March 2025	31,325	25,440	3	5,882

	Total £000	Internally Generated Assets £000	Other Assets £000	Assets under construction £'000
Balance as at 31 March 2025	31,325	25,440	3	5,882
Additions:				
Internal development	11,480	-	-	11,480
Transfer from assets under construction	-	11,888	-	(11,888)
Disposals	-	-	-	-
Amortisation for the period	(7,640)	(7,640)	-	-
Amortisation on disposals	-	-	-	-
Net carrying amount as at 31 March 2026	35,165	29,688	3	5,474

	Total £000	Internally Generated Assets £000	Other Assets £000	Assets under construction £'000
Comprising:				
Gross carrying amounts	63,754	57,449	832	5,474
Accumulated amortisation	(28,589)	(27,761)	(829)	-
At 31 March 2026	35,165	29,688	3	5,474

The internally generated assets for 2024/25 and 2025/26 mainly relate to expenditure on the Bus Franchising Programmes.

15 Debtors

Short term debtors: amounts falling due within one year:

	31 March 2026	31 March 2025
	£000	£000
Trade debtors	5,229	5,814
Amounts receivable from GMCA	65,020	24,993
Amounts due from group undertakings	324	175
Other debtors	9,169	27,076
Prepayments and accrued income	39,237	41,642
	118,979	99,700

Analysed between the following classes of debtors:

Central government bodies	6,250	25,666
Other local authorities	66,497	26,310
Other entities and individuals	46,232	47,724
	118,979	99,700

Trade debtors are non-interest bearing; are generally on terms of 30 days or less; and are shown net of any expected credit loss for impairment.

At 31 March 2026, trade debtors at a nominal value of £352,000 (2025: £695,000) were impaired. Movements in the expected credit loss for impairment of receivables were as follows:

	31 March 2026	31 March 2025
	£000	£000
Opening expected credit loss	695	757
Charge for the year	166	207
Amounts written off	(260)	(35)
Unused amounts reversed	(249)	(234)
Closing expected credit loss	352	695

As at 31 March 2026, the ageing analysis of trade debtors net of the expected credit loss was as follows:

	Total £000	Neither overdue nor impaired £000	Past due but not impaired				
			1-30 days £000	31-60 days £000	61-90 days £000	91-120 days £000	over 120 days £000
31 March 2026	5,229	3,502	1,171	383	20	137	16
31 March 2025	5,814	1,738	1,030	254	2,434	356	2

16 Inventories

	31 March 2026	31 March Restated
	£000	£000
Balance outstanding at the start of year	181	225
Purchase	251	224
Recognised as an expense in the year	(236)	(268)
Balance outstanding at year end	196	181

*A number of adjustments have been made due to a prior period error see note 29.

17 Cash and cash equivalents

	31 March 2026 £000	31 March 2025 £000
Cash at bank and in hand	2,500	845
Short term deposits with GMCA	13,035	1,032
	15,535	1,877

Surplus cash funds available to TfGM were deposited with the GMCA depending on the immediate cash requirements of TfGM and GMCA. GMCA earns variable period rates of interest, none of which is receivable by TfGM. Such amounts are shown as 'Short term deposits with GMCA' above.

18 Current Liabilities

	31 March 2026 £000	31 March 2025 Restated £000
Short term creditors		
Trade creditors	33,252	32,272
Taxation and social security	3,539	1,688
Accruals for expenditure recognised	57,462	53,179
Deferred income	12,423	8,792
Amounts due to GMCA	6,409	3,523
Other creditors	6,762	6,997
	119,847	106,451
Provisions (note 19)	15,888	2,810
Short term borrowings (note 20)	15,828	14,079
	151,563	123,340

Analysed between the following classes of creditors:

Central government bodies	3,539	1,688
Other local authorities	6,647	3,649
Other entities and individuals	141,377	118,003
	151,563	123,340

Trade creditors are non-interest bearing and are generally on terms of 30 days or less. For terms and conditions pertaining to related parties, refer to note 25.

*A number of adjustments have been made due to a prior period error see note 29.

19 Provisions

Provisions are established to meet liabilities or losses which are likely or certain to be incurred, but the amounts or timings are uncertain. Provisions during the year may be analysed as follows:

	Total	Insurance Excess	Contractual Obligations	Capital Works	Onerous Leases
	£000	£000	£000	£000	£000
At 1 April 2024	4,936	465	-	4,278	193
Arising during the year	176	-	-	176	-
Utilised during the year	(595)	-	-	(594)	(1)
Unused amounts reversed	(276)	(55)	-	(221)	-
At 31 March 2025	4,241	410	-	3,639	192

	Total	Insurance Excess	Contractual Obligations	Capital Works	Onerous Leases
	£000	£000	£000	£000	£000
At 1 April 2025	4,241	410	-	3,639	192
Arising during the year	13,721	75	4,000	9,646	-
Utilised during the year	(517)	-	-	(515)	(2)
Unused amounts reversed	(1,099)	(190)	-	(909)	-
At 31 March 2026	16,346	295	4,000	11,861	190

Below is the aged expectation of the utilisation of the provisions.

	Total	Less than 12 months	Greater than 12 months
	£000	£000	£000
At 31 March 2025			
Insurance Excess	410	50	360
Capital Works	3,639	2,759	880
Onerous Lease	192	1	191
	4,241	2,810	1,431
At 31 March 2026			
Insurance Excess	295	60	235
Contractual obligations	4,000	4,000	-
Capital Works	11,861	11,827	34
Onerous Lease	190	1	189
	16,346	15,888	458

The amounts provided above at 31 March 2026 are described below:

- Insurance excesses: Excesses on Public Liability claims, arising from minor accidents to the public, and Employers Liability claims for work related illnesses that were potentially incurred prior to the transfer of TfGM's bus operations following the implementation of the Transport Act 1985.
- Contractual obligations: Costs for damages and losses to a tenanted property resulting from damage caused by works undertaken on a TfGM asset.
- Capital Works: Costs for works arising for land acquired in the ordinary course of delivering TfGM's capital programme, where the amount of payment is uncertain and there are contractual / legal obligations.
- Onerous lease: Future lease costs of a property held on a long term lease by TfGM.

20 Financial Instruments

Set out below is a comparison by class of the carrying amounts of TfGM's financial assets and financial liabilities that are carried in the financial statements in line with the IFRS 9 accounting standard:

	Carrying Amount		Fair Value	
	31 March 2026 £000	31 March Restated* 2025 £000	31 March 2026 £000	31 March Restated* 2025 £000
Financial Assets:				
<i>Held at fair value through Other Comprehensive Income</i>				
Long term investments	5,625	5,319	5,625	5,319
<i>Held at amortised cost</i>				
Trade receivables	5,230	5,814	5,230	5,814
Amounts receivable from GMCA	65,020	24,993	65,020	24,993
Amounts due from group undertakings	324	175	324	175
Other debtors	12,676	14,609	12,676	14,609
Cash and cash equivalents	15,535	1,877	15,535	1,877
Financial Liabilities:				
<i>Held at amortised cost</i>				
Trade creditors	(101,626)	(95,970)	(101,626)	(95,970)
Loans and receivables: Interest bearing loans and borrowings:				
Fixed rate borrowings - due within one year				
Accrued Interest	(166)	(165)	(166)	(165)
Fixed rate borrowings - due after one year				
Market debt	(8,393)	(8,431)	(9,724)	(9,715)
Residual Value Fleet- due within one year				
Borrowing Residual value fleet	(15,662)	(13,914)	(15,662)	(13,914)
Residual Value Fleet- due after one year				
Borrowing Residual value fleet	(133,672)	(129,555)	(133,672)	(129,555)

*A number of adjustments have been made due to a prior period error see note 29.

Fair Values

Fair value in IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Assets and liabilities are carried at amortised cost where part of their carrying amount (as per the balance sheet) will either be written down or written up via the Comprehensive Income and Expenditure Statement over the term of the financial instrument.

For the purposes of the notes to the accounts, all assets and liabilities are given a fair value, although this is only shown in the balance sheet for long term investments. For many financial instruments the fair value will be the same as the outstanding principal amount, but for others there could be a significant difference.

The fair values of the following classes of financial instruments approximate their carrying amounts due to the short term maturities of these instruments:

- Trade receivables;
- Trade payables and accruals for expenditure recognised;
- Cash and short term deposits;
- Receivables from, and deposits with, GMCA; and

- Amounts due from group undertakings

The valuation technique for long term investments is level 2 – significant observable inputs. There have been no changes in valuation technique during the financial year.

Long term receivables have been evaluated based on collectability risk.

Loans and Borrowings

- For non-PWLB loans payable, the fair value of the current and long term debt has been measured at £9.724 million (2024/25: £9.715 million) using premature repayment rates. These are the rates that would apply if the loan was to be repaid early and is deemed to be the principal market for the current debt. A supplementary measure of the fair value using current market rates is £8.077 million (2024/25: £8.195 million).
- The valuation techniques used for non PWLB debt are at level 2 – significant observable inputs. There have been no changes in valuation technique during the financial year.
- The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value, which includes accrued interest as at the balance sheet date. TfGM has therefore included accrued interest in the fair value calculation.
- The discount rates used for the evaluation were obtained by GMCA from MUFG Corporate Markets (A division of MUFG Pension and Market Services. MUFG Corporate Markets is a leading and independent provider of capital financing, treasury advisory and strategic advisory consulting services to the public sector.
- Assumptions used, which do not have a material effect on the fair value evaluation are: interest is calculated using a 365 day basis; interest is paid on the maturity date; no adjustment is made to the interest value and date where a relevant date occurs on a non-working day.
- The repayment profile of loans and borrowings is taken into account during the TfGM’s preparation and review of cash flow forecasts which are carried out on a regular basis.
- The remaining Dexia Credit loans was taken out in 2004 for 31 years and is repayable in full by 2035 and are secured by Statute on all revenues
- Long term borrowing is also included for the Residual Value Fleet liabilities. TfGM has reviewed its accounting treatment for those buses that form part of the residual value fleet and determined that they should have been recognised as owned assets on the TfGM’s balance sheet with a corresponding financial liability in line with the accounting requirements of IFRS 9, Financial Instruments. Required repayments of the Residual Value Bus Fleet has been recognised as a liability for the effective purchase and use of the buses.
- In the assessment of the interest rate applicable to the Residual Value Bus Fleet liability has been determined to be TfGM’s incremental borrowing rate and the PWLB annuity rate based on the date of the purchase and estimated length of contractual repayment.

	Effective Interest Rate %	Maturity	31 March 2026 £000	31 March 2025 Restated* £000
Current:				
Accrued interest on all loans			166	165
Residual Value Fleet Liability			15,662	13,915
			15,828	14,079

	Effective Interest Rate %	Maturity	31 March 2026 £000	31 March 2025 Restated* £000
Non-current:				
Dexia Credit Local - London Branch	5.95%	May 2035	8,000	8,000
Accrued interest for stepped LOBO loan - Dexia	5.95%	2013-35	393	431
Residual Value Fleet Liability			133,673	129,555
			<u>142,065</u>	<u>137,986</u>
Total Loans and borrowings			<u>157,893</u>	<u>152,065</u>
Note buses in stock will be transferred to operator and will increase liabilities once transferred				
Instalments are payable as follows:				
Within 1 year or repayable on demand			15,829	14,080
Within 1 to 2 years			21,860	13,059
Within 2 to 5 years			40,520	40,203
Within 5 to 10 years			51,051	52,697
Longer than 10 years			28,633	32,027
			<u>157,893</u>	<u>152,065</u>

Risk Factors

TfGM'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 to TfGM;
- Liquidity Risk – the possibility that TfGM might not have funds available to meet its commitments to make payments;
- Re-financing risk – the possibility that TfGM might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- Market Risk – the possibility that financial loss might arise for TfGM as a result of changes in such measures as interest rates or stock market movements.

Management of TfGM's cash balances and funding requirements is undertaken by the daily assessment of available funds for short-term deposits; and the regular preparation of detailed treasury and cash flow forecasts which are reviewed by the Head of Finance and the Director of Finance and Corporate Services. Where necessary, mitigating actions are taken and agreement is sought from GMCA officers if further funding is required to cover, for example, short term cash flow requirements arising from the timing difference between expenditure and grant monies being applied for and received.

Currency risk is not a significant factor for TfGM, as it ensures that substantially all financial assets and liabilities are contracted for in sterling. The value of contracts denominated in Euros is not material.

Equity price risk is not a factor for TfGM since it holds no tradable investments.

Credit risk

GMCA undertake all new borrowings and placing of investments on behalf of TfGM, there is an element of inherent credit risk in respect of these. This is managed in accordance with the policies and procedures set out in the accounts of GMCA and they therefore manage the credit risk in relation to borrowings and investments.

TfGM's debtors primarily relate to GMCA, other Local Authorities and Bus and Metrolink operators. For other debtors TfGM carries out credit assessments of all new customers before contracting with them. A prudent view is taken in respect of impairment of trade debtors as referred to in note 15.

Liquidity risk

TfGM manages its liquidity risk through a comprehensive cashflow management system to ensure that cash is available as needed. As stated above GMCA invest all excess cash on behalf of TfGM and manage the cash flow across the group. Where required, short term funding for working capital is provided by GMCA at zero interest cost to TfGM. The approach to managing liquidity risk across the group is set out in the accounts of GMCA.

TfGM has £8.0m (2024/25: £8.0m) lender option borrower option (LOBO) loans. These have fixed rates of interest, but the lender may seek to increase interest rates at which point TfGM has the option to repay the loan. As there is no certainty as to whether these loans will be repaid early, TfGM has treated them as fixed loans which will run to maturity. In forming this judgement TfGM has taken account of its ability to refinance through PWLB.

Market Risk

TfGM is exposed to interest rate movements on its borrowings. Movements in interest rates are limited to fixed interest rates on its borrowings. For example a rise in interest rates will result in the fair value of the borrowing liability falling. Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Deficit / (Surplus) on the Provision of Services or Other Comprehensive Income and Expenditure.

21 Reconciliation of liabilities arising from financing activities

	2025/26 Restated* 1 April	Financing cash flows	Changes which are not financing cashflows	2025/26 31 March	
	£000	£000	Acquisition £000	Other non-financing cash flows £000	£000
Long-term borrowings	137,986	-	4,117	(38)	142,065
Short-term borrowings	14,079	(15,215)	16,964	-	15,828
Current lease liabilities	6,422	(6,543)	6,351	-	6,230
Non current lease liabilities	16,977	-	-	(4,557)	12,420
Total liabilities from financing activities	175,464	(21,757)	27,431	(4,595)	176,543

	2024/25 1 April	Financing cash flows	Changes which are not financing cashflows	2024/25 Restated 31 March	
	£000	£000	Acquisition £000	Other non-financing cash flows £000	£000
Long-term borrowings	22,469	-	115,555	(38)	137,986
Short-term borrowings	10,911	(8,571)	11,740	-	14,079
Current lease liabilities	-	(4,822)	11,244	-	6,422
Non current lease liabilities	-	-	16,977	-	16,977
Total liabilities from financing activities	33,379	(13,393)	155,516	-38	175,464

22 Employee Benefits - Pension Costs

The substantial majority of the employees of TfGM participate in the Local Government Pension Fund Scheme (LGPS) which is administered by Greater Manchester Pension Fund ('the Fund') whose administrating authority is Tameside Metropolitan Borough Council. The scheme is a defined benefit scheme. The fund was valued using the projected unit method. The purpose of the valuation was to determine the financial position of the fund and to recommend the contribution rate to be paid by TfGM and the other participating employers.

A full actuarial valuation was carried out at 31 March 2025 by a qualified independent actuary. The market value of the Fund's assets at 31 March 2025 amounted to £32.2 billion. The funding level of the Fund as measured using the actuarial method of valuation was 128% as at 31 March 2025.

The principal long term assumptions used by the actuary at that date were:

Rate of increase in salaries	4.3% per annum
Discount rate	5.4% per annum
Inflation assumption	2.8% per annum

TfGM's share of pension fund assets are valued annually and recognised at fair value. The pension fund liabilities are rolled forward, by the actuary, from the latest formal valuation date. The roll forward amount is then adjusted for remeasurement gains and losses, contributions from participants and estimated benefits paid from the fund by TfGM and its employees. As such this estimate may differ significantly from the actual liabilities held by the Pension Fund at 31 March.

The valuation has projected the valuation results of the full valuation undertaken as at 31 March 2025 forward to 31 March 2026 using approximate methods. The roll-forward allows for changes in financial assumptions, additional benefit accrual and estimated cash flows over the period.

TfGM recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge TfGM are required to make against Usable Reserves is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the Revenue Reserve via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Usable Reserves balance via the Movement in Reserves Statement during the year:

The pension costs of TfGM, representing the contributions payable to the Fund in respect of current employees, are charged to the revenue account in the year in which they are incurred.

In June 2011, the International Accounting Standards Board (IASB) issued an updated version of IAS19. The key change is that the interest cost and expected return on assets components of profit are now combined into a net figure. In effect this means that the expected return has been replaced by a figure that would be applicable if the expected return on assets was equal to the discount rate.

This has involved removing some disclosure requirements but new requirements have been added. The information below complies with the new disclosure requirements.

	Local Government Pension Scheme	
	2025/26 £000	2024/25 £000
Comprehensive Income and Expenditure statement		
<i>Cost of Services:</i>		
<i>Service cost comprising:</i>		
Current service cost	(6,007)	(8,369)
Past service costs	(421)	(1,150)
<i>Financing and Investment Income and Expenditure</i>		
Net interest (expense) / income	(543)	(623)
Total Post-employment Benefits charged to the Surplus on the provision of services	(6,971)	(10,142)
<i>Remeasurement of the net defined (liability) / benefit comprising:</i>		
Return on plan assets (excluding the amount included in the net interest expense)	17,205	(9,272)
Actuarial gains and losses arising on changes in demographic assumptions	(3,979)	606
Actuarial gains and losses arising on changes in financial assumptions	9,748	53,300
Other experience	(17,295)	3,508
Changes in the effect of the asset ceiling	(3,515)	(49,048)
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure statement	(2,164)	(906)
Movement in reserves statement		
Reversal of net charges made to the Surplus on the provision of services for post-employment benefits in accordance with the Code	6,971	10,142
<i>Actual amount charged against the Usable Reserves Balance for pensions in the year:</i>		
Employer's contributions payable to scheme	13,050	11,906
Retirement benefits payable to pensioners	(18,103)	(18,833)

Pension assets and liabilities recognised in the Balance Sheet

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

	Local Government Pension Scheme	
	31 March 2026	31 March 2025
	£000	£000
Present value of the defined benefit obligation	(331,652)	(302,388)
Fair value of plan assets	456,264	407,701
Asset ceiling adjustment	(128,647)	(118,272)
Net asset / (liability) arising from the defined benefit obligation	(4,035)	(12,959)

Reconciliation of the Movements in the Fair Value of the Scheme

	Local Government Pension Scheme	
	31 March 2026	31 March 2025
	£000	£000
Opening value of the scheme assets	407,701	400,404
Effect of settlements		
Interest income	23,642	19,158
Remeasurement loss:		
The return on plan assets, excluding the amount included in the net interest expense	17,205	(9,272)
Other experience gains/(losses)	7,881	
Contributions from employer	13,050	11,906
Contributions from employees into the scheme	4,888	4,338
Contributions in respect of unfunded benefits	-	-
Benefits paid	(18,103)	(18,833)
Closing value of scheme assets	456,264	407,701

Reconciliation of Present Value of the Scheme Liabilities

	Funded liabilities: Local Government Pension Scheme	
	31 March 2026 £000	31 March 2025 £000
Opening balance at 1 April	302,388	348,838
Effect of settlements	-	-
Current service cost*	6,007	8,369
Interest cost	17,325	16,610
Contributions from scheme participants	4,888	4,338
Remeasurement gains / (losses)		
Actuarial gains/losses arising from changes in financial assumptions	(9,748)	(53,300)
Actuarial gains/losses arising from changes in demographic assumptions	3,979	(606)
Other experience	25,176	(3,508)
Past service cost	421	1,150
Contributions for unfunded benefits	(681)	(670)
Benefits paid	(18,103)	(18,833)
Closing balance at 31 March**	331,652	302,388

*The current service cost includes an allowance for administration expenses of 0.3% (2025: 0.3%) of payroll.

** The closing liability includes £4 million of unfunded liabilities (2025: £4.2 million).

Impact of the Asset Ceiling Adjustment

Following the pensions valuation by TfGM's actuary, Hymans Robertson LLP, TfGM determined that the fair value of its pension plan assets outweighed the present value of the plan obligations at 31 March 2026 resulting in a pension plan asset.

IAS 19 Employee Benefits requires that, where a pension plan asset exists, it is measured at the lower of:

- The surplus in the defined benefit plan; and
- The asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. TfGM's actuary calculated the asset ceiling as the net present value of future service costs less net present value of future contributions.

TfGM has therefore limited the Pension asset recognised in its balance sheet to the asset ceiling. The remaining represents the unfunded liabilities which are not included in the asset ceiling adjustment and an additional liability has arisen because of a requirement to make future positive secondary contributions in respect of past service cost. The adjustment has been recognised within other comprehensive income and expenditure of the CIES.

	Local Government Pension Scheme	
	31 March	31 March
	2026	2025
	£000	£000
Opening value of the asset ceiling adjustment	(118,272)	(66,053)
Interest on the effect of the asset ceiling	(6,680)	(3,171)
Changes in the effect of the asset ceiling	(3,515)	(49,048)
Closing position as at 31 March 2026	(128,647)	(118,272)

Local Government Pension Scheme assets comprised:

	Local Government Pension Scheme			
	Quoted prices in active markets	Quoted prices not in active markets	Quoted prices in active markets	Quoted prices not in active markets
	31 March	31 March	31 March	31 March
	2026	2026	2025	2025
	£000	£000	£000	£000
Cash and cash equivalents	17,468	-	11,897	-
Equity instruments				
Consumer	19,731	-	16,881	-
Manufacturing	15,624	-	12,719	-
Energy and utilities	14,842	-	14,024	-
Financial institutions	25,541	-	21,410	-
Health and care	14,281	-	11,971	-
Information technology	18,089	-	14,224	-
Other	3,968	-	3,590	-
Sub-total equity	112,076	-	94,819	-
Bonds:				
<i>By sector</i>				
Corporate	139,259	-	120,263	-
Government	13,204	-	11,239	-
Other	9,512	-	10,086	-
Sub-total bonds	161,975	-	141,588	-
Property:				
UK property	-	16,936	-	13,575
Private equity	-	16,512	-	16,805
Investment funds and unit trusts				
Equities	15,083	-	11,413	-
Bonds	29,143	-	26,493	-
Infrastructure	-	24,000	-	22,059
Other	29,988	34,572	34,400	34,242
Sub-total other investment funds	74,214	58,572	72,306	56,301
Derivatives:				
Other	(1,489)	-	410	-
Total assets	364,244	92,020	321,020	86,681

Basis for Estimating Assets and Liabilities

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, rates of inflation and discount rates.

The Local Government Pension Scheme liability has been estimated by Hymans Robertson LLP, an independent firm of actuaries, estimates for the Greater Manchester Pension Fund being based on the latest full valuation of the scheme as at 31 March 2025. The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	31 March 2026	31 March 2025
Mortality assumptions		
Longevity at 65 for current pensioners		
Men	19.5 years	18.8 years
Women	22.5 years	21.9 years
Longevity at 65 for future pensioners		
Men	22.9 years	22.1 years
Women	25.7 years	25.1 years
Rate of inflation		
Rate of increase in salaries	4.50%	3.60%
Rate of increase in pensions	3.00%	2.80%
Rate for discounting scheme liabilities	6.20%	5.80%

The return on the Employers' portion of the main fund assets for the year to 31 March 2026 is 10.0% (2025: 3.9%).

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the Defined Benefit Obligation in the scheme			
	2025/26		2024/25	
	Approximate % increase to Employer	Approximate monetary amount £000	Approximate % increase to Employer	Approximate monetary amount £000
Rate of increase in salaries (increase or decrease by 0.1%)	0%	174	0%	165
Rate of increase in pensions (increase or decrease by 0.1%)	2%	5,117	2%	4,487
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	2%	5,291	2%	4,652

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, it is estimated that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5% (2025: 3-5%). In practice the actual cost of a one year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply to younger or older ages).

Impact on TfGM's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. TfGM has agreed a strategy with the scheme's actuary to achieve a funding level of 100%. Funding levels are monitored on an annual basis. The last triennial valuation was completed as at 31 March 2025.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the previous 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 service 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.

TfGM anticipates paying £9,842,000 (2025/26: £11,621,000) in expected contributions to the scheme in 2026/27.

The following table shows the weighted average duration of the key assumptions for Greater Manchester Pension Fund liabilities:

Weighted Average Duration

	Short	Medium	Long
	31 March 2026	31 March 2026	31 March 2026
	% p.a.	% p.a.	% p.a.
Pension increase rate	3.00%	3.00%	3.00%
Retail Price Inflation (RPI)	3.30%	3.25%	3.20%
Discount rate	6.20%	6.30%	6.30%

	Short	Medium	Long
	31 March 2025	31 March 2025	31 March 2025
	% p.a.	% p.a.	% p.a.
Pension increase rate	2.80%	2.75%	2.70%
Retail Price Inflation (RPI)	3.15%	3.05%	2.95%
Discount rate	5.80%	5.80%	5.85%

23 Reserves

Usable Reserves

The usable reserves relate to Revenue Reserves and the Unapplied Capital and Revenue Grants and Contributions Accounts.

Unusable Reserves

Unusable reserves comprise Corporate Capital Reserve, Revaluation Reserve, Pension Reserve, Deregulation Reserve and Capital Adjustments Account.

Corporate Capital Reserve

This primarily relates to the reserves of the entities from which the Greater Manchester Passenger Transport Executive (GMPTE) was formed. On 1 April 2011 GMPTE was renamed Transport for Greater Manchester (TfGM).

Revaluation Reserve

The Revaluation Reserve contains the gains made by TfGM arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation, or;
- disposed of and the gains are realised.

Pension Reserve

This relates to the net pension liability at 31 March 2026 in accordance with the actuary's report. Further details are shown in Note 22.

Deregulation Reserve

The reserve represents the costs relating to the transfer of Greater Manchester Passenger Transport Executive's bus operations to Greater Manchester Buses Limited following the implementation of the Transport Act 1985. As required by the Act, and in accordance with the transfer scheme, which was approved by the Secretary of State for Transport, GMPTE transferred its bus operation activities and certain of its assets and liabilities to this new company. The Deregulation Reserve represents payments and losses incurred by GMPTE with respect to deregulation on 25 October 1986, which were not charged to profit and loss. On 1 April 2011, under a parliamentary order, Statutory Instrument 2011 number 908 The Greater Manchester Combined Authority Order 2011 article 9(2), GMPTE changed its name to TfGM.

Although there is no legal requirement to amortise this reserve, TfGM acknowledges the prudence of taking steps to reduce the levels of ongoing borrowing by which the deregulation was originally funded. To this end, TfGM commenced transferring the Deregulation Reserve to the Revenue Reserve from 2006 over a period of 30 years. The amount of capital being amortised will increase in future years as interest on the loans supporting the reserve reduces.

Capital Adjustment Account

The Capital Adjustment Account represents the value of capital grants received, which are not subject to conditions which may give rise to repayment thereof, less the amortisation of grants in line with the write off of equivalent depreciation on the value of assets that were supported by the grants.

Analysis of Movement in reserves:

2024/25

	Usable Reserves				Unusable Reserves						Total Reserves
	Revenue Reserves £000	Unapplied Revenue Grants and Contributions Account £000	Unapplied Capital Grants and Contributions Account £000	Total Usable Reserves £000	Corporate Capital £000	Revaluation Reserve £000	Pension Reserve £000	De-regulation Reserve £000	Capital Adjustment Account £000	Total Unusable Reserves £000	£000
At 31 March 2024 Restated	45,083	314	2,382	47,779	2,461	6,315	(14,487)	(34,062)	2,020,886	1,981,113	2,028,892
Surplus on provision of services	95,663	-	-	95,663	-	-	-	-	-	-	95,663
23/24 Restatement of opening balances	95	-	-	95	-	-	-	-	15,001	15,001	15,096
Other comprehensive income and expenditure	-	-	-	-	-	6,949	(906)	-	-	6,043	6,043
<i>Comprehensive income and expenditure</i>	<i>95,758</i>	<i>-</i>	<i>-</i>	<i>95,758</i>	<i>-</i>	<i>6,949</i>	<i>(906)</i>	<i>-</i>	<i>15,001</i>	<i>21,044</i>	<i>116,802</i>
<i>Adjustments between accounting basis and funding basis under regulations</i>											
Depreciation on assets funded by capital grants	96,066	-	-	96,066	-	-	-	-	(96,066)	(96,066)	-
Capital grants released	7,928	-	-	7,928	-	-	-	-	(7,928)	(7,928)	-
Capital grants released (revaluations)	10,425	-	-	10,425	-	-	-	-	(10,425)	(10,425)	-
Capital grants applied	(140,107)	-	(2,035)	(142,142)	-	-	-	-	142,142	142,142	-
Capital grants residual value	(63,119)	-	-	(63,119)	-	-	-	-	63,119	63,119	-
Capital grants released (amortisation)	3,372	-	-	3,372	-	-	-	-	(3,372)	(3,372)	-
Gain on IFRS16 peppercorn leases	(15,293)	-	-	(15,293)	-	-	-	-	15,293	15,293	-
Release of gain on non-commercial leases	-	-	-	-	-	-	-	-	-	-	-
Pension contributions by employer	(12,576)	-	-	(12,576)	-	-	12,576	-	-	12,576	-
Pension cost of service	9,519	-	-	9,519	-	-	(9,519)	-	-	(9,519)	-
Pension finance costs	623	-	-	623	-	-	(623)	-	-	(623)	-
	(103,162)	-	(2,035)	(105,197)	-	-	2,434	-	102,763	105,197	-
<i>Net increase / (decrease) before transfers to earmarked reserves</i>	<i>(7,404)</i>	<i>-</i>	<i>(2,035)</i>	<i>(9,439)</i>	<i>-</i>	<i>6,949</i>	<i>1,528</i>	<i>-</i>	<i>117,764</i>	<i>126,241</i>	<i>116,802</i>
Transfer from Revaluation Reserve	264	-	-	264	-	(264)	-	-	-	(264)	-
Transfer to Deregulation Reserve	(3,015)	-	-	(3,015)	-	-	-	3,015	-	3,015	-
<i>Increase / (decrease) in 2024/25</i>	<i>(10,155)</i>	<i>-</i>	<i>(2,035)</i>	<i>(12,190)</i>	<i>-</i>	<i>6,685</i>	<i>1,528</i>	<i>3,015</i>	<i>117,764</i>	<i>128,992</i>	<i>116,802</i>
At 31 March 2025 Restated	34,928	314	347	35,589	2,461	13,000	(12,959)	(31,047)	2,138,650	2,110,105	2,146,694

2025/26	Usable Reserves				Unusable Reserves						Total Reserves
	Revenue Reserves £000	Unapplied Revenue Grants and Contributions Account £000	Unapplied Capital Grants and Contributions Account £000	Total Usable Reserves £000	Corporate Capital £000	Revaluation Reserve £000	Pension Reserve £000	De-regulation Reserve £000	Capital Adjustment Account £000	Total Unusable Reserves £000	£000
At 31 March 2025 restated	34,928	314	347	35,589	2,461	13,000	(12,959)	(31,047)	2,138,650	2,110,105	2,146,694
Surplus on provision of services	(11,335)	-	-	(11,335)	-	-	-	-	-	-	(11,335)
Other comprehensive income and expenditure	-	-	-	-	-	4,506	2,164	-	-	6,670	6,670
<i>Comprehensive income and expenditure</i>	(11,335)	-	-	(11,335)	-	4,506	2,164	-	-	6,670	(4,665)
<i>Adjustments between accounting basis and funding basis under regulations</i>											
Depreciation on assets funded by capital grants)	111,382	-	-	111,382	-	-	-	-	(111,382)	(111,382)	-
Capital grants released (disposals)	16,958	-	-	16,958	-	-	-	-	(16,958)	(16,958)	-
Capital grants released (revaluations)	3,085	-	-	3,085	-	-	-	-	(3,085)	(3,085)	-
Capital grants applied	(112,492)	-	(55)	(112,547)	-	-	-	-	112,547	112,547	-
Gain on non-commercial leases	-	-	-	-	-	-	-	-	-	-	-
Release of gain on non-commercial leases	-	-	-	-	-	-	-	-	-	-	-
Pension contributions by employer	(13,731)	-	-	(13,731)	-	-	13,731	-	-	13,731	-
Pension cost of service	6,428	-	-	6,428	-	-	(6,428)	-	-	(6,428)	-
Pension finance costs	543	-	-	543	-	-	(543)	-	-	(543)	-
	12,173	-	(55)	12,118	-	-	6,760	-	(18,878)	(12,118)	-
	838	-	(55)	783	-	4,506	8,924	-	(18,878)	(5,448)	(4,665)
Transfer from Revaluation	512	-	-	512	-	(512)	-	-	-	(512)	-
Transfer to Deregulation Reserve	(3,015)	-	-	(3,015)	-	-	-	3,015	-	3,015	-
<i>Increase / (decrease) in 2025/26</i>	(1,655)	-	(55)	(1,721)	-	3,994	8,924	3,015	(18,878)	(2,944)	(4,665)
At 31 March 2026	33,263	314	292	33,869	2,461	16,994	(4,035)	(28,033)	2,119,772	2,107,160	2,142,029

*A number of adjustments have been made due to a prior period error see note 29.

24 Agency Services

Bus Services Operator Grant

The Bus Services Operator Grant (BSOG) is a grant paid to operators of eligible bus services and community transport organisations to help them recover some fuel costs. The amount each bus operator receives is based on their annual fuel consumption. In 2017/18 the funding was devolved to TfGM via GMCA to reimburse Greater Manchester non franchised bus operators in line with the national scheme.

Clean Air

In January 2025, Government agreed Greater Manchester's investment led Clean Air Plan.

TfGM is responsible for the implementation and management of the GM Clean Air Plan on behalf of GMCA and the ten Greater Manchester local authorities. This is enabled through the delegation of executive functions by the authorities in accordance with the Local Government Act 2000 and the Local Authorities (Arrangements for the Discharge of Functions) (England) Regulations 2012.

While TfGM has discretion in how the programme is delivered, the overall objectives, outputs and funding arrangements are determined through the agreed Government direction and the approved GM Clean Air Plan and associated business case. As a result, TfGM acts in a coordinating and delivery capacity and does not bear the underlying risks or rewards associated with the scheme.

Passenger transport facilities

TfGM receive grant funding for capital schemes with regards to assets they do not own. TfGM also do not have any risks and rewards of the contracted spend. The grant funding received and expenditure incurred are therefore treated as an agency transaction in the financial statements. The main expenditure in 2025/26 is in relation to access for all schemes and works on Local Authorities Highways assets.

25 Related party disclosures

a) Group companies

These financial statements include the financial statements of TfGM only. TfGM has the following interests in other companies, but these have not been consolidated on the basis of materiality:

Name of Company	Equity Interest	Nature of business
Transport for Greater Manchester Limited	100%	Non-trading dormant company

TfGM and Manchester City Council are partners in Piccadilly Triangle Developments LLP (PTD LLP). TfGM has a 50% share of PTD LLP. This partnership is for the development of an area of land in Manchester, which commenced in May 2005. PTD LLP made a profit during the year of £560,000 (2025 £680,000).

TfGM, Manchester City Council and London and Continental Railways Limited have formed the Mayfield Partnership Limited Partnership. The partnership is seeking to regenerate the former Mayfield Depot site situated near Piccadilly Station. Each party has pooled their existing land interests with a view to bringing forward significant development, employment, and business opportunities. Each party has contributed their existing land interests as set out in a Land Pooling Agreement dated 22 January 2015 which also sets out the equity participation, this is currently 10% for TfGM. This Partnership has then entered into a Limited Partnership, the Mayfield Development Partnership LP with the private sector development partner U And I Group Plc.

In 2019/20 TfGM entered into an arrangement with Peel Group to form two joint venture vehicles; TfGM Peel Wharfside 1 LLP and TfGM Peel Wharfside 2 LLP. Each of TfGM and Peel Property (Partnerships) Limited (a company within the Peel group) hold membership interests in each of these limited liability partnerships. TfGM Peel Wharfside 1 LLP has been granted a long lease of the former 'Communis' site, and TfGM Peel Wharfside 2 LLP has been granted a long lease of the site known as 'Wharfside' (each site is adjacent to the Metrolink Trafford Park Line). The manner in which these sites will be dealt with is being progressed between TfGM and Peel, in accordance with the agreed joint venture arrangements.

In addition to the entities named above and PTD LLP, the directors regard GMCA as a related party.

b) Greater Manchester Combined Authority

Greater Manchester Combined Authority (GMCA) is the ultimate controlling party, by virtue of its ability to direct the financial and operating policies of TfGM. Additionally, the Chief Executive of GMCA is also the Chief Executive of TfGM; and the Treasurer of GMCA is a Board Advisor to TfGM. A summary of the transactions with GMCA has been provided below.

The following entities are consolidated within the GMCA group accounts; the Chief Constable of Greater Manchester, NW Evergreen Holdings Limited Partnership, Greater Manchester Evergreen 2 Limited Partnership and Greater Manchester Fund of Funds Limited Partnership. No transactions took place between TfGM and any of these entities. There are various other group entities within the GMCA group and the only transaction that took place in the year were with Greater Manchester Accessible Transport Limited (GMATL). These transactions have been included in the summary provided below.

c) Greater Manchester Pension Fund

In line with the definition of a related party in the code of practice, any entity that is a post-employment benefit plan for the benefit of employees of the reporting entity is to be disclosed. Under this basis, Greater Manchester Pension Fund are a related party. For more details of associated transactions please see note 22.

d) General

A summary of the transactions in the year, and the balances outstanding at the end of the year, in respect of related parties, is contained within the following table:

	<u>Transactions during year</u>		<u>Balances at 31 March</u>	
	<u>Income from £000</u>	<u>Expenditure with £000</u>	<u>Receivable from £000</u>	<u>Payable to £000</u>
GMCA – grant / sales related 2026 (notes 15 and 18)	471,665	1,868	65,020	6,409
GMCA – grant / sales related 2025 (notes 15 and 18)	493,789	1,690	24,993	3,524
GMCA - short term deposits 2026	-	-	13,035	-
GMCA - short term deposits 2025	-	-	1,032	-
GMATL 2026	9	4,812	9	1
GMATL 2025	27	3,489	17	-
Piccadilly Triangle Developments 2026	434	-	324	-
Piccadilly Triangle Developments 2025	336	-	175	-

Further details of TfGM's relationship with, and the grants received from GMCA are contained within the Directors' report. Outstanding balances as at 31 March are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received. No impairment of receivables has occurred during the year.

26 Commitments

	<u>31 March 2026</u>	<u>31 March 2025</u>
Capital commitments at balance sheet date	67,355	66,767

The key commitments at 2025/26 are in relation to the following programmes and projects:

- Metrolink Renewals and Enhancements £25.3m (2024/25: £20.8m). Relates to track, overhead line and power system replacements, as well as new work to expand the existing network and improve accessibility & mobility.
- Access for All £14.9m (2024/25: £0.6m). Relates to accessibility works across the Greater Manchester to build a more inclusive and accessible rail network.
- Zero-emission Buses Depot Electrification £8.7m (2024/25: £2.9m). Relates to the installation of electric charging stations within bus depots across Greater Manchester, to power the Zero-Emission bus fleet.
- Bus Franchising £4.1m (2024/25: £6.7m). Relates to hardware, installation and software for CCTV, Radio and Ticketing equipment across franchised bus services.

The key commitment movements leading to a £16.9m increase from the previous year are:

- Increases of £14.3m within the Access for All programme, £5.8m within the Zero-emission Buses Depot Electrification programme, £4.5 within Metrolink Renewals and Enhancements programme and £0.7m combined smaller increases across various other programmes and projects caused by increases in programme activity in the year
- Offset by decreases of £5.8m within the Salford Central improvements programme and £2.6m within the Bus Franchising programme after main contract works were completed in the year

27 Contingent assets and liabilities

A contingent asset exists in respect of a claim by TfGM against a contractor for damages incurred during construction works. Investigations are ongoing to assess the nature of the works undertaken and the cause of the damages in order to determine liability. As such, the amount that may ultimately be recoverable, if any, remains uncertain. The Directors consider that the disclosure of further information could be prejudicial to the outcome of this matter.

28 Post balance sheet events

On 16 June 2023, the High Court made a significant ruling in *Virgin Media Ltd v NTL Pension Trustees II Ltd* and others regarding the validity of amendments made to benefits in contracted-out pension schemes between 6 April 1997 and 6 April 2016. According to the judgment, any amendments to scheme benefits made during that period are void unless the scheme actuary had confirmed at the time of the amendment that the pension scheme would continue to satisfy the statutory standard for contracted-out schemes, as required by section 37 of the Pension Schemes Act 1993.

The High Court ruling was appealed, and the Court of Appeal upheld the decision on 25 July 2024. This created significant uncertainty for schemes that were formerly contracted-out on a salary-related basis between 1997 and 2016.

On 5 June 2025, the Department for Work and Pensions announced that legislation would be introduced to address the issue by allowing schemes to obtain retrospective actuarial confirmation that historic benefit changes met the necessary standards.

Subsequently, the Pension Schemes Act 2026 received Royal Assent on 29 April 2026. The Act introduces a statutory mechanism enabling schemes to retrospectively validate relevant historic amendments (referred to as “potentially remediable alterations”) through actuarial confirmation, which, if obtained, allows such amendments to be treated as having been validly made.

Accordingly, while work is ongoing across the pensions industry to assess and, where necessary, apply this remediation process, the legislative developments provide a clear route to resolving the uncertainty arising from the *Virgin Media* judgment. Therefore, based on the current position and Government action to address this issue, no adjustments have been made to the financial statements for this year.

29 Prior period adjustments

As noted above in the financial statements a number of notes have been updated to adjust for prior period errors. These related to the accounting treatment for buses within bus franchising and the measurement basis of bus depots. Details of the two changes have been included below along with the impact on the CIES and balance sheet.

Accounting treatment for buses used within bus franchising

In the operation of bus services within the Greater Manchester area, buses are categorised as operator owned or as residual value buses. Operator owned buses are those owned by operators prior to the commencement of a franchise arrangement and which will remain the property of the operator on termination of the arrangement. Residual value buses are those that are provided as part of the franchise arrangement which will be transferred, on termination of a particular franchise agreement, to the new operator of the arrangement.

The operator owned fleet was accounted for as operating leases in financial years prior to 1 April 2024 and as Right of Use assets with a corresponding lease liability for the 2024/25 financial year. The determination of the accounting arrangements for the operator owned fleet has not changed.

From 1 April 2024, following the mandatory implementation of IFRS 16, Leases, the residual value buses were accounted for as Right of Use assets in line with the accounting requirements of IFRS 16 with a corresponding lease liability. In financial years prior to 1 April 2024, the residual value fleet were accounted for as operating leases under the accounting requirements of IAS 17. TfGM has reviewed its accounting treatment for those buses that form part of the residual value fleet and determined that they should have been recognised as owned assets on the TfGM's balance sheet with a corresponding financial liability in line with the accounting requirements of IFRS 9, Financial Instruments.

In the assessment of the interest rate applicable to the lease liability determined on transition to IFRS 16 from 1 April 2014, TfGM used an interest rate based on the estimated rate of borrowing by an operator. However, the Code of Practice mandated that, on transition to IFRS 16, the interest rate to be used in respect of lease liabilities for those lease arrangements that were formerly considered to be operating leases, now accounted for as Right of Use assets should be the TfGM's incremental borrowing rate. The sum paid to operators under the franchise arrangement is not changed as a result of these adjustments but the incidence of the payment within the financial statements is changed.

Change in basis of measurement of bus depots

TfGM provide operators with bus depots as part of the large bus franchising contracts with bus operators across all three Tranches. These were purchased from the bus operators who previously operated bus services pre franchising. As part of commercial negotiations of purchasing the depots these were purchase on a freehold and leasehold basis. Freehold depots have been included in the land and building assets within Property, Plant and Equipment and Leasehold depots are included within land and building assets within Right of Use Assets.

In 2024/25 external valuations were obtained at existing use value on the basis that there was an active market for the bus depots. On review of this methodology and the CIPFA Code of Practice it was determined that the bus depots met the definition of a specialised asset as these are rarely sold, not easily adaptable and cannot easily be changed location. In line with the code the depots should be valued at Depreciated Replacement Cost (DRC). Revised valuations for bus depots were obtained at 31 March 2025 and DRC for both the freehold and leasehold assets and adjustments posted to reflect the revised basis.

Details of the impact of the prior period adjustment are set out below. Note the lines with changes have been disclosed only.

Comprehensive Income and Expenditure Statement - 2024/25

Service	Original as reported for 2024/25			Impact of Prior Period Adjustment			Restated for 2024/25		
	Expenditure	Income	Net Expenditure	Expenditure	Income	Net Expenditure	Expenditure	Income	Net Expenditure
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Bus Franchise Services	(284,172)	167,505	(116,667)	(30,270)	-	(30,270)	(314,442)	167,505	(146,937)
Operational and other costs	(203,614)	104,122	(99,492)	105,788	(75,732)	30,056	(97,826)	28,390	(69,436)
Cost of Services				75,518	(75,732)	(214)			
Other operating expenditure	(8,020)	869	(7,151)	3	(0)	3	(8,017)	869	(7,148)
Financing and Investment Income and Expenditure	(4,695)	675	(3,820)	(1,386)	200	(1,386)	(6,081)	875	(5,206)
Taxation and non-specific grant income and expenditure	-	485,615	485,615	-	(21,612)	(21,612)		464,003	464,003
Surplus/(deficit) on provision of services				64,193	(72,403)	(8,209)			
Surplus on the revaluation of non-current assets			4,938			2,011			6,949
Total Comprehensive Income and Expenditure			122,905			(21,199)			101,706

Balance Sheet

Restated opening position at 1 April 2024

	Original as Reported at 1 April 2024	Impact of Prior Period Adjustment	Restated Position at 1 April 2024
	£000	£000	£000
Long term assets			
Property, Plant and Equipment	2,010,276	51,105	2,061,381
Right of Use Asset	-	38,322	38,322
Current Liabilities			
Current Lease Liabilities	-	(4,821)	(4,821)
Short term borrowing	(10,911)	(6,704)	(17,615)
Long term liabilities			
Non-current Lease Liabilities	-	(11,236)	(11,236)
Long term borrowings	(22,469)	(36,278)	(58,747)
Total impact on Net Assets		30,388	

Restated 2025/26 Balance Sheet

	Original as Reported at 31 March 2025	Impact of Prior Period Adjustment	Restated Position at 31 March 2025
	£000	£000	£000
Long Term Assets			
Property, Plant and Equipment	2,018,726	221,102	2,239,828
Right of Use assets	210,017	(161,520)	48,497
		59,582	
Current Assets			
Inventories	5,430	(5,249)	181
		(5,251)	
Total Assets		54,331	
Current Liabilities			
Current Lease Liabilities	(35,869)	29,447	(6,422)
Short term borrowing	(165)	(21,667)	(21,832)
		7,777	
Long Term Liabilities			
Non-current Lease Liabilities	(70,568)	53,591	(16,977)
Long term borrowings	(8,431)	(121,802)	(130,233)
		(68,211)	
Total Liabilities		(60,434)	
Net Assets		(6,103)	