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Transport for London

Financial Statements
For the year ended 31 March 2024

The status of the Statement of Accounts is unaudited, and the Statement of Accounts as published for the purposes of the exercise of public rights may be subject to change prior to the conclusion of audit.

I confirm that this Statement of Accounts presents a true and fair view of:

(i) the financial position of Transport for London at the end of the financial year to which it relates; and

(ii) Transport for London's income and expenditure for the financial year ended 31 March 2024

Patrick Doig
Statutory Chief Finance Officer

14 June 2024

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Narrative Report and Financial Review

Overview

2023/24 saw the completion of a remarkable turnaround in TfL's finances.

Before the outbreak of the pandemic, we had been close to reaching financial sustainability in terms of our operational activities without the need for direct Government grant, which had been phased out from April 2016 and was removed entirely from April 2018. Between 2015/16 and 2019/20 we focused on improving our financial position and resilience. We reduced the net cost of operations, excluding Government funding, by almost £1bn over that period, and we increased cash reserves to more than £2bn, giving ourselves a cash buffer that proved crucial to continue operating in the first phase of the pandemic while Government support was negotiated.

However, the pandemic devastated our fares income, which meant that, since March 2020, we required extraordinary funding support from Government under a series of funding agreements from the Department for Transport (DfT). On 30 August 2022 the TfL Board approved a 20-month funding settlement with the DfT until 31 March 2024. This funding settlement provided £1.2bn of Government funding along with the guaranteeing of passenger revenue over the period.

A key term under this settlement was for TfL to become financially sustainable, which means we are able to cover the cost of operating, renewing, and financing our existing network from TfL and Mayoral income sources – without relying on Government support. In 2023/24 we achieved the historic milestone of delivering an operating surplus, delivering on the Government's target for TfL becoming operationally financially sustainable.

We achieved our target growth in passenger journeys of six per cent from the end of 2022/23 and continue to explore new ways to attract customers to our services. 2023/24 saw the introduction of end-to-end running on the Elizabeth line, the launch of the full Superloop service and the 'Off-peak Fridays' trial. The Mayor's decision to freeze TfL fares until March 2025 further helps to support Londoners struggling with the cost of living and also diversifies TfL's income sources as it was funded by additional Mayoral funding to TfL.

Although we have achieved operational financial sustainability, like transport authorities around the world, we still require Government funding for new major projects and replacing significant assets such as rolling stock, signalling and major road structures. In 2023/24, we received base Government funding of £565m from the 30 August 2022 settlement, which was used solely for capital investment. In December 2023 we secured £250m additional funding from Government, of which £245m was received during 2023/24, to support our capital investment for 2024/25. We are working with Government to secure longer-term capital funding so we can invest in the capital's infrastructure with more efficiency and effectiveness.

Investing in London's infrastructure means we can continue to support jobs and growth throughout the UK with our supply chain and open up new areas for development. We will continue to play our part for a more sustainable and green future, and maintain London's position as a competitive global city which supports the national economic recovery.

Narrative Report and Financial Review (continued)

Organisational overview

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

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

Governance

Our governance and decision-making arrangements ensure we manage the organisation responsibly and effectively and to high standards of business conduct (see TfL's Annual Governance Statement on page xx). This includes operating within the requirements of relevant legislation (including Local Authority legislation), as well as understanding our responsibilities to spend public funds efficiently and manage risks effectively. We conduct, at least annually, a review of the effectiveness of its governance framework including the system of internal control, which is reported to the Audit and Assurance Committee. There is also an annual Board Effectiveness Review.

The opinion for the year ending 31 March 2024 concluded that TfL's governance framework was satisfactory for TfL's needs and operated in an effective manner. The opinion highlighted the progress against the 2023/24 improvement plan.

We have established a Committee and Panel structure to which we delegate detailed scrutiny of key areas of our responsibilities. We have ensured the TfL Board has the right range and depth of knowledge, skills, and experiences to run the organisation effectively. We refreshed our Board membership, in line with best practice, so it remained relevant and up to date (the list of our members is on pages xx to xx). At the date of this report 50 per cent of our Board members are women. We understand the benefits of diversity and are continually seeking to improve this across our Board and executive teams.

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

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

Operating model

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

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

Narrative Report and Financial Review (continued)

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

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

- TfL Commissioner – Andy Lord
- Chief Customer & Strategy Officer – Alex Williams
- Chief Finance Officer – Rachel McLean
- Chief Capital Officer – Stuart Harvey
- Chief Operating Officer – Clare Mann
- Chief People Officer – Fiona Brunskill
- Chief Officer – Pensions Review – Tricia Wright
- Chief Safety, Health & Environment Officer – Lilli Matson
- General Counsel – Andrea Clarke
- Director of Communications and Corporate Affairs – Matt Brown

Strategy and resource allocation

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

Key priorities in the Mayor's Transport Strategy are: creating Healthy Streets and healthy people, creating a good public transport experience and delivering new homes and jobs. (See page x of the Annual Report).

We produce a Business Plan, approved by the Board, which sets out the medium- term plan for the organisation, demonstrating how we will achieve the Mayor's Transport Strategy. In December 2023, the TfL Board approved the 2024 TfL Business Plan, which laid out our plans and investment priorities for 2023/24 to 2026/27.

The first full year of the Business Plan is used as the basis for an annual budget, which allocates resource to individual departments and projects for the year ahead. In March 2024, the Finance Committee approved the 2024/25 TfL Budget, under authority delegated by the Board.

Narrative Report and Financial Review (continued)

Interests of the Group's employees

We strive to create a workplace that is safe, secure and contributes to an engaged workforce.

Our Vision and Values are a culmination of what our people said our future should look like and how they said we should work together to achieve it. This includes our organisational values – caring, open and adaptable.

Our colleague strategy sets out how we will deliver our ambition to be a great place to work for everyone to thrive. We have introduced a new approach to managing talent and career progression, supporting everyone to have regular conversations about their role and their development.

While the majority of our colleagues are in roles which require them to be at an operational or project location, for our office-based colleagues we are operating a hybrid-working approach, which offers flexibility and is valued by them.

Those who are hybrid working are expected to spend a maximum of 50 per cent of their time working at home per period on average, for the purpose of what we call the three Cs: Collaboration, Culture and Coaching.

The wellbeing of our employees remains a priority and we continue to offer a range of services and resources to support physical and mental health.

In June 2023, we launched our new workforce diversity and inclusion strategy, Action on Inclusion. This ambitious seven-year strategy is our long-term promise to our people, setting out how we can become a truly inclusive organisation that reflects the city we serve. We want to create and embed a culture where everyone feels a sense of belonging.

To truly meet the needs of our customers, we must have a workforce that represents Londoners, through inclusive leadership, culture, behaviours, and ways of working. While diversity has always been an important focus for us, this strategy prioritises inclusion to positively impact our organisation for years to come.

Our 2023 pay gap report showed our overall gender pay gap had reduced. We continue to work to improve gender representation at all levels, providing and promoting initiatives that encourage women to enter the transport industry, as well as addressing barriers that may prevent women from advancing to more senior and higher-paid positions. We published our Pay Gap Action Plan which outlines how we will work to further reduce our pay gaps, ensuing equity for all. Our efforts to build an inclusive workplace, increase the voices of colleagues from under-represented groups and review organisational policies, practices and guidelines are among our key deliverables.

Ensuring we hear the voice of our employees remains important to us. While our Trade Union relationships – with local, functional, and company-level meetings taking place across different parts of the organisation - play a significant role in achieving this, our Colleague Network Groups provide employees the chance to share ideas and support each other in developing our equality agenda in all areas of employment.

Narrative Report and Financial Review (continued)

Performance

Summary of financial performance for the TfL Group

Total revenues, excluding grant funding, for the year came in at £6,714m, compared with a total of £5,804m for 2022/23, reflecting recovering fares revenues as passengers continue to return to the network.

Gross expenditure of £9,055m has increased from the prior year total of £8,490m primarily from higher staff costs following base pay increases, inflationary pressures and service expansion.

In 2023/24, our net financing and investment expenditure decreased from £648m to £612m, primarily reflecting investment property valuations gains of £190m which increased from prior year gains of £26m, due to ongoing fluctuations in the property market. Net gains on disposals of investment properties also increased from £6m to £15m.

Grant income remains steady at £3,505m, consistent with last year. In 2023/24 the DfT contributed £810m to support our capital programme.

These items combined with Corporation tax of £50m results in an overall Group surplus after tax for the year of £444m compared to a prior year surplus of £74m. After reserves transfers, this translated to an increase in usable reserves from £319m as at 31 March 2023 to £527m at 31 March 2024.

Reconciliation from management reports to statutory accounts (£m)

	2024
Operating surplus per management reports	138
Adjustments between internal management reports and statutory accounts	
Depreciation, amortisation and impairments on property, plant & equipment and intangibles	(1,297)
Change in fair value on investment properties	(190)
Difference in payments under PFI and lease arrangements and depreciation and interest under IFRS 16	(66)
Group share of loss from associate and joint ventures	(59)
Capital grant income excluded from the management accounts operating surplus	1,005
Capital renewals treated as operating expenditure in the management accounts	763

Narrative Report and Financial Review (continued)

Difference in pension payments charged to management accounts and pension service costs and interest under IAS 19	123
All other items	27
Group surplus after tax per the Comprehensive Income and Expenditure Statement	**444**

A detailed segmental analysis is provided in Note 2.

In addition to £763m (2022/23 £624m) of spend on renewals works, capital spend included new investment of £50m (2022/23 £188m) on the Crossrail project and £1,314m (2022/23 £1,234m) on other investment projects. Capital projects progressed in the year included the Piccadilly line upgrade, DLR rolling stock and systems integration, Four Lines Modernisation, improving air quality and the environment through safe and healthy streets, Silvertown tunnel, and transformative developments such as at the Old Street roundabout.

Funding sources

Our activities are funded from four main sources:

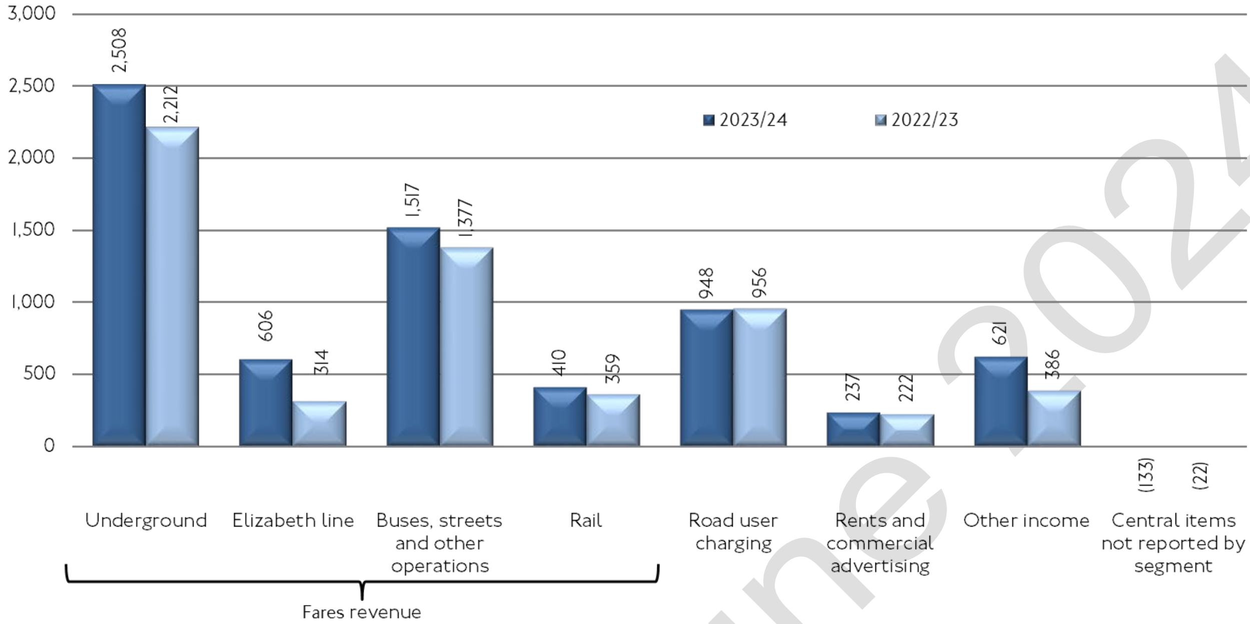
- Passenger fares income – the largest single source of our income
- Other income, including commercial activity and income from the Congestion Charge scheme and the Low Emission Zone / Ultra Low Emission Zone scheme
- Grant income, including a share of London Business Rates passed down to TfL from the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

Our Business Plan is financially balanced over the medium term, with planned funding sources sufficient to meet planned expenditure. Short-term timing differences between expenditure and funding are managed through transfers to or from our cash reserves. Government recognises that we may require further capital funding beyond the current funding settlement.

Narrative Report and Financial Review (continued)

Gross service income

Gross service income breakdown by type (£m)

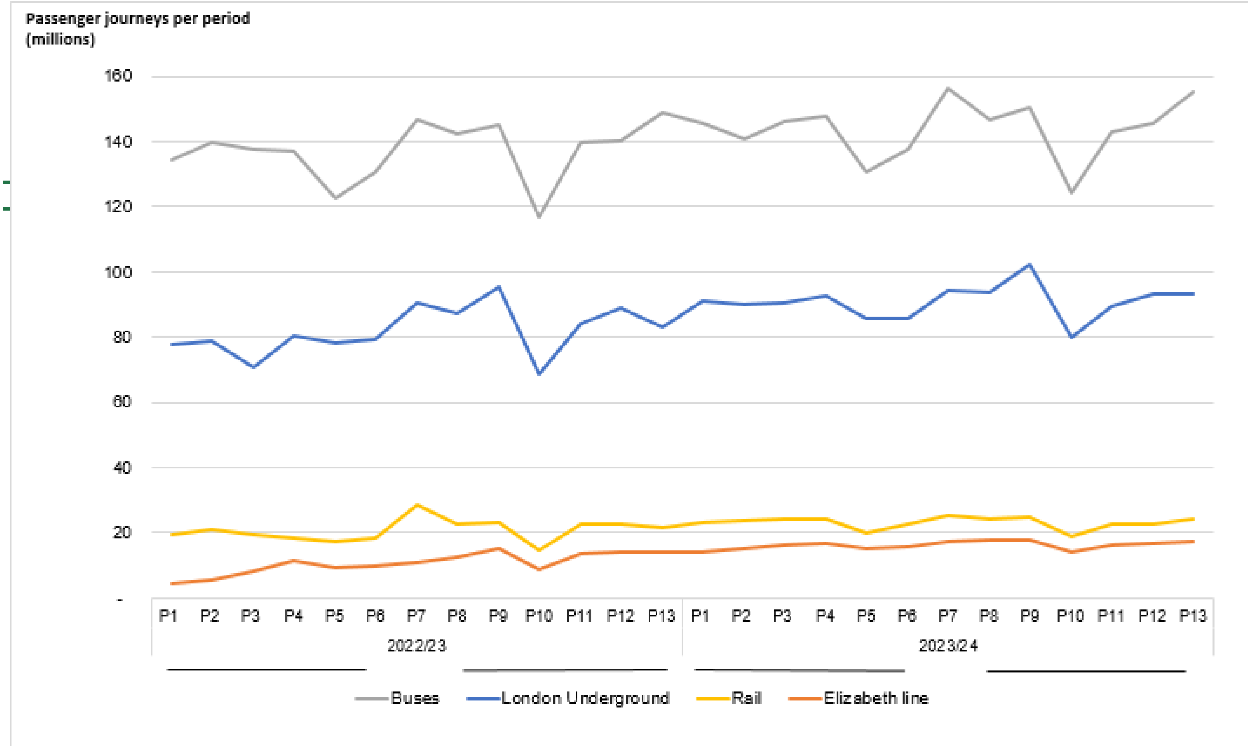


Total gross service income increased by 16 per cent from £5,804m in 2022/23 to £6,714m in 2023/24, reflecting our commitment to explore new ways of actively growing passenger demand and creating new sources of revenue to reduce our reliance on fares income.

Our primary source of income comes from passenger fares income. Currently fares make up around 75 per cent of our gross service income (exclusive of grant revenue). Fares income have increased from £4,241m in 2022/23 to £5,045m in 2023/24, a growth of 19 per cent. Passenger journeys are relatively steady at 90 per cent of pre-pandemic levels, up from 85 per cent at the end of 2022/23, as full-year figures show 3,560 million journeys have been completed, compared with 3,252 million last year.

Narrative Report and Financial Review (continued)

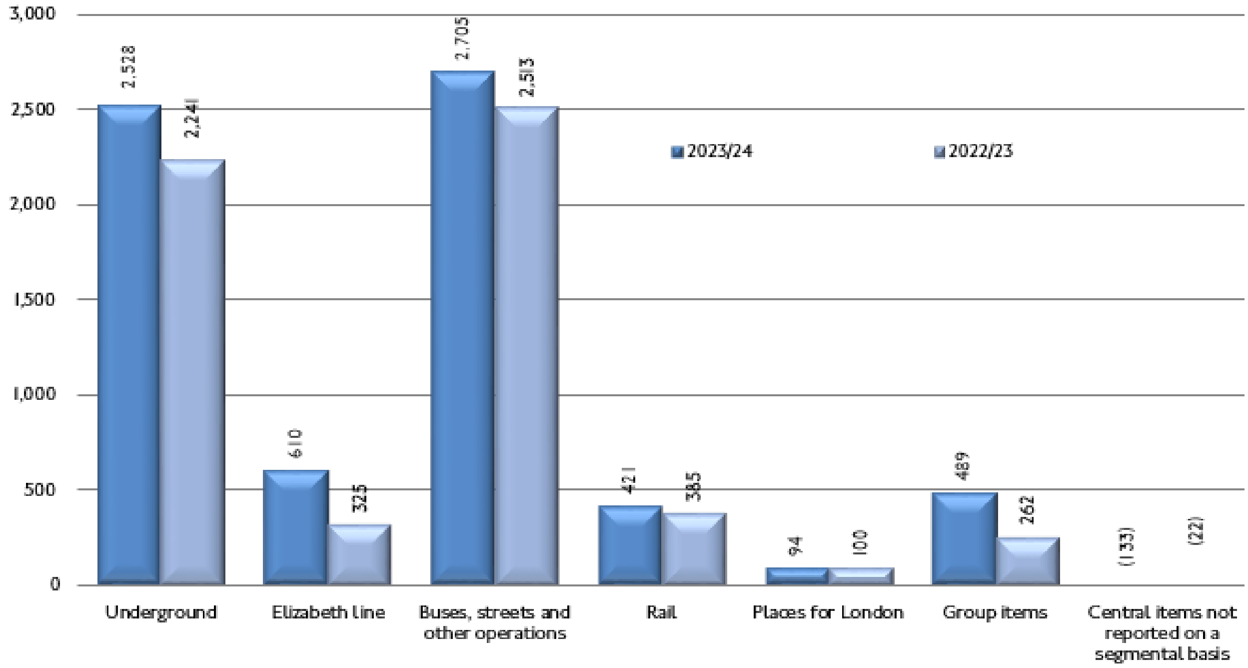
Passenger journeys per period (in millions)



As well as the increase in passenger journeys, passenger revenues also reflect fare levels. TfL fares decisions are taken annually by the Mayor who, following five years of fare freezes and taking into account the requirements of Government funding agreements, increased fares initially in March 2021, and again in March 2022 by an average of 4.8 per cent (reflecting RPI plus one per cent) and in March 2023 by 5.9 per cent in line with National Rail fares. In March 2024, the Mayor announced a freeze on all fares under his control from March 2024.

Narrative Report and Financial Review (continued)

Total gross income by operating division (£m)



Total gross service income for the Underground was £2,528m, which is £287m higher than 2022/23. The fares component made up the majority of this increase as a result of the increase in passenger journeys from 1,063 million to 1,181 million in 2023/24 (an 11 per cent increase).

Gross service income for the Elizabeth line increased by 88 per cent from £325m in 2022/23 to £610m in 2023/24. Within this total, passenger income increased from £314m to £606m. In 2023/24, the Elizabeth line saw 210 million passenger journeys. This is an increase of 72 million over the previous year and passenger journeys on the Elizabeth line are now averaging around four million journeys every week.

Income from Buses, streets and other operations rose eight per cent from £2,513m in 2022/23 to £2,705m in 2023/24. Within this total, passenger income for buses, at £1,517m, was £140m more than the previous year. London's bus network saw an increase in passenger journeys of 87 million with demand steadily improving during the year, along with the launch of the Superloop service which has also added additional bus kilometres to the capital's bus network, helping to drive ridership. Fares income from the IFS Cloud Cable Car, at £10m for the year, was £1m higher than the prior year.

Road user charging income, at £948m, was £8m lower than 2022/23 levels as we continue to see high levels of compliance.

In the Rail division, income at £421m was nine per cent above prior year levels. Within this, passenger income of £410m was £51m above the 2022/23 total. Rail journeys, including London Overground, DLR and London Trams, were 30 million higher than this time last year, showing rising demand on the network from 270 million in 2022/23 to 300 million in 2023/24.

Places for London income has decreased by six per cent from £100m in 2022/23 to £94m in

Narrative Report and Financial Review (continued)

2023/24 mainly owing to lower dividend payments from joint ventures.

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

Government grants and other funding

During 2023/24, the DfT contributed grant funding totalling £188m (2022/23 £135m) to protect our growing passenger income against any demand shocks, and £nil (2022/23 £808m) towards running our day-to-day operations. Although we have achieved operating financial sustainability TfL still requires Government funding for major capital expenditure and in 2023/24 the DfT contributed £810m to support our capital programme. In addition, we continued to receive funding from the GLA as part of local authority devolved arrangements. The Mayor retains a share of London's business rates and then allocates a proportion of this to us as a resource grant.

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

The total of resource and capital grants receivable by us in 2023/24 amounted to £3,505m (2022/23 £3,523m).

Prudential borrowing

Movements in borrowing during 2023/24 (£m)

Opening borrowing at 1 April 2023 per the accounts	12,910
Green Finance Fund loan with GLA - £100m due in 2027	100
Issuance of rolling short-term Commercial Paper	88
Repayments on Public Works Loan Board (PWLB) and European Investment Bank (EIB) loans	(129)
Repayment of DfT Crossrail loans	(35)
Fair value movements, issue premia/discounts and fee adjustments	2
Closing borrowing at 31 March 2024 per the accounts	**12,936**

The authorised limit for direct borrowings for the Corporation set by the Mayor for 2023/24 was £14,108.5m.

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

Narrative Report and Financial Review (continued)

Gross expenditure

Gross expenditure, which includes day-to-day operating costs as reported to management (see note 2 to the financial statements) and central items not reported on a segmental basis (including depreciation and amortisation) increased by six per cent from £8,490m in 2022/23 to £9,055m in 2023/24.

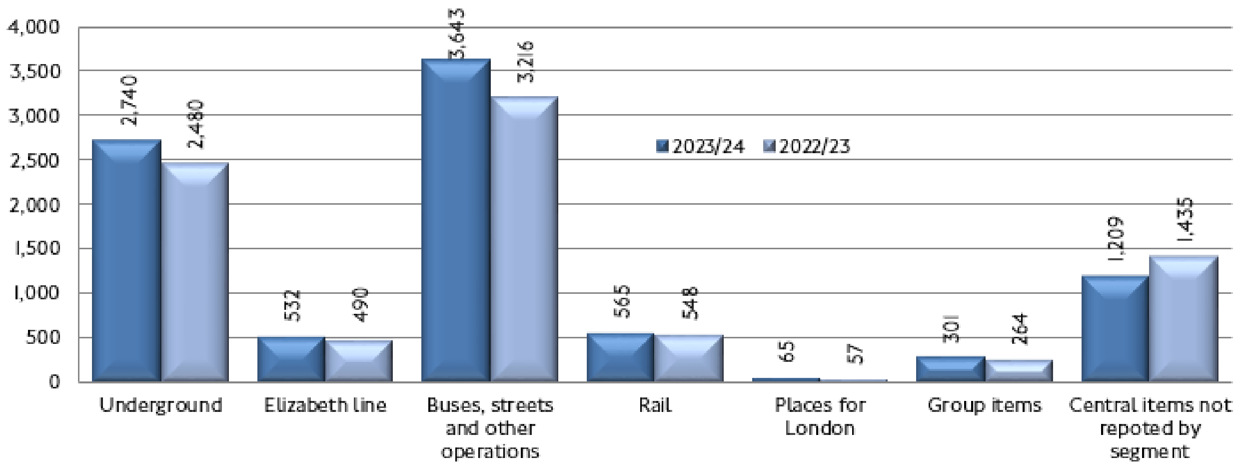
Year-on-year cost of operations (£m)

	2023/24	2022/23	2021/22
Cost of operations per internal management reports	**(7,846)**	(7,055)	(6,478)
Adjust for one-off items incurred	**42**	44	35
Adjust for investment programme operating costs included in operating expenditure	**312**	146	157
Adjust for Elizabeth line direct operating costs	**519**	477	422
Adjust for other new services	**253**	177	85
Accounting and other changes	**(16)**	(25)	-
Cost of operations (like-for-like basis)	**(6,736)**	(6,236)	(5,779)
Adjust for RPI at 7.5% in 2023/24 and 12.9% in 2022/23	469	710	-
Cost of operations (like-for-like basis) in real terms (2021/22 prices)	**(5,556)**	(5,526)	(5,779)
Like-for-like cost decrease compared to 2021/22	**223**		
Like-for-like cost decrease as a percentage compared to 2021/22	**-3.9%**		

Like-for-like costs have reduced from £5.8bn in 2021/22 to £5.6bn in 2023/24 (in 2021/22 prices). We made £138m of recurring savings in 2023/24, taking total recurring savings delivered since 2016 to £1.4bn. We remain focused on right control of expenditure and reducing our core costs where possible.

Narrative Report and Financial Review (continued)

Gross expenditure by operating division (£m)



Operating costs across the Group were impacted by the pay deals for 2023/24 which consisted of a five per cent increase in base pay plus a £1,000 consolidated payment, with further consolidated payments for our lowest earners.

On the Underground, costs increased by £260m (10 per cent) in the year.

Total operating expenditure on the Elizabeth line at £532m was £49m (10 per cent) higher than the prior year figure of £483m with higher maintenance and operations costs following the introduction of the full peak timetable on 21 May 2023,

The cost of operating Buses, streets and other operations at £3,643m increased by 13 per cent on the prior year figure of £3,216m.

Operating expenditure for the Rail division increased by three per cent from £548m in 2022/23 to £565m in 2023/24 with lower costs in London Overground (£54m) offset by higher costs in Trams (£50m).

Property costs have increased during the year – from £57m to £65m partly a result of catching up on the maintenance underspend in the prior year.

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

As set out in Note 2, Central items not reported on a segmental basis primarily represent charges not included in internal management reporting. The most significant line item within this balance comprises depreciation, amortisation and impairment charges recognised in relation to property, plant and equipment and intangible assets. The total of these charges increased from £1,524m in 2022/23 to £1,628m in 2023/24. This category also absorbs the

Narrative Report and Financial Review (continued)

difference between the accounting methodologies used in the statutory versus the management accounts. The most significant of these relate to the treatment of defined benefit pension schemes, and to the treatment of former operating lease payable arrangements. In our management accounts the costs of these items are recognised within operating expenditure based on cash flows, whereas in the statutory financial statements, as set out in the Accounting Policies notes to the accounts, IFRS 16 Leases and IAS 19 Employee Benefits are applied.

Net interest and finance income/charges

Gross financing and investment expenditure for the year was £697m, £53m below the prior year.

This decrease was primarily a reflection of valuation losses of £190m recognised in relation to the Group's investment property portfolio, which increased from losses of £155m in 2022/23.

Also within this overall total, interest payable on direct borrowings increased by five per cent from £444m to £466m. This increase was primarily due to the prevailing interest rates on variable rate borrowing during the year and on borrowing refinanced during 2023/24. As at 31 March 2024, TfL had a nominal £12.961bn of borrowings, of which approximately £0.6bn was short-term borrowing under the Commercial Paper programme. The weighted average interest rate was 3.5 per cent and the borrowings had a weighted average remaining life to maturity of 18.6 years.

Interest payable on borrowings was offset, to a degree, by the amount of interest capitalised into the cost of qualifying property, plant and equipment. Interest capitalised in 2023/24 totalled £12m (£32m in 2022/23).

Interest payable on leases, including contingent rentals in respect of PFIs, increased from £93m in 2022/23 to £127m in 2023/24, reflecting a portion of lease contracts that are impacted by increasing interest rates. The Group's net interest expense in respect of its defined benefit pension scheme obligations increased from £79m in 2022/23 to £80m in 2023/24.

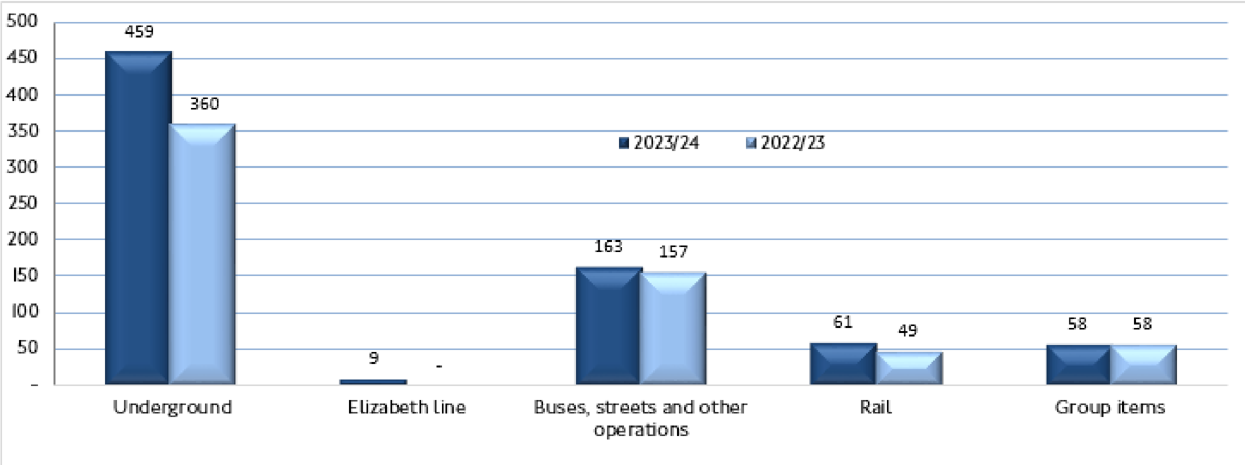
Gains from the disposal of investment properties decreased from £22m in 2022/23 to £15m in 2023/24.

Capital expenditure

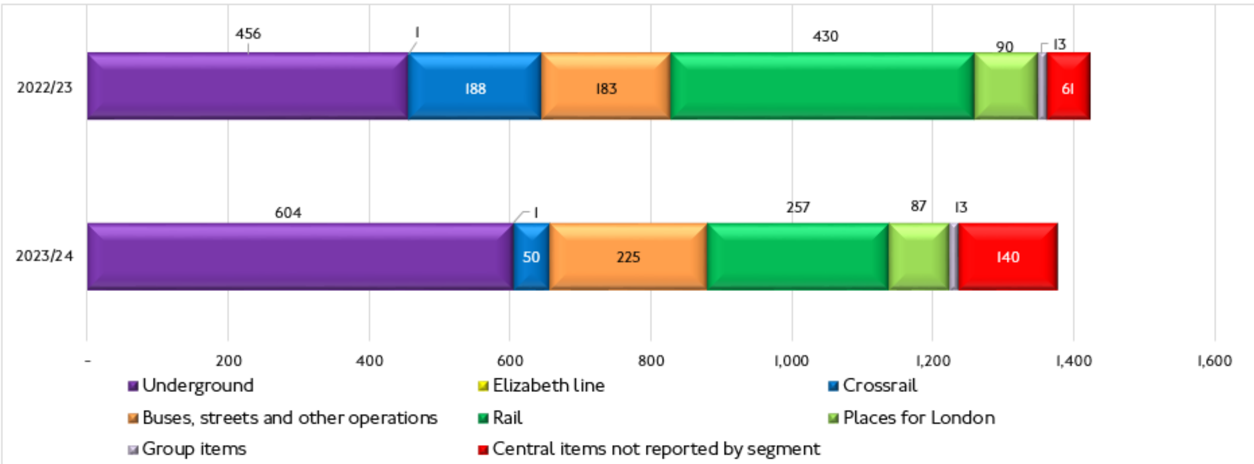
Total Group capital expenditure for the year, including property, plant and equipment intangibles, investment in associates and investment properties totalled £2,127m (2022/23 £2,046m). Within this total £763m was spent on capital renewals (2022/23 £624m).

Narrative Report and Financial Review (continued)

Capital renewals by business area (£m)



New capital investment by business area (£m)



On the Underground, capital expenditure totalled £1,063m, an increase of £247m from £816m in the prior year. This included £604m of new capital investment and £459m of asset renewals.

The Piccadilly line upgrade continues to progress with a further £445m invested this year. During 2023/24, a rephased schedule of payments and delivery was agreed under the contract with Siemens Mobility, who are currently building the new, higher capacity walk through trains. This enables us to better align the introduction of the new trains with the refurbishment of our depots.

The delivery of the first train to London, remains on target for 2024, ahead of entering service in 2025. The revised schedule means that up to 80 per cent of the new trains will now be built in the UK at the Siemens' factory in Goole, Yorkshire, surpassing the 50 per cent target originally planned. Siemens is investing up to £200m and creating up to 700 jobs at the Goole factory, with up to 1,700 new jobs in the supply chain.

Narrative Report and Financial Review (continued)

Modifications are under way within the existing depots to provide initial maintenance facilities for the first new trains. The construction of three new stabling and reversing sidings at Northfields is substantially complete, with final commissioning planned for October 2024. At Cockfosters depot, site preparation and enabling works are under way for the new wheel lathe facility, and a contract has been awarded for building construction.

We continue to make progress on modernising the Circle, District, Hammersmith & City and Metropolitan lines with £99m being spent on the project in 2023/24. New signalling is being progressively installed on sections of the railway known as signal migration areas (SMAs).

We reached a significant milestone when the installation of the trackside signalling assets was finished at the end of March 2024. With these trackside assets in place, each SMA is tested with the new software before it is ready to go live with the new signalling system.

In 2023, we successfully commissioned SMA 6 (Stepney Green to Becontree) and SMA 7 (Dagenham East to Upminster), increasing the area operating under the new automated signalling system to 62 stations. This includes the entire Circle and Hammersmith & City lines, leaving just the Metropolitan line and parts of the District line to be completed.

Total capital expenditure within the Buses, streets and other operations division of £388m is £48m higher than in 2022/23. Within this total, the amount spent on renewals increased from £157m to £163m and on new capital investment from £183m to £225m.

Work continues on the Silvertown Tunnel, a new 1.4km long twin-bore public transport focused road tunnel linking the A102 Blackwall Tunnel Approach on the Greenwich Peninsula to the Tidal Basin Roundabout in the Royal Docks area. Construction of the permanent wall to the tunnel portal approach is progressing well. Building of the tunnel domes in the area that was previously excavated has been completed, with backfilling started. At Greenwich, similar work has commenced to allow waterproofing of the tunnel domes prior to backfilling.

Another milestone was reached with the completion of cable tray installation throughout the entire 1.1km stretch of tunnels and cross passages. Cable pulling has now started within the tunnel, including the first tranche for lighting, following which approximately 75km of electrical cable will be fitted.

Following several productive weekend closures, works have progressed well at the A102, including the installation of gantries across the carriageway, construction of a new overbridge and resurfacing. This progress has negated the need to utilise proposed contingency weekends.

Total capital expenditure within the Rail division of £318m is £161m lower than in 2022/23 which included the purchase of the London Overground class 378 fleet (£281m).

Work continues on the DLR rolling stock replacement programme which will see 54 new walk-through trains introduced, 33 replacing the oldest trains in the fleet and the remainder used to boost capacity and meet growing demand across the DLR network. £223m was spent this year, an increase of £90m, with the manufacture of 30 trains completed in Spain.

Narrative Report and Financial Review (continued)

The new trains will improve the customer experience with live travel information, more capacity and air conditioning. Main line testing and signalling integration is under way, with the first new trains expected to begin entering passenger service in 2024/25.

On the London Overground we are upgrading Surrey Quays station and improving our signalling and power infrastructure to enable us to increase train frequencies on the core section of this line. Following successful preparatory works in January, we have now installed a tower crane within the main works compound to support critical lifting activity for construction work over the coming months.

Our property company, Places for London, is creating the spaces that are vital for London's growth and development and invested £87m during 2023/24. To date, Places for London has started building more than 4,000 homes, as part of its ambition to deliver 20,000 new homes, including 50 per cent affordable housing.

During the year, £50m was spent on the Crossrail project. The full Elizabeth line peak timetable was introduced on 21 May 2023. This timetable change saw the railway move to a peak service of 24 trains per hour in the central section, an increase from 22 trains per hour, and increased connectivity and reduced journey times.

Cash and investments

Total cash, cash equivalents and investments with maturities greater than three months held by the Group at 31 March 2024 amounted to £1,495m, an increase of £93m since the end of 2022/23. Of the total cash balance, £142m is held for the Crossrail project, London Transport Museum Limited (LTM), London Transport Insurance (Guernsey) Limited (LTIG) and Places for London Limited (Places).

Our liquidity policy requires that we aim to maintain cash reserves equivalent to at least 60 days' worth of forecast annual operating expenditure, on average (around £1.2bn for 2023/24). Our cash reserves remained on average around this level. This is in line with the long-term funding settlement agreed with Government in August 2022, which required that usable cash reserves are maintained at no more than £1.2bn on average.

The average yield from TfL's cash investments for 2023/24 was 5.03 per cent, an increase from 2.21 per cent in 2022/23. The increased investment yield reflects the recent interest rates environment.

Pensions

As at 31 March 2024, the majority of TfL's employees were members of the TfL Pension Fund.

Every three years, the TfL Pension Fund actuary makes valuations and recommends the level of contributions to be made by the participating employers to ensure the long-term solvency of the Fund. The latest available valuation of the Fund was carried out as at 31 March 2021 by the Actuary, a partner of consulting actuaries Willis Towers Watson, using the projected unit method. A revised Schedule of Contributions was agreed between the Trustee and the employers following the formal funding valuation of the Public Sector Section.

Under the valuation report, the Fund held a surplus of £179m as at 31 March 2021. Assets totalled £13,085m and the defined benefit obligation totalled £12,906m. A revised Schedule of

Contributions was agreed between the Trustee and the employers following the formal funding valuation. This set out a future service contribution rate of 27.3 per cent for the employers and five per cent for members.

A separate valuation of the TfL Pension Fund has been prepared, by actuaries at the XPS Pensions Group, for accounting purposes on an IAS 19 basis as at 31 March 2024. The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, while the present value of the schemes' defined benefit obligation is derived from cash flow projections. Due to the timescale covered, neither the assumptions nor the cash flow projections may necessarily be borne out in practice.

On this IAS 19 basis, the Public Sector Section's net deficit/surplus decreased from a £1,630m surplus at the start of the year to a £2,342m surplus at the end of the year, as a result of a change in the financial assumptions adopted. The increase in discount rate reduced the value of the liabilities over the accounting period.

The total net surplus recognised in respect of all funded and unfunded pension arrangements at 31 March 2024 amounted to £2,269m (2023 £1,543m surplus).

Prospects, outlook, and principal risks

Government funding

TfL is one of the only major authorities in Europe not to receive a regular central Government grant to cover day-to-day operations. The pandemic devastated our finances and exposed the inadequacy of our current funding model. Our high fixed cost base and our dependence on revenue from passenger fares meant that we were particularly susceptible to the significant alterations in travel patterns arising from Government-mandated lockdowns and the resulting of 'new-normal' changes to post-Coronavirus passenger behaviour.

We are grateful for the various Funding Settlements that central Government provided to TfL since the onset of the pandemic, allowing TfL to continue to provide services to Londoners and deliver its programme of capital investment, culminating in the August 2022 settlement which expired on 31 March 2024. In December 2023 Government agreed to a further £250m of capital funding to support the delivery of our rolling stock and signalling replacement projects for the 2024/25 financial year.

In 2023/24, TfL has delivered strong results that show we are successfully implementing our financial strategy. We are actively growing passenger demand and creating new sources of revenue to reduce our reliance on fares income, delivering recurring savings and maintaining solid and effective cost control. In 2023/24, we achieved operational financial sustainability, generating an operating surplus for the first time and no longer relying on Government funding to support our day-to-day operations. Our focus is now firmly on maintaining and building on this sustainability as the financial foundation of our ambitious plans.

The latest TfL Budget, published in March 2024, shows us delivering an increased operating surplus in 2024/25 of £161m and every penny of this surplus will be re-invested to help fund our capital programme.

Narrative Report and Financial Review (continued)

However, despite this increased surplus, looking ahead this will not be enough to ensure TfL can deliver on all our plans. The 2024 TfL Business Plan assumes that further Government capital funding is provided from April 2025 onwards to contribute towards major projects and asset replacement. Based on our latest business plan, in 2025/26, we are able to fund around 80 per cent of the total £1.9bn of capital investment, but a Government funding contribution of £350m is assumed.

The Government continues to recognise that TfL is not expected to fund major projects and asset replacement through its own operating income, and we look forward to continuing the constructive conversations we are having with Government about the need for a longer-term funding settlement that will enable us to commit to the projects that will better serve this great city.

Passenger income

Rebuilding our ridership is still a key area of focus, after the pandemic. Our colleagues have continued to work tirelessly to attract customers back onto our network, including by delivering exceptional customer service, and creating a safe and clean environment on our buses, trains and in stations through an enhanced cleaning regime. In 2023/24 our demand rose by six per cent from the end of 2022/23 – representing a nine per cent annual average growth. Passenger demand is expected to return to pre-pandemic levels of four billion journeys by the end of 2026/27.

In March 2024, the Mayor announced a freeze on all fares under his control from March 2024. TfL was compensated by the Mayor for the foregone revenue. Nationally regulated fares rose by an average of 4.9 per cent in March 2024 and we continue to plan on the basis that all fares are uplifted by average annual RPI from March 2025, subject to a Mayoral decision for non-regulated fares.

Since the pandemic, the way people travel to attend places of work has changed. Fridays in particular have seen a significant reduction in demand for services, especially during morning peak hours. To help encourage Londoners to travel on Fridays the Mayor has been trialling a scheme which enables customers to travel on Fridays at off-peak rates. This is a twelve-week trial which continued until mid-May 2024. TfL will be working closely with the Mayor to understand the impact of this trial over the coming weeks.

Commercial development activity

On 20 June 2023, TTL Propertied Limited (TTLP) was renamed to Places for London Limited (Places). On 1 April 2022, Places was financially separated from TfL as a fully self-financing commercial property company. Places has the twin objectives of supporting TfL's financial sustainability through delivering an increasing annual income stream and helping London's post-pandemic recovery, including through building thousands of new homes. Places's funding will come from a combination of receipts from property disposals and commercial debt. Places capital programme sits outside the scope of TfL's core business and is not part of its definition of financial sustainability.

Other income sources

Other operating income initially increases over the course of this Business Plan; based on the London-wide Ultra Low Emission Zone (ULEZ) scheme which went live on 29 August 2023, supported by the Mayor's Scrappage Scheme for more polluting vehicles; before falling as policy outcomes of reducing polluting cars are achieved. We are also seeking to grow our non-fares revenue through a number of commercial media and partnership activities. Other revenue grants include the Mayor's proposal for an increase in band D council tax precept by £20 in 2024/25, and the funding from the Mayor for the Scrappage Scheme is also included here.

Operating expenditure

Achieving financial sustainability in 2023/24 was a key aim for us. To do this at the same time as reducing our reliance on fares income, and during time of high inflation, has meant a strong focus on our operating costs has been a core part of our strategy.

In the 2023 Business Plan we committed to £600m of recurring operating savings by 2025/26, adding to the £1.1bn of savings already delivered between 2016/17 and 2021/22.
The 2024 Business Plan stretched that target to £650m to help us achieve our 2030 strategy of growing our costs by inflation less two per cent.

Savings will be delivered through a number of measures including improved working practices, optimising our procurement and commercial approach to deliver savings across our third-party expenditure (including our operational concessions), other key operating and maintenance contracts, and our head office accommodation. We will also maintain tight controls on recruitment and overtime. Creating a whole-life assets approach and working effectively across our value-chain creates the opportunity to deliver, maintain and renew our assets more efficiently.

To build a new programme of savings initiatives to 2030 will require us to embrace the benefits of innovation and new technology. We will use our innovation team to identify opportunities and run trials that can develop into a new programme of savings initiatives, which we can deliver over the second half of this decade.

Service levels

With the change in the post-pandemic travel patterns, we are seeking to adjust service levels to better reflect the changing needs of passengers while balancing the need to make savings and efficiencies and to respond to new Mayoral policies such as the expansion of the existing ULEZ London-wide in August 2023.

In March 2023, the Mayor announced plans for the Superloop, a transformative network of 10 express bus services linking outer London's town centres, hospitals, schools and transport hubs. The new Superloop network is adding more than four million scheduled bus kilometres each year to outer London's bus network and maximising the benefits of the London-wide ULEZ expansion, while also helping deliver the faster journeys, improved connections and customer experience set out in our Bus action plan.

Over the course of this Business Plan, we are aiming for an overall increase of four per cent in outer London scheduled bus kilometres to offer more alternative sustainable transport options to key amenities such as shopping centres and hospitals. This will make journeys easier and more reliable for customers and generate more revenue that can be reinvested into the public transport network.

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The Elizabeth line's full peak timetable started in May 2023, marking the final milestone of the Crossrail project. There are now up to 24 trains running every hour between Paddington and Whitechapel at peak times, roughly a train every two and a half minutes.
The Elizabeth line has already become one of the most used railways in the country, supporting more than 250 million journeys since its launch, and regularly enabling more than 700,000 journeys every day. The improved connectivity it enables across London, Berkshire, Buckinghamshire and Essex, including to Heathrow Airport, provides a real boost for new housing, workspaces, retail and economic growth.

The Elizabeth line has also transformed accessibility on our transport network, with 41 step-free stations unlocking new journeys for disabled and older customers, as well as those with buggies or luggage.

Pay, benefits and pensions

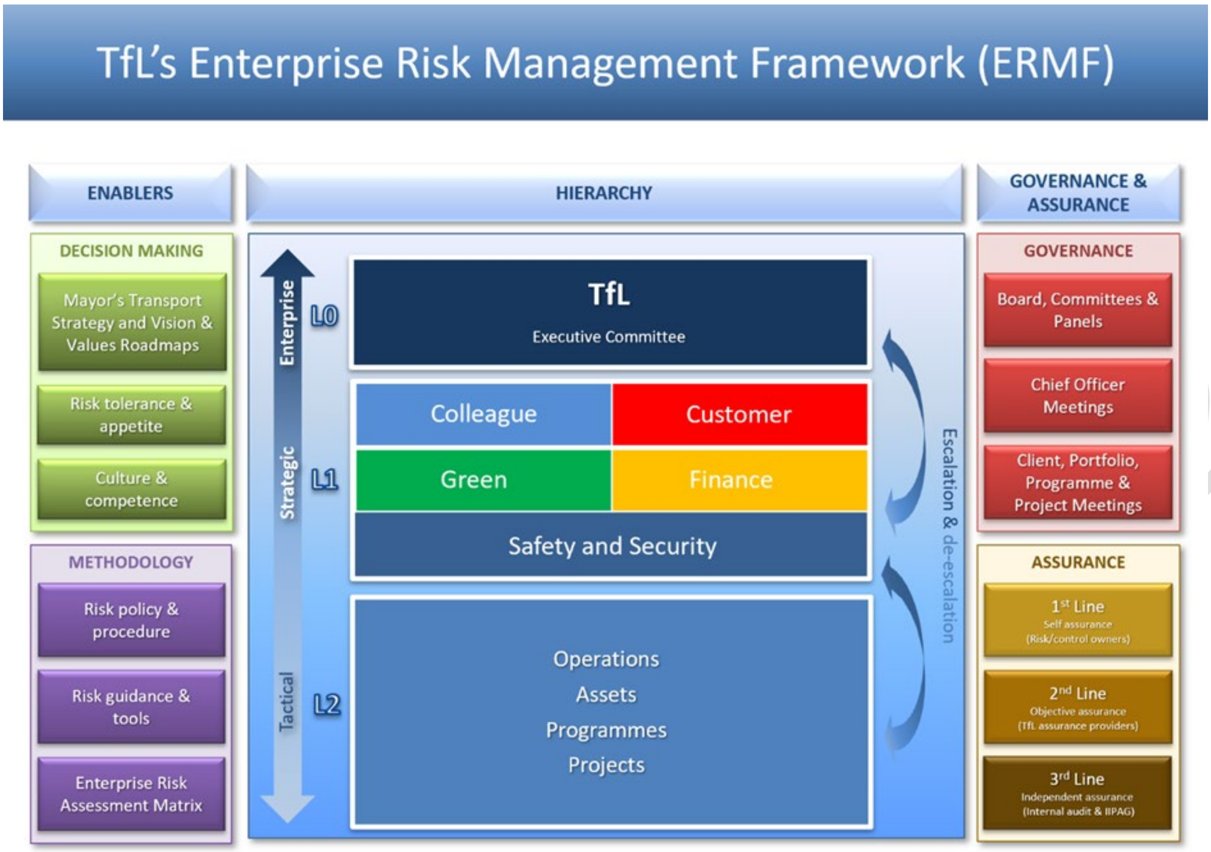
We will continue to keep our reward strategy, including the pension arrangements offered to all TfL employees, under review to ensure the reward package is affordable while remaining fair and competitive: both attracting and retaining the best talent.

In December 2023 the Mayor provided funding for an improved pay offer for London Underground colleagues for the 2023/24 year. TfL's reward strategy has aimed to bring pay settlements for both operational and non-operational colleagues closer together. Therefore, the same pay deal was also offered to colleagues on TfL contracts 2023/24 which was accepted.

In April 2024 TfL confirmed that it had delivered against the targets set in its annual scorecard, and therefore will proceed with the payment of performance awards for the 2023/24 financial year.

Enterprise Risk Management Framework

The TfL Board has overall accountability for Risk Management. TfL's risk appetite and tolerance approach is agreed by the Executive Committee and endorsed by the Board. Our Enterprise Risk Management Framework (ERMF) supports a broader and more integrated approach to managing risks across the organisation, enabling a co-ordinated and less siloed process including the provision of governance and assurance activities. Risk Management activities are aligned with the Vision and Values Themes; Safety and Security, Customer, Colleague, Green, and Finance to help deliver our objectives. The ERMF has been updated to reflect these Themes. An extract of the ERMF is shown below covering the Enablers to risk management, TfL's risk hierarchy and Governance and Assurance overview.



Our Strategic Risks are directly categorised by the Vision and Values Themes and the Enterprise level risks have been mapped to a relevant Theme. The Enterprise level risks have been assigned to an appropriate Panel or Committee and continue to be presented annually for scrutiny. Our Executive Committee reviews and discusses the Enterprise Risks on a quarterly cycle once a full assessment of each enterprise risk has been carried out. Emerging risks are reported to the Executive Committee on a six monthly basis.

The governance process has been strengthened in the last twelve months with the introduction of thematic Executive Committee sub groups. The Audit and Assurance Committee is updated on key risk management activities every quarter.

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TfL's Enterprise risks

TfL's Enterprise Risks as well as the top three key mitigations for each risk are detailed in the table below.

The table below details the key mitigations for the current Enterprise risks.

Risk	Title	Key Mitigations
ER01	Inability to deliver safety objectives and obligations	• Safety, Health and Environment (SHE) Culture • Safety Management System • Safety governance
ER02	Attraction, retention, wellbeing and health of our employees	• Delivery of the Colleague Wellbeing Plan • Strategic Workforce Plan • Reward Strategy
ER03	Environment including climate adaptation	• SHE Management System and assurance measures • Environmental Governance and oversight • Environmental investment
ER04	Significant security incident, including cyber security	• Security Governance and Culture programme • Cyber Security Improvement Programme • Security Governance
ER05	Efficient and high performing supply chains and effective procurement	• Pan procurement and commercial risk management process • Supply chain management and risk management analytics • Financial monitoring
ER06	Deterioration of operational performance	• Long-term asset degradation control • Short-term asset degradation controls • Delivery planning optimisation (longer

Risk	Title	Key Mitigations
		term)
ER07	Financial resilience	• Maintaining minimum cash reserves (liquidity control) • Demand forecasting (systematic control) • Periodic analysis against budget (operating control)
ER08	Delivery of TfL key investment programmes and projects	• Supply chain engagement • Capital Efficiencies Plan (CEP) • Project management community
ER09	Changes in customer demand	• Business planning and budgeting • Scenario and risk-based planning • Delivery of the customer strategy
ER10	Governance and controls suitability	• Privacy and security • Management system • Governance Framework including the TfL Board, Panels and Committees

Streamlined Energy Carbon Reporting

Streamlined Energy and Carbon Reporting helps businesses across the UK in scope of the 2018 Regulations to comply with their legal obligations in respect of energy usage and carbon emissions reporting.

We have used invoiced consumption and metered data and have calculated emissions using government conversion factors for company reporting of greenhouse gas emissions 2024. District heating and cooling factors are specific to the Olympic Park district heating system.

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Streamlined Energy & Carbon Reporting 2023/24

Description	Amounts	Units	2022/23 comparison
Total electricity consumption	1,624,045,920	kWh	1,572,490,169
Total gas consumption	59,441,884	kWh	83,309,200
Total fuel for company fleet	1,204,272	litres	1,245,548
Purchased district heating and cooling	3,405,746	kWh	3,449,677

Emissions Breakdown	Amounts	Units	Conversion factor ($kgCO_2e$)
Scope 1 Emissions from combustion of gas	10,874	tCO_2e	0.183 (natural gas)
Scope 1 Emissions from combustion of fuel for transport purposes	2,973	tCO_2e	2.512 (diesel) 2.097 (petrol)
Scope 2 Emissions from purchased electricity	336,298	tCO_2e	0.207 (UK grid electricity)
Scope 2 Emissions from purchased heating and cooling	434	tCO_2e	0.202 (district heating) 0.053 (district coolth)
Total Gross CO_2e based on the above	**350,578**	**tCO_2e**	
Total Gross CO_2e including energy/ fuel purchased by public transport service operators	**820,847**	**tCO_2e**	

Intensity metric	Amounts	Units
Operated train km	101,221,263	3.46$kgCO_2e$/operated train km
Average headcount	26,344	13.31 tCO_2e/employee

Our financial disclosure on climate change

Our central purpose is to keep London moving to make the city as safe, sustainable, and inclusive as possible.

The Mayor's Transport Strategy outlines how TfL should approach the delivery of a safe and sustainable transport system, and the London Environment Strategy combines policy and action to deliver environmental benefits to London, including improving air quality. This year we are trialling out first Taskforce on Nature-related Financial Disclosures (TNFD) report alongside Task Force on Climate-related Financial Disclosures (TCFD) reporting. Combining both reports, TCFD and TNFD will be covered under the four key areas: governance, strategy, risk and metrics and targets.

Our sustainability governance

Responsibility for managing climate risk sits with our Executive Committee, overseen by the Board. Environment management is embedded across the organisation, with all areas represented at our Executive Committee Sustainability Group. The Executive Committee Sustainability Group which meets at least six times a year, oversees the strategic and operational direction on our behalf by ensuring we align between the vision, purpose, and corporate plans relating to climate risks and opportunities.

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Governance structure for sustainability

Group	Role
Board	• The Board has overall responsibility for the oversight of TfL's sustainability-related strategies and management guidelines. TfL's environmental initiatives are scrutinised by the Board's Finance Committee and Safety, Sustainability Human Resources (SSHR) Panel, who meet quarterly to scrutinise and support environmental initiatives. • The Board meets a minimum of six times a year • The SSHR Panel considers wide-ranging issues including policy, strategy and the implementation of the Mayor's Transport Strategy and operating business performance in relation to safety and sustainability considerations for TfL services, this includes climate. • In the last 12 months the SSHR Panel have discussed: implementation of the Corporate Environment Plan for capital and operations, Enterprise Risk Update: Environment including Climate Adaptation and progress against the Climate Change Adaptation Plan and Green Infrastructure and Biodiversity Plan
Executive Committee	• TfL's Commissioner and Chief Officers are responsible for fulfilling the priorities and objectives set out in the Mayor's Transport Strategy and TfL Business Plan • The Executive Committee is responsible for the management of TfL's Enterprise-level environmental risk • The Executive Committee meets on a weekly cadence and has performance and strategic meetings every four weeks
Executive Committee Sustainability Group	• The Executive Committee Sustainability Group is responsible for the co-ordination of cross-organisational environmental and sustainability issues and work-programmes, on behalf of the Executive Committee • The group is chaired by TfL's Chief Safety, Health and Environment Officer and Chief Capital Officer, and includes representation from all TfL business units The Executive Committee Sustainability Group meets at least six times a year and its role includes: • Agreeing the strategy for environmental management, including setting targets, monitoring, and reporting on performance • Providing central oversight of the Group's management of climate impact to ensure that climate chance informs strategic

	planning and decision making across all TfL activities • Overseeing management practices that ensure that these exposures are controlled in line with TfL's risk appetite and Corporate Environment Plan • Promoting internal awareness and understanding of climate-related threats and opportunities • Ensuring actions and responses to climate are proportionate

Integrating sustainability across TfL

To meet our sustainability-related legal requirements and policy commitments, we have set out clear accountabilities and actions for our leadership and business areas. We have mapped out high level environmental accountabilities within the Chief Officer areas and across the value chain, to ensure that climate and nature-related impacts and dependencies are considered, while our risks are managed and opportunities are taken up to improve our climate, decarbonise our network and enhance our green infrastructure and biodiversity.

During 2023/24:

- The Green Infrastructure Steering Group was formed to deliver on our nature-related actions. The group leads on the short-, medium- and long-term actions in our Green Infrastructure and Biodiversity Plan and work to ensure resources and funding for the work
- We formalised our Adaptation Steering Group, which is responsible for delivering the Climate Change Adaptation Plan. The responsibilities of this cross- functional group are to identify key strategic actions and decisions on adaptation, share knowledge and best practice, embed considerations of climate risk and adaptation work across the organisation, improve our understanding of climate risk, and identify adaptation-related projects that require funding
- The Net Zero Matrix team was established to support and accelerate delivery of net zero commitments. The team manage setup, delivery and oversight of specific programmes and projects, as well as other initiatives, with the primary objective of reducing TfL's operational carbon emissions to net zero by 2030
- Following all the Executive Committee completing sustainability awareness training in 2022/23, over 90 per cent of our directors completed the same training in 2023/24
- In September 2023, we also hosted a five-day Sustainability Summit for all TfL colleagues which included over a dozen events attended by over 2,000 colleagues
- Through our Carbon Literacy Programme, we trained over 75 colleagues as certified, volunteer Carbon Literacy trainers and nearly 20 volunteer coordinators. This network of colleagues facilitated the training of over 4,000 colleagues from all areas of TfL in 2023/24. This was supplemented with a three-part online Carbon Management training course, targeted at enabling project managers, sponsors and engineers to use the

carbon modelling tool to assess and reduce their project's carbon footprint

- TfL received the Bronze Accreditation from the Carbon Literacy Project in February 2024, and was shortlisted for the 2024 Chartered Institution of Highways & Transportation Sustainability Award. Of those who attended, 93 per cent of colleagues became certified in Carbon Literacy with the Carbon Literacy Project. At the close of 2023/24, 3,135 people of the approximately 88,384 people certified globally were trained at TfL, meaning 3.5 per cent of all people certified globally in Carbon Literacy were trained at TfL
- In September 2023, we launched Sustainability Apprenticeship and Sustainability Graduate schemes, to promote the skills pipeline for sustainability expertise. We recruited five sustainability graduates and five sustainability apprentices and a further five sustainability graduates will join TfL in September 2024
- More than 30 per cent of the capital's population - nearly three million people - is under 25 years old. Therefore, we work with young people and organisations representing young people to ensure these views inform our work. One example, is the TfL Youth Panel, made up of 30 volunteers, aged 16 to 25, who travel in London. In October 2023, the TfL Youth Panel concluded a 12-month exploration into sustainability at TfL and published its report with nine recommendations. In February 2024, we responded to the recommendations and have already begun to put these into action, including appointing a youth representative to attend some of the TfL Board level meetings such as the SSHR Panel and the Customer Service and Operational Performance Panel

Managing our Green Estate

The development of the first Natural Capital Account (NCA) involved a wide range of internal stakeholders, including senior managers, to gain full understanding of the nature-related impacts and dependencies, as well as risks and opportunities within TfL. The baseline NCA (2022) includes our top impacts and dependencies, risk and asset register, and identifies gaps and opportunities for the future. Managing the risks identified in the NCA is critical for the safe running of our transport network. Our green infrastructure provides many wide-ranging benefits, which, when managed correctly, provide safer, more attractive, comfortable, and adaptable spaces for Londoners to live, visit and work in.

From February 2024, the Environment Act 2021 required that developments going through planning leave the land in a measurably better position than it was before. To prepare for this requirement, in 2023/24 we established the Biodiversity Net Gain (BNG) steering group with key stakeholders across the business, to address these BNG requirements. The aim of the group is to identify projects that need to comply with BNG and establish the overall strategic BNG position. Failing to comply with this piece of legislation could result in financial, reputational, and legal risks to the business. Early engagement with key stakeholders aids us in identifying and understanding scheme viability, the costs of providing BNG, and future funding options.

In 2024/25, we will be exploring options such as the Habitat Bank project; to identify potential Habitat Bank sites within our TfL boundaries to provide off-site biodiversity gains. This project has the potential for key lessons learned for TfL, as well as other future parties who wish to adopt similar projects and initiatives.

Narrative Report and Financial Review (continued)

In 2024/25, we plan to update our biodiversity baseline to understand the changes in biodiversity from our last assessment, which was conducted in 2019. The data for green infrastructure and biodiversity, which is to be improved and updated in this baseline, will be employed by our Geographical Information System (GIS) team to improve our surveying, monitoring and asset management. At the same time, we will investigate the data requirements for BNG and procurement of further management systems.

Integrating sustainability across London's communities

Our natural assets provide wide ranging benefits to London's communities, and to the people living in, working in, and visiting the city. As these benefits are so impactful at the community level, we will continue to collaborate with stakeholders across London and more widely. We look to share best practices, provide inspiration, and support London in unlocking opportunities to maximise our positive impact on nature and sustainability. We collaborate with external stakeholders on climate and nature-related risks and opportunities. This work includes projects with community groups at various locations across our network. For example, in 2023/24 teams at Hatch End and South Tottenham London Overground stations, collaborated to continually improve their thriving community hub. Hatch End station is renowned for its gardens and floral displays, as well as its annual community events. The team at South Tottenham also aims to create a greener London while building valuable relationships with the local community, which in turn provides an enhanced level of customer service.

We are also active members of various industry-lead nature related working groups (for example, the RSSB Nature Value working group) to contribute to and learn from the community, as well as tackle various challenges collaboratively. Internally, gardening enthusiasts across TfL hold an annual In Bloom competition. This more than 100-year-old competition extends to all parts of the network, including stations, depots, service control rooms and offices. In 2024/25 the theme is sustainability and future-focused: gardens are expected to represent what gardens of the future would be like.

As a transport authority, we acknowledge that improving green infrastructure and providing sustainable travel access will also help reduce social and environmental inequalities as follows:

- Our Leisure Walking Plan seeks to enhance and improve the Walk London Network. In 2023/24, we continued to deliver actions to upgrade existing routes and improving communities' access to green spaces
- Marginalised and vulnerable groups are more likely to experience climate change impacts. TfL's work on green infrastructure ensures equitable access to active travel opportunities. For example, walking is the most common transport option for older Londoners, as stated in our 2019 report: Understanding London's diverse communities. We are continuing to work with community groups, to improve the walking environment for everyone

Our sustainability strategy

To deliver the Mayor's Transport Strategy, we work with many partners, including other parts of the GLA and London's 32 boroughs and the City of London. In 2023/24, we developed our internal strategy, which sets out how we will deliver our vision of being a strong, green heartbeat for London and our values, which describe the culture we are building and how we work.

This strategy is broken down into five key themes, which cover customers, safety and security, our green future, colleagues and finance. Within these areas, we have key priorities to help shape our plans and ensure we can secure the best future for London's transport network as we support the capital's growth and development.

Progress against our strategic targets is tracked using our TfL scorecard and MTS progress reporting. Structured to clearly align to our vision, values and strategy, it plays an important role in keeping us on track and helping us to maintain momentum.

To deliver our vision to be a strong, green heartbeat for London, we need to turn the MTS into day-to-day reality. Centring around creating a fairer, greener, healthier, and more prosperous city by changing how people get around, this requires us to deliver a huge array of projects and initiatives across our business over the coming two decades.

The TfL scorecard is structured according to the themes of our vision and values and strategy – with our environmental priorities driven through the theme of 'Our Green Future'. We continually track our progress against metrics aligned to these, giving us an objective view of our performance. This helps us to manage our resources and informs the decisions we make as we run our organisation responsibly.

There are also local scorecards which feed into the overarching TfL view and further specify areas of focus to ensure the day-to-day delivery of key targets. This ensures that our environmental priorities are delivered with responsibility held in the Chief Officer area including Customer and Strategy, Capital, and Operations.

The 'Our Green Future' theme focuses on delivering three priorities and outcomes:

- Reduce carbon emissions and adapt to climate change;
- Improve air quality; and
- Protect, connect, and enhance green infrastructure and biodiversity

Our annual Green Roadmap sets out the quarterly actions we will progress against these priorities. The Green Roadmap ultimately sets TfL on the path to achieve our 2030 success measures:

- Net zero operations by the end of December 2030;
- Reduce nitrogen dioxide concentrations to less than 26 micrograms per cubic meter in central London, less than 22 in inner London and less than 19 in outer London;
- Add 40,000 square meters of catchment area draining into sustainable drainage systems (SuDS) to our network

Nature-related dependencies, impacts, risks and opportunities the organisation has identified

Our first natural capital assessment (carried out in 2022, in line with BS:8632 Natural Capital Accounting for Organisations) focused on the nature-related impacts and dependencies related to the physical attributes of TfL owned and managed land. The purpose of the Natural Capital Account is to show the benefits provided by the natural capital assets that the organisation owns, manages, or depends on over the future time period. We held internal workshops to identify the area of focus for scenario analysis. We decided upon:

- Meeting legal and policy commitments for biodiversity net gain and green infrastructure leading to increased expenditure. In the scenario analysis, we will be focussing on the risks and opportunities of delivering our commitment to street tree planting

As part of the materiality assessment, the following impacts and dependencies were concluded:

Impacts	Dependencies
• Air pollutants • Greenhouse gas emissions • Biodiversity loss • Disturbances • Use of fossil fuels	• Erosion and soil regulation • Use of fossil fuels • Solid waste • Flood attenuation • Land availability

The six highest rated impacts and dependencies are:

1. Greenhouse gas emissions
2. Use of fossil fuels
3. Air pollutants
4. Biodiversity loss
5. Use of materials
6. Flood attenuation

This Natural Capital Approach uses qualitative, quantitative, and monetary data to assess impacts and dependencies. The final account tables tend to be in monetary units.

Extract from TfL natural capital balance sheet, PV60 £m

Produced at: February, 2022	**Valuation metric**	**Value to TfL**	**Value to London**	**Value to global society**	**Total**
Asset values (monetised)					
Carbon Sequestration[1]	Value of CO_2e sequestered by woodland, semi-improved grassland, and shrub			18	18
Air Quality Regulation[1]	Value of PM2.5 removal by woodland		65		65
Flood risk and Water Management	Avoided volumetric charge, energy cost and greenhouse gas emissions from water treatment	0.25			0.3
Recreation	Income from land rents	2.5			2
	Welfare value of recreational visits		130		130
Physical health	Avoided medical treatment costs		112		112
Volunteering	Value of volunteer time	0.03			0.2

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Total gross asset value	**Mix of values**	**2.8**	**307**	**18**	**328**
Asset values (non-monetised)					
Biodiversity	Biodiversity score of natural capital assets: 8,171BUs				
	Number of hibernating bats species: 44				
	Area of wildflower verges: 7 ha				
Visual screening	Potential visual screening provided by trees: 147 ha				
Shading	Potential shading of passengers at TLRN transport nodes provided by trees: 0.08ha				
Unquantified material benefits					
Mental Health					
Education					
Liabilities					
Production costs					
Natural capital maintenance costs					
Total gross asset maintenance costs					
Total net asset value (monetised)					

In 2023/24, we used the results from the NCA to apply to projects, decision making and investment. In 2024/25, we will use the information to set targets for green canopy cover.

Asset Location for Green Infrastructure

In March 2024, as part of our Green Infrastructure and Biodiversity Plan, we published the locations of sites of importance for nature conservation areas on our network. We identified intersections between our estate and two Special Areas of Conservation, six Sites of Special Scientific Interest, eight Local Nature Reserves and 139 Sites of Importance for Nature Conservation. This work also included our previous habitat and biodiversity assessments, which identified over 1,000 animal species and 700 plant species.

In 2024/25, we will conduct a re-assessment of our entire network's biodiversity potential. This will track changes over time when compared to the previous biodiversity baseline assessment conducted in 2019. This will meet our latest BNG requirement, and inform further locations for biodiversity offsetting, as well as which are priority locations within TfL's value chains.

Risks and opportunities over the short, medium and long- term

In 2023/24, we began our first scenario analysis in collaboration with the Government Actuary's Department (GAD). Our aim is to pilot scenario analysis with a sample of risks and opportunities, covering transition, physical and nature related risk and opportunities to align with both TCFD and TNFD. For this year's annual report, we have identified 7 risks, and selected scenarios. Each of these risks link to a number of existing risks within our Enterprise Risk Framework, the modelling completed through scenario analysis, will be embedded into existing risk profiles. In 2024/25 we will be conducting scenario analysis using the sample of risks and agreed scenarios.

We have chosen three timeframes for analysis, and they are short-term (to 2030), medium-term (to 2050) and long-term (to 2080). The financial impacts within climate scenarios are time- sensitive. For example, transition risks may be a dominant influence in the short term, but physical risks might dominate in the longer term. We have chosen these timeframes to align with TfL, Mayoral, Governmental and International climate time horizons. We have done this to ensure our scenario analyses take advantage of the best, most current data available, while producing results we can then use when planning for our operational and financial future.

- Short term- to align with TfL Strategy which sets out our path over the coming years to 2030
- Medium term- to align with London Environment Strategy, which sets out the plan until 2050. Also aligning with our medium time horizon within our Climate Risk Assessment.
- Long term- to align with the long- term time horizon within our Climate Risk Assessment.

To select physical risks for scenario analysis, we used our Climate Risk Assessment, which was published in 2021. This risk assessment covered risks to assets and people from chronic and acute climate change. This risk assessments covers 333 risks, and they are rated minor, moderate, major and severe, over three timeframes 2021, 2050 and 2080. We consolidated our risks, to group together similar risks to aid in prioritisation. We chose two physical risks to complete scenario analysis on in 2024/25. These risks are both acute risks, and they are rated as major and severe over the timeframes. We will explore a wider range of physical risks, in future scenario analysis. The physical risks we chose were:

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

To prioritise transition risks, we worked with GAD to identify a long list of transition risks which were relevant to us. This list contained 44 transition risks covering policy and legal, market, reputational, technology, resilience, resource efficiency, energy sources, and products and services. We held workshops with colleagues from across business areas to decide upon risk ratings for each risk, and to determine the financial impact route. Through this process, we prioritised four transition risks and opportunities for scenario analysis this year:

- Tighter regulation leading to higher capital expenditure for TfL due to assets becoming prematurely obsolete or non-performing
- Early adoption of new and novel technologies for sustainability initiatives leading to increased capital and operational expenditure
- Skills requirement relating to TfL strategic sustainability ambitions and Mayoral

Narrative Report and Financial Review (continued)

commitments becoming misaligned to our skills profile

- Improved building efficiency for Places to London leading to higher income from tenants

The financial impact routes for the above climate and nature-related risks and opportunities are as follows:

Seven selected climate- and nature-related risks and opportunities			
Risk type	Description	Risks financial impact route	Opportunities financial impact route
Transition	Tighter regulation on re-development leading to assets becoming prematurely obsolete or non-performing	• Third party external investment more difficult to secure due to asset obsolescence • Slower development resulting in increased costs and lower revenue • Fines or penalties for not complying with new regulation • Increased capital costs to upgrade or replace assets to adhere to new regulation • Reputational consequences from negative media attention	• Lower maintenance and replacement costs as assets may be more efficient
Transition	Early adoption of new and novel technologies for sustainability initiatives	• Increased capital expenditure to buy new technologies • Increased obsolescence costs of current assets • Increased costs of new technology due to price increases, caused by high demand and low supply in the market • Costs incurred from new technologies being superseded quickly • Costs of asset write offs, before time expiry • New technologies incurring increased maintenance costs • New technologies requiring additional integration costs	• New technologies bringing reliability benefits, lowering operational expenditure • New technologies being more energy efficient and having lower running costs, lowering operational expenditure
Transition	Skills requirement misaligned with strategic sustainability ambitions and Mayoral commitments	• Increased costs of outsourcing and reliance and contractors and non-permanent labour • Increased training costs to meet new technical skills	

		• Increased resource costs, due to high demand for sustainability skills across UK • Skills shortages causing slower transition to net zero • Increased costs of culture change associated with embedding sustainability across business areas • Costs associated with sustainability skills retention	
Transition	Changes to building energy efficiency on our Places for London commercial properties	• Increased capital investment to improve building efficiency • Decreased income if building energy efficiency is not improved	• Higher income on our commercial properties • Better quality properties leading to improved wellbeing for tenants • Lower operational expenditure due to increased energy efficiency • Increased attractiveness for third party investment
Nature	Increasing legal and policy commitments for biodiversity net gain and green infrastructure	• Increased expenditure for sourcing stock and materials • Increased costs of maintenance • Increased public interest and transparency • Reputational consequences	• Health and wellbeing benefits • Air quality benefits • Co-benefits with adaptation and mitigation • Increased wildlife and habitat in urban environment • Carbon sequestration benefits
Physical	Extreme precipitation leading to flooding of London Underground tunnel shafts and portals	• Increased asset repair costs • Revenue loss from closures, reduced service or reduced customer confidence. • Capital costs associated with replacement of damaged assets • Compensation payments to tenants due to station closures • Increased insurance claims, leading to higher insurance premiums	
Physical	Extreme high temperatures on	• Increased health, safety and wellbeing incidents	

	transport and in buildings	• Overtime costs to cover staff illness • Increased investment in portable cooling systems • Revenue loss from customers choosing not to travel during hot periods • Increased asset repair costs • Revenue loss from closures, reduced service or customer comfort. • Capital costs associated with replacement of damaged assets • Compensation payments to tenants due to station closures • Increased insurance claims, leading to higher insurance premiums	

Through scenario analysis, we will be analysing the scale of financial impact for each scenario under the three timeframes we have set out. The results of scenario analysis will be used for business strategy and financial planning.

We have developed four scenarios which can be used for scenario analysis. These link to existing internal TfL scenarios: Green Innovation, Rebalancing, Agglomeration and Instability. We have mapped climate related factors to existing scenarios to produce relevant and plausible scenarios that are relevant to TfL. In 2023/24 we have agreed scenarios but we have not yet begun the analysis. The focus of 2024/25 will be to complete scenario analysis for the 7 risks and opportunities we have identified.

For TCFD, scenarios must be plausible, distinctive, consistent, relevant and challenging.

- Plausible: we used the scenarios set out by NGFS (Network of Greening the Financial System) as a baseline. We have then linked these with existing TfL internal scenarios which we use for business planning to create realistic, credible and believable scenarios
- Distinctive: we focused on a combination of key factors which are differentiated under each scenario. The factors we consider for our scenarios are:
    - Global climate action
    - Global climate conditions
    - Macro-economic trends
    - Low carbon technology
    - Energy costs and mix in the UK

- Natural environment in the UK
- Sustainability regulation in the UK
- Socioeconomic London
- Climate action and sustainable behaviours in London
- Level of Government spending on transport
- Level of private investment appetite for sustainable projects
- TfL supply chains
- Skills of the workforce
- Modal and customer preferences

- Consistent: each scenario aligns with industry best practice, as well as using internal scenarios and datasets
- Relevant: each scenario has a narrative that is consistent with potential futures for London. We have related the scenarios to the strategic and financial implications of climate: related TfL risks and opportunities
- Challenging: the scenarios cover a range of factors, which challenge the conventional wisdom and simplistic assumptions about the future

We have developed four scenarios which can be used for scenario analysis. These link to existing internal TfL scenarios: Green Innovation, Rebalancing, Agglomeration and Instability. We have mapped climate related factors to existing scenarios to produce relevant and plausible scenarios that are relevant to TfL.

Narrative Report and Financial Review (continued)

	Low transition risk	High transition risk
Low physical risk	**Orderly transition** Coordinated global climate action aims for net zero emissions by 2050, limiting warming to 1.5°C by the end of the century and largely avoiding the most severe physical impacts of climate change. London thrives through its booming environmental technology sector, achieving net zero emissions ahead of the global target, by 2030. Coordinated public and private investment focuses on decarbonisation, adaptation and nature. Widespread behavioural change leads to sustainable travel practices, low carbon technologies and products becoming the norm. A fall in commuting to central London is balanced with increased off-peak and recreational travel. Walking and cycling are popular. Regulations monitor sustainability and penalise non-compliance.	**Disorderly transition** Global climate action is limited in the short term but there is a race to decarbonise from 2030 onwards, and aggressive global climate action is taken, effectively reducing global emissions and limiting warming to 2°C by the end of the century. In London, the population ages, growth stagnates, and the city loses its world-leading reputation causing travel demand within central London to decline. Investment in green transport and technologies becomes available but is often erratic and lacks coordination. Growing individual responsibility, drives a shift to local and sustainable travel options. Effective adaptation planning addresses climate impacts in the medium-to-long term and London's economy and population recover.
High Physical Risk	**Hot House World** Global climate action has stalled, non-binding pledges do not all materialise. Emissions continue rising until 2080, pushing global warming beyond 3°C by the end of the century. In London, extreme weather events intensify and become more frequent, leading to significant losses and disruption. Although London's economy booms in the short term with an increasing population driving increased demand for public transport, in the long-term London's economic growth declines as it experiences more frequent extreme weather events. Investment in mitigation and adaptation lags, adoption of sustainable behaviours is slow and increased exposure to climate hazards stress natural habitats.	**Too little too late** London's economy suffers and demand for public transport decreases. Uptake and development of low carbon technologies is slow and fossil fuels dependency persists. Geopolitical shocks affect energy costs and inequality persists. Environmental degradation worsens and biodiversity, water quality, and soil health decline. There is little appetite for low carbon investment in the short term. Spending on adaptation is necessary in the long term.

We have aligned our climate scenarios with TfL's strategic scenarios, which are used to help the business make plans and agree priorities which are resilient to multiple futures. Using our climate scenarios we anticipate increased transition risks and opportunities in the shorter term, as we decarbonise across TfL. We have clear plans to decarbonise, which is detailed in our Corporate Environment Plan (2021). In the longer term, we anticipate increased physical risks, which we are planning for through the implementation of our Adaptation Plan. In addition to manage physical risk, we have robust operational emergency response in place to manage extreme weather across our operation managed through our Control Centres.

Narrative Report and Financial Review (continued)

Our sustainability risks

Enterprise Risk Management (ERM) refers to the holistic management of risks across all areas of the business (threats and opportunities) that may impact the achievement of TfL's objectives. The TfL Enterprise Risk Management Framework (ERMF) provides a structured and consistent approach to risk management across the organisation. The TfL Board has overall accountability for risk management, and the Audit and Assurance Committee (AAC) reviews risk management activities on a quarterly basis on behalf of the Board. The ERMF applies to all categories of risk including sustainability, climate and adaptation risks at three levels Enterprise (Level 0), Strategic (Level 1) and Tactical (Level 2). The Framework also covers governance and assurance which includes reporting at Panels and Committees (Safety Sustainability and Human Resources Panel), Executive Committee and Sustainability Executive Committee.

There is a dedicated Enterprise level risk ER03 Environment, including climate adaptation. ER03 is subject to an annual deep dive review at Sustainability ExCo, main ExCo and SSHRP. This covers risks associated with not meeting environmental commitments and compliance, including transition to net zero, adaptation to long- term climate change and extreme weather events, and nature- related risks. Risk owners provide details of the risk assessments including financial impacts, key risk indicators and key mitigations to manage the risks. In the last 12 months, the Level 1 environment and climate Strategic risks feeding into ER03 have been developed and presented at Sustainability ExCo.

Climate risks at the Enterprise, Strategic and Tactical levels are captured in TfL's risk database, Active Risk Manager. This allows climate and / environment risks to be tagged enabling visibility of the risk cascade. Interdependencies between risks are also considered, for example, there are clear linkages between our supply chain and climate risks. Climate change is recognised as a potentially significant future supply chain disruptor that needs to be actively monitored and mitigated.

Since last year's report, we have made progress on climate risk development. We have included our seven sample risks and opportunities for scenario analysis, in our Enterprise Risk Framework at Level 2, to ensure they are embedded into our business risk processes. In 2023/24, we inputted environmental risks into the Enterprise Risk Framework at Level 1. This gives accountability and more specific risk detail to risk owners and responsible managers. In 2024/25, we will continue to embed environmental risks into the Enterprise Risk Framework at strategic and tactical level.
Climate risks at the Enterprise, Strategic and Tactical levels are captured in TfL's risk database, Active Risk Manager. This allows climate/ environment risks to be tagged enabling visibility of the risk cascade. Interdependencies between risks are also considered, for example, there are clear linkages between our supply chain and climate risks. Climate change is recognised as a potentially significant future supply chain disruptor that needs to be actively monitored and mitigated.

We have introduced processes by which projects must assess the impact they make on the natural environment. Initially sponsors, along with project managers, identify how planned developments pose a risk to the natural environment. Projects then manage and mitigate impacts with relevant measures outlined in Pathway (TfL's delivery methodology for projects and programmes) and create appropriate biodiversity reinstatements to meet legal (BNG), and other corporate requirements. Pathway is part of our management system, within

Pathway's toolkit, we have a tool called the Environmental Evaluation, which is accessible to all sponsors and project managers. It is a rigorous process to establish the monitoring of nature-related risks, biodiversity progress, carbon impacts and climate risk.

Since last year's report, we have made progress on climate risk development. We have included our seven sample risks and opportunities for scenario analysis, in our Enterprise Risk Framework at Level 2, to ensure they are embedded into our business risk processes. In 2023/24, we inputted environmental risks into the Enterprise Risk Framework at Level 1. This gives accountability and more specific risk detail to risk owners and responsible managers. In 2024/25, we will continue to embed environmental risks into the Enterprise Risk Framework at strategic and tactical level.
We are continually improving our understanding of our physical climate risks. In 2023/24, we began work on Adaptation Reporting Power (ARP) 4th round. This involved updating our risk assessment from ARP3 (2022) and including additional transport modes and business areas that were not captured previously. This work also involved engagement with London Boroughs, developing the first borough climate risk assessment for London's road network. In addition to this, we also explored risks through understanding a multitude of organisational interdependencies and their associated risks for the land-based transport sector, this included working with all key infrastructure owners in London. We will continue to finalise our risk assessments and publish the results in December 2024.

In our Green Infrastructure and Biodiversity plan published for the 2023/24 period, we established that NCA will be updated every four years. Methodology for this update will be informed by latest industry recommendations, and we will take any lessons learned from the first Account into consideration. The first NCA did not include any upstream or downstream value chain assessments, however our intention is to include these in the next evaluation. We will also focus on identifying the most innovative methodology and software to use for these projects, which will be tailored to assess green infrastructure and canopy cover within our network.

Our sustainability metrics and targets

Carbon emissions from TfL's operations is measured on TfL's scorecard, we annually report on our carbon emissions and energy usage in accordance with Streamlined Energy and Carbon Reporting (SECR).

Our target set out in the Mayor's Climate Budget is to be net- zero carbon by 2030 for our operational emissions. This target covers all Scope 1 and 2 emissions, as well as Scope 3 Purchased Goods And Services emissions associated with operating some TfL services, such as Buses and rail franchises. We publish our forecast of carbon emissions to 2030 in the Mayors Budget, as well as setting internal performance targets (scorecard) for carbon emissions, which are aligned to the 2030 Mayors Budget forecast.

In 2023/24, we committed to setting science-based targets for all emissions scopes, including scope 3 categories material to TfL's activities. We have undertaken emissions calculations for scope 1, 2 and 3 emissions in line with the GHG Protocol. External validation of these targets will continue in 2024/25 so that we are working towards validated science-based targets for carbon emissions from 2024/25.

In 2024/25 our targets include achieving 70% of our Green milestones, transitioning 500 more buses to zero emissions, bringing the total to 1,900 and converting 15 Tube stations, including

Kings Cross to LED lighting.

TfL' Green Infrastructure & Biodiversity Plan sets out short, medium, and long-term nature-related targets:

- From February 2024, we aim to achieve 10 per cent biodiversity net gain on applicable schemes (for example, planning system projects and nationally significant infrastructure projects)
- Deliver a net gain in biodiversity across TfL's estate by 2030, compared to the 2019 biodiversity baseline map
- Increase TfL-wide tree canopy cover by 10 per cent by 2050 compared with the 2016 baseline
- Increase TfL's street-tree numbers by one per cent every year between 2016 and 2025
- Double the area of our wildflower verges to 260,000 square metres in 2024
- Deliver an additional 5,000 square meters of catchment draining into TfL highways SuDS every year, as laid out in our Adaptation Plan, this measure is included in our TfL scorecard

To embed green infrastructure and biodiversity targets into our processes and projects, we include requirements in our Environmental Evaluation for Pathway, which is the system used for project and programme management. As discussed above, the MTS included a target of a one per cent increase in street trees each year, from 2016 to 2025. While there have been annual fluctuations in the achievement of this target due to climate, resources, and external variables, we are still on track to meet this target.

Since the completion of a successful trial of wildflower verges on our road network, we are now positioned to double the wildflower road-verge area this year. This work showcases the excellent symbiosis between our enhanced management approaches in our strategy, and tangible biodiversity benefits. Further expansion and exploration of our wildflower verges will also identify future potential for the delivery of biodiversity net gain; this has the added benefit of meeting the newly released legal requirements for BNG.

External audit

Appointment, re-appointment and assessment of effectiveness

In July 2016, the Secretary of State specified Public Sector Audit Appointments Limited (PSAA) as an appointing person under the Local Audit and Accountability Act 2014. This meant that for audits of accounts from 2018/19, PSAA was responsible for appointing an auditor to, and setting the level of audit fees for, relevant bodies that have chosen to opt into its national auditor appointment scheme. TfL has opted into this scheme.

In order for an audit firm to be eligible to tender for an audit contract with PSAA, the firm must appear on the Institute of Chartered Accountants in England and Wales (ICAEW) register of Local Auditors, having fulfilled the criteria determined by legislation as evaluated by the ICAEW (The Recognised Supervisor Body). Contracts were awarded after a competitive tender that balanced audit quality with price. The primary consideration in allocating proposed appointments to individual opted-in bodies was to ensure independence. TfL's appointed external auditor is Ernst & Young LLP.

During the year Ernst & Young LLP was appointed by the PSAA as auditor of TfL for the duration of the five-year appointing period, covering the audit of the accounts from 2023/24 to 2027/28.

TfL's Audit and Assurance Committee, through the use of questionnaires and reports, formally reviews the performance of the external auditors at least annually against the four criteria of:

- Qualification
- Expertise and resources
- Effectiveness
- Independence

The Audit and Assurance Committee remains satisfied with the quality, integrity and the effectiveness of the work undertaken by Ernst & Young LLP. The Committee carries out regular reviews to ensure that auditor objectivity and independence is maintained at all times.

Non-audit services

Under guidance issued by Financial Reporting Council in December 2019, only non-audit work that is closely related to the statutory audit may be undertaken by an entity's auditor. Furthermore, total fees for non-audit services provided is limited to no more than 70 per cent of the average of the fees paid in the last three consecutive financial years for the audit of the audited entity and of its controlled undertakings and of the consolidated financial statements of that group of undertakings.

Under TfL's policy on external audit services, Ernst & Young LLP is required to report to the Committee every six months on fees billed for non-audit services. During 2022/23, the non-audit services provided by Ernst & Young LLP were in respect of audit-related services provided in relation to the use of grant monies received and for procedures relating to regulation 4 of the Railway Safety Levy Regulations 2006. Total non-audit fees for the TfL Group represented one per cent of the total statutory audit fees paid in respect of the combined audit for the TfL and Transport Trading Limited (TTL) Groups, and seven per cent of the audit fee of the Corporation as a single entity for 2023/24.

Accounting statements

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

The legal structure is complex in comparison to that of most local authorities and comprises:

- The Corporation, which is made up of London Streets, Taxi and Private Hire, and the corporate centre which, for legal and accounting purposes, constitutes TfL

Narrative Report and Financial Review (continued)

- The TfL Group, which is made up of the Corporation and its subsidiaries, joint ventures and associated undertakings as set out in notes 17, 18 and 19

Under the GLA Act 1999, the Corporation is treated as a Local Authority for accounting purposes and the Statement of Accounts, which includes the individual financial statements of the Corporation as well as those of the TfL Group, has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code), which is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements.

Our subsidiaries are subject to the accounting requirements of the Companies Act 2006 and separate statutory accounts are prepared for each subsidiary and for the TTL Group. These accounts are prepared under International Financial Reporting Standards as adopted by the UK. Appropriate adjustments are made to the accounting policies of the subsidiaries upon consolidation into the TfL Group financial statements to ensure they are aligned to the requirements of the Code.

The financial statements for the TfL Group, which consolidate the accounts of the Corporation, its subsidiaries, and the Group's share of the results and net assets of its joint ventures and associated undertakings on the basis set out in the Statement of Accounting Policies (paragraph c) are here presented alongside the financial statements of the Corporation.

The Statement of Accounts comprises:

- The Group and Corporation Comprehensive Income and Expenditure Statements, Balance Sheets, Cash Flow Statements and the Movement in Reserves Statements
- The Statement of Accounting Policies
- The Statement of Responsibilities for the Accounts
- Notes to the Group and Corporation financial statements

References to the 'Corporation' relate to the transactions, assets and liabilities of TfL. References to the 'Group' relate to the accounts of TfL and its subsidiaries.

Purposes of major schedules within the financial statements

The nature and purpose of the primary schedules included within the financial statements are set out below:

Comprehensive Income and Expenditure Statement

This statement shows both the revenue received and the costs incurred in the year of providing services, in accordance with Generally Accepted Accounting Practices. Other comprehensive income and expenditure comprises unrealised gains and losses including revaluation gains on property, plant and equipment, fair value movements on derivative financial instruments and remeasurement gains or losses on defined benefit pension schemes.

Narrative Report and Financial Review (continued)

The Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by TfL. The net assets of TfL (assets less liabilities) are matched by the reserves held by TfL. Reserves are reported in two categories. The first category is usable reserves, being those reserves that TfL may use to provide services, subject to the need to maintain a prudent level of reserves. The second category is those reserves that TfL is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold, and reserves that hold timing differences shown in the movement in reserves statement line 'Adjustments between accounting basis and funding basis under regulations'.

The Cash Flow Statement

The Cash Flow Statement shows our changes in cash and cash equivalents during the financial year. The statement shows how we generate and uses cash and cash equivalents by classifying cash flows as derived from operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which our operations are funded by way of passenger income and grants. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to our future service delivery.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves we held, analysed into usable reserves and other reserves. The surplus or deficit on the provision of services is different from the statutory amounts required to be charged to the General Fund balance. The net increase/decrease before transfers to Earmarked Reserves line shows the statutory General Fund balance before any discretionary transfers to or from Earmarked Reserves.

Statutory Chief Finance Officer certification

The Corporation is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Statutory Chief Finance Officer) has responsibility for the administration of those affairs
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts

The Statutory Chief Finance Officer is responsible for the preparation of the Statement of Accounts for the Corporation and the Group in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Statutory Chief Finance Officer has:

Narrative Report and Financial Review (continued)

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Code
- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Corporation and Group at the accounting date and of the income and expenditure for the year ended 31 March 2024.

Statement of Responsibilities for the Accounts

The Corporation is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Statutory Chief Finance Officer) has responsibility for the administration of those affairs
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts

The Statutory Chief Finance Officer is responsible for the preparation of the Statement of Accounts for the Corporation and the Group in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Statutory Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Code
- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Corporation and Group at the accounting date and of the income and expenditure for the year ended 31 March 2024.

Patrick Doig

Statutory Chief Finance Officer

[X] July 2024

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Group Comprehensive Income and Expenditure Statement

Year ended 31 March	Note	**Gross service income 2024 £m**	**Gross expenditure 2024 £m**	**Net income/ (expenditure) 2024 £m**	Gross service income 2023 £m	Gross expenditure 2023 £m	Net income/ (expenditure) 2023 £m
Operating segment							
Underground		**2,528.0**	**(2,740.0)**	**(212.0)**	2,241.0	(2,480.0)	(239.0)
Elizabeth line		**610.0**	**(532.0)**	**78.0**	325.0	(490.0)	(165.0)
Buses, streets and other operations		**2,705.0**	**(3,643.0)**	**(938.0)**	2,513.0	(3,216.0)	(703.0)
Rail		**421.0**	**(565.0)**	**(144.0)**	385.0	(548.0)	(163.0)
Places for London		**94.0**	**(65.0)**	**29.0**	100.0	(57.0)	43.0
Other group items		**489.0**	**(301.0)**	**188.0**	262.0	(264.0)	(2.0)
	2	**6,847.0**	**(7,846.0)**	**(999.0)**	5,826.0	(7,055.0)	(1,229.0)
Central items not reported on a segmental basis	2	**(133.2)**	**(1,208.8)**	**(1,342.0)**	(22.4)	(1,435.2)	(1,457.6)
Net cost of services	2	**6,713.8**	**(9,054.8)**	**(2,341.0)**	5,803.6	(8,490.2)	(2,686.6)
Other net operating expenditure	7			**0.3**			(86.4)
Financing and investment income	8			**84.6**			101.8
Financing and investment expenditure	9			**(696.7)**			(749.6)
Grant income	10			**3,504.6**			3,522.5
Surplus on the provision of services				**551.8**			101.7
Group share of profit before tax of joint ventures	18			**0.1**			8.8
Group share of loss before tax of associated undertakings	19			**(58.3)**			(41.5)
Group surplus before tax				**493.6**			69.0
Taxation	11			**(49.5)**			4.8
Group surplus after tax				**444.1**			73.8

Group Comprehensive Income and Expenditure Statement (continued)

Year ended 31 March	Note	Gross service income 2024 £m	Gross expenditure 2024 £m	Net income/ (expenditure) 2024 £m	Gross service income 2023 £m	Gross expenditure 2023 £m	Net income/ (expenditure) 2023 £m
Group surplus after tax				**444.1**			73.8
Other comprehensive income and expenditure							
Items that will not be subsequently reclassified to profit or loss							
(Deficit)/surplus on the revaluation of property, plant and equipment *	13			**(11.4)**			1.6
Surplus on the valuation of newly created investment properties	16			**-**			6.0
Deferred tax on the surplus on valuation of newly created investment properties	11			**-**			-
Net remeasurement gain on defined benefit pension schemes *	34			**602.4**			5,087.3
				591.0			5,094.9
Items that may be subsequently reclassified to profit or loss							
Movement in fair value of derivative financial instruments *	36			**(44.0)**			17.6
Derivative fair value loss reclassified to income and expenditure *	36			**1.1**			9.4
Discontinued hedging relationship	36			**-**			13.5
				(42.9)			40.5
				548.1			5,135.4
Total comprehensive income and expenditure				**992.2**			5,209.2

* There is no tax effect of these items on other comprehensive income and expenditure in the years ended 31 March 2024 or 2023 (see note 11).

Group Balance Sheet

	Note	31 March 2024 £m	31 March 2023 £m
Long-term assets			
Intangible assets	12	**271.9**	257.1
Property, plant and equipment	13	**45,261.2**	44,588.5
Right-of-use assets	14	**1,970.4**	1,954.5
Investment property	16	**1,534.3**	1,574.6
Investment in joint ventures	18	**78.8**	79.7
Investment in associated undertakings	19	**114.3**	166.7
Other investments	24	**0.2**	-
Derivative financial instruments	31	**28.6**	26.2
Finance lease receivables	20	**2.7**	9.1
Retirement benefit surplus	34	**2,352.7**	1,631.4
Debtors	22	**28.9**	60.2
		51,644.0	50,348.0
Current assets			
Inventories	21	**101.4**	78.7
Debtors	22	**608.2**	696.3
Assets held for sale	23	**-**	53.7
Derivative financial instruments	31	**0.7**	1.7
Finance lease receivables	20	**7.1**	5.2
Other investments	24	**5.8**	15.0
Cash and cash equivalents	25	**1,489.3**	1,387.5
		2,212.5	2,238.1
Current liabilities			
Creditors	26	**(2,021.9)**	(2,062.9)
Capital grants received in advance	26	**(34.6)**	(43.4)
Borrowings	27	**(864.0)**	(693.7)
Right-of-use lease liabilities	14	**(275.4)**	(299.6)
PFI liabilities	28	**(15.5)**	(14.3)
Other financing liabilities	29	**(20.5)**	(6.6)
Derivative financial instruments	31	**(10.8)**	(3.4)
Provisions	30	**(193.4)**	(175.1)
		(3,436.1)	(3,299.0)

Group Balance Sheet (continued)

	Note	31 March 2024 £m	31 March 2023 £m
Long-term liabilities			
Creditors	26	**(201.1)**	(83.5)
Capital grants received in advance	26	**(3.2)**	(4.1)
Borrowings	27	**(12,071.6)**	(12,216.6)
Right-of-use lease liabilities	14	**(2,029.2)**	(1,915.9)
PFI liabilities	28	**(61.2)**	(76.7)
Other financing liabilities	29	**(94.7)**	(115.1)
Derivative financial instruments	31	**(48.6)**	(10.1)
Deferred tax liabilities	11	**(422.4)**	(370.4)
Provisions	30	**(55.2)**	(49.9)
Retirement benefit obligation	34	**(83.9)**	(88.1)
		(15,071.1)	(14,930.4)
Net assets		**35,349.3**	34,356.7
Reserves			
Usable reserves		**527.4**	319.1
Unusable reserves	36	**34,821.9**	34,037.6
Total reserves		**35,349.3**	34,356.7

The notes on pages 76 to 244 form part of these financial statements. These financial statements were approved by the Board on [ ] July 2024 and signed on its behalf by:

Sadiq Khan
Chair of TfL

Group Movement in Reserves Statement

	Note	General Fund £m	Earmarked Reserves £m	**General Fund and Earmarked Reserves £m**	Street Works Reserve £m	Capital grants unapplied account £m	**Usable reserves £m**	Corporation unusable reserves	**Total Corporation reserves**	Share of Group Unusable reserves £m	**Total reserves £m**
At 1 April 2022		500.0	108.9	**608.9**	25.2	-	**634.1**	13,516.4	**14,150.5**	14,996.4	**29,146.9**
Movement in reserves during 2022/23											
Group surplus after tax		1,889.2	-	**1,889.2**	-	-	**1,889.2**	**-**	**1,889.2**	(1,815.4)	**73.8**
Other comprehensive income and expenditure		-	-	**-**	-	-	**-**	**5,039.9**	**5,039.9**	95.5	**5,135.4**
Total comprehensive income and expenditure		1,889.2	-	**1,889.2**	-	-	**1,889.2**	**5,039.9**	**6,929.1**	(1,719.9)	**5,209.2**
Adjustments between group and authority accounts		(2,058.1)	-	**(2,058.1)**	-	-	**(2,058.1)**	**-**	**(2,058.1)**	2,058.1	**-**
Net (decrease)/increase before transfers		(168.9)	-	**(168.9)**	-	-	**(168.9)**	**5,039.9**	**4,871.0**	338.2	**5,209.2**
Derivative fair value loss reclassified to the Balance Sheet	36	-	-	**-**	-	-	**-**	**-**	**-**	0.6	**0.6**
Adjustments between accounting basis and funding basis under statutory provisions	37	(250.3)	-	**(250.3)**	2.0	102.2	**(146.1)**	**146.0**	**(0.1)**	0.1	**-**
Net (decrease)/increase before transfer to/from Earmarked Reserves		(419.2)	-	**(419.2)**	2.0	102.2	**(315.0)**	**5,185.9**	**4,870.9**	338.9	**5,209.8**
Transfer to/from Earmarked Reserves		108.9	(108.9)	**-**	-	-	**-**	**-**		-	**-**
(Decrease)/increase in 2022/23		(310.3)	(108.9)	**(419.2)**	2.0	102.2	**(315.0)**	**5,185.9**	**4,870.9**	338.9	**5,209.8**
Balance at 31 March 2023		**189.7**	**-**	**189.7**	**27.2**	**102.2**	**319.1**	**18,702.3**	**19,021.4**	**15,335.3**	**34,356.7**
Movement in reserves during 2023/24											
Group surplus after tax		2,143.4	-	**2,143.4**	-	-	**2,143.4**	**-**	**2,143.4**	(1,699.4)	**444.0**
Other comprehensive income and expenditure			-	**-**	-	-	**-**	600.2	**600.2**	(52.1)	**548.1**
Total comprehensive income and expenditure		2,143.4	-	**2,143.4**	-	-	**2,143.4**	**600.2**	**2,743.6**	(1,751.5)	**992.1**
Adjustments between group and authority accounts		(1,767.1)	-	**(1,767.1)**	-	-	**(1,767.1)**	**-**	**(1,767.1)**	1,767.1	**-**
Net increase before transfers		376.3	-	**376.3**	-	-	**376.3**	**600.2**	**976.5**	15.6	**992.1**
Derivative fair value loss reclassified to the Balance Sheet	36	-	-	**-**	-	-	**-**	**-**	**-**	0.5	**0.5**
Adjustments between accounting basis and funding basis under statutory provisions	37	(242.7)	-	**(242.7)**	4.8	69.8	**(168.1)**	**168.0**	**(0.1)**	-	**(0.1)**
Net (decrease)/increase before transfer to/from Earmarked Reserves		133.6	-	**133.6**	4.8	69.8	**208.2**	768.2	976.4	**16.1**	992.5
Transfer to/from Earmarked Reserves		-	-	**-**	-	-	**-**	**-**	**-**	-	**-**
Increase in 2023/24		133.6	-	**133.6**	4.8	69.8	**208.2**	**768.2**	**976.4**	16.1	**992.5**
Balance at 31 March 2024		**323.3**	**-**	**323.3**	**32.0**	**172.0**	**527.4**	**19,470.5**	**19,997.8**	**15,351.4**	**35,349.2**

Group Movement in Reserves Statement

Earmarked Reserve have been established to finance future projects and form part of the overall funding available for the Investment Programme and revenue projects. Application of funds against specific projects is dependent on the level and mix of other sources of funding also available to fund TfL's Investment Programme.

Capital receipts received in the Corporation are fully applied during the year and a Capital Receipts Reserve has not been shown in this statement. Refer to Note 38.

Adjustments between group and authority accounts represent intra-group transactions between the Corporation and subsidiaries. This includes capital and revenue grants and interest income. The balance is adjusted against the Group deficit after tax.

Group Statement of Cash Flows

Year ended 31 March	Note	2024 £m	2023 £m
Surplus on the provision of services		**551.8**	101.7
Adjustments to the surplus on the provision of services for non-cash movements	35 b	**2,196.3**	2,159.4
Adjustments to the surplus on the provision of services for investing or financing activities	35 c	**(1,926.1)**	(2,147.9)
Net cash flows from operating activities		**822.0**	113.2
Investing activities	35 d	**(461.7)**	283.7
Financing activities	35 e	**(258.5)**	(399.6)
Increase/(decrease) in net cash and cash equivalents in the year		**101.8**	(2.7)
Net cash and cash equivalents at the start of the year		**1,387.5**	1,390.2
Net cash and cash equivalents at the end of the year	25	**1,489.3**	1,387.5

Corporation Comprehensive Income and Expenditure Statement

Year ended 31 March	Note	2024 £m	2023 £m
Highways and Transport Services			
Gross service income	1	**1,175.4**	1,160.0
Gross expenditure	4	**(1,771.6)**	(1,817.7)
Net cost of services		**(596.2)**	(657.7)
Other net operating expenditure	7	**(11.4)**	(0.3)
Financing and investment income	8	**509.4**	489.8
Financing and investment expenditure	9	**(446.7)**	(559.2)
Grant income	10	**3,468.5**	3,475.6
Grant funding of subsidiaries		**(2,547.3)**	(2,917.0)
Surplus/(deficit) on the provision of services		**376.3**	(168.8)
Other comprehensive income and expenditure			
Items that will not be subsequently reclassified to profit or loss			
Deficit on the revaluation of property, plant and equipment	13	**-**	(1.1)
Surplus on the valuation of newly created investment properties		**-**	-
Net remeasurement gain on defined benefit pension schemes	34	**600.2**	5,040.8
		600.2	5,039.7
Total comprehensive income and expenditure		**976.5**	4,870.9

Corporation Balance Sheet

	Note	31 March 2024 £m	31 March 2023 £m
Long-term assets			
Intangible assets	12	**190.8**	167.6
Property, plant and equipment	13	**4,519.6**	4,379.6
Right-of-use assets	14	**319.4**	339.8
Investment property	16	**35.8**	86.9
Investments in subsidiaries	17	**13,062.5**	13,062.5
Other investments	24	**0.2**	-
Retirement benefit surplus	34	**2,349.2**	1,630.0
Debtors	22	**12,220.2**	12,326.9
		32,697.7	31,993.3
Current assets			
Debtors	22	**422.4**	389.4
Assets held for sale	23	**-**	3.0
Cash and cash equivalents	25	**1,294.2**	1,131.3
		1,716.6	1,523.7
Current liabilities			
Creditors	26	**(715.0)**	(823.3)
Capital grants received in advance	26	**(18.8)**	(24.3)
Borrowings	27	**(864.0)**	(693.7)
Right-of-use lease liabilities	14	**(25.6)**	(27.0)
PFI liabilities	28	**(15.5)**	(14.3)
Provisions	30	**(144.8)**	(113.0)
		(1,783.7)	(1,695.6)

Corporation Balance Sheet (continued)

	Note	31 March 2024 £m	31 March 2023 £m
Long-term liabilities			
Creditors	26	**(53.7)**	(51.3)
Capital grants received in advance	26	**-**	(0.9)
Borrowings	27	**(12,075.6)**	(12,221.5)
Right-of-use lease liabilities	14	**(324.1)**	(341.1)
PFI liabilities	28	**(61.2)**	(76.7)
Provisions	30	**(34.3)**	(20.3)
Retirement benefit obligation	34	**(83.9)**	(88.1)
		(12,632.8)	(12,799.9)
Net assets		**19,997.8**	19,021.5
Reserves			
Usable reserves		**527.4**	319.1
Unusable reserves	36	**19,470.4**	18,702.4
Total reserves		**19,997.8**	19,021.5

The notes on pages 76 to 244 form part of these financial statements. These financial statements were approved by the Board on [ ] July 2024 and signed on its behalf by:

Sadiq Khan
Chair of TfL

Corporation Movement in Reserves Statement

	Note	General Fund £m	Earmarked Reserves £m	**General fund and earmarked reserves £m**	Street Works Reserve £m	Capital grants unapplied account £m	**Usable reserves £m**	Unusable reserves £m	**Total reserves £m**
At 1 April 2022		500.0	108.9	**608.9**	25.2	-	**634.1**	13,516.4	**14,150.5**
Movement in reserves during 2022/23									
Deficit on the provision of services		(168.9)	-	**(168.9)**	-	-	**(168.9)**	-	**(168.9)**
Other comprehensive income and expenditure		-	-	**-**	-	-	**-**	5,039.9	**5,039.9**
Total comprehensive income and expenditure		(168.9)	-	**(168.9)**	-	-	**(168.9)**	5,039.9	**4,871.0**
Adjustments between accounting basis and funding basis under statutory provisions	37	(250.3)	-	**(250.3)**	2.0	102.2	**(146.1)**	146.1	**-**
Net (decrease)/increase before transfer to/from Earmarked Reserves		(419.2)	-	**(419.2)**	2.0	102.2	**(315.0)**	5,186.0	**4,871.0**
Transfer to/from Earmarked Reserves		108.9	(108.9)	**-**	-	-	**-**	-	**-**
(Decrease)/increase in 2022/23		(310.3)	(108.9)	**(419.2)**	2.0	102.2	**(315.0)**	5,186.0	**4,871.0**
Balance at 31 March 2023		**189.7**	**-**	**189.7**	**27.2**	**102.2**	**319.1**	**18,702.4**	**19,021.5**
Movement in reserves during 2023/24									
Surplus on the provision of services		376.3	-	**376.3**	-	-	**376.3**	-	**376.3**
Other comprehensive income and expenditure		-	-	**-**	-	-	**-**	600.2	**600.2**
Total comprehensive income and expenditure		376.3	-	**376.3**	-	-	**376.3**	600.2	**976.5**
Adjustments between accounting basis and funding basis under statutory provisions	37	(242.7)	-	**(242.7)**	4.8	69.8	**(168.1)**	168.0	**(0.1)**
Net increase before transfers to/from Earmarked Reserves		133.6	-	**133.6**	4.8	69.8	**208.2**	768.2	**976.4**
Transfer to/from Earmarked Reserves		-	-	**-**	-	-	**-**	-	**-**
Increase in 2023/24		133.6	-	**133.6**	4.8	69.8	**208.2**	768.2	**976.4**
Balance at 31 March 2024		**323.3**	**-**	**323.3**	**32.0**	**172.0**	**527.4**	**19,470.6**	**19,997.9**

Earmarked Reserves have been established to finance future projects and form part of the overall funding available for the Investment Programme and revenue projects. Application of funds against specific projects is dependent on the level and mix of other sources of funding also available to fund TfL's Investment Programme.

Capital receipts received in the Corporation are fully applied during the year and a Capital Receipts Reserve has not been shown in this statement. Refer to Note 38.

Corporation Statement of Cash Flows

Year ended 31 March	Note	2024 £m	2023 £m
Surplus/(deficit) on the provision of services		**376.3**	(168.8)
Adjustments to surplus on the provision of services for non-cash movements	35 b	**232.9**	823.1
Adjustments to surplus on the provision of services for investing or financing activities	35 c	**(1,892.4)**	(2,095.5)
Net cash flows from operating activities		**(1,283.2)**	(1,441.2)
Investing activities	35 d	**1,464.0**	1,437.4
Financing activities	35 e	**(17.9)**	(96.7)
Increase/(decrease) in net cash and cash equivalents in the year		**162.9**	(100.5)
Net cash and cash equivalents at the start of the year		**1,131.3**	1,231.8
Net cash and cash equivalents at the end of the year	25	**1,294.2**	1,131.3

Accounting Policies

a) Code of practice

TfL is required to prepare an annual Statement of Accounts under Section 3 of the Local Audit and Accountability Act 2014, and by the Accounts and Audit Regulations 2015 (the 2015 Regulations). The 2015 Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. The Statement of Accounts have therefore been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code Board under the oversight of the Financial Reporting Advisory Board. The Code constitutes proper accounting practice for the purpose of the 2015 Regulations.

The Code for 2023/24 is based on International Financial Reporting Standards (IFRS) adopted by the UK (Adopted IFRS) and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements. It requires that local authorities prepare their financial statements in accordance with the International Accounting Standards Board (IASB) 'Framework for the Preparation and Presentation of Financial Statements' as interpreted by the Code.

CIPFA/LASAAC announced its plans to delay mandatory implementation of IFRS 16 Leases in the Code until 1 April 2024. IFRS 16 Leases (mandatory for years beginning on or after 1 January 2019 under Adopted IFRS) replaces the previous guidance in IAS 17 on leases. However, as a significant proportion of the Group's activities are conducted through subsidiary companies, which were obliged, under UK Adopted IFRS, to apply IFRS 16 from 1 April 2019, CIPFA included a provision in the Code that permits TfL to adopt IFRS 16 from the same date. The Group has therefore adopted IFRS 16 in its financial statements from 1 April 2019.

The areas where the Code differs materially from Adopted IFRS are listed below:

Capital grants and contributions

Capital grants and contributions are recognised immediately in the Comprehensive Income and Expenditure Statement once there is reasonable assurance that all conditions relating to those grants have been met. Under Adopted IFRS capital grants and contributions are recorded as deferred income and recognised in the Comprehensive Income and Expenditure Statement over the useful life of the assets funded by that grant.

FRS 102 The Financial Reporting Standard: Heritage assets

The Code has adopted the requirements of FRS 102 in respect of its rules on accounting for heritage assets. The Group has taken the exemption available under the Code to hold heritage assets at historical cost less any accumulated depreciation or impairment losses and has made additional disclosures on its heritage assets as required by the standard. There is no equivalent standard for accounting for heritage assets under Adopted IFRS.

Accounting Policies (continued)

IAS 36 Impairment of Assets

The Code requires that impairments be accounted for in accordance with IAS 36 Impairment of Assets, except where interpretations or adaptations to fit the public sector are detailed. Consequently, these financial statements have been prepared in accordance with the guidance contained in IPSAS 21 Impairment of Non-Cash-Generating Assets and IPSAS 26 Impairment of Cash-Generating Assets. This guidance stipulates that where an asset is not held primarily with the intention of generating a commercial return, that asset's value in use should be regarded as the present value of its remaining service potential, rather than the present value of the future cash flows that are expected to be derived from it.

Peppercorn rents

The Code includes an adaptation to IFRS 16 Leases in respect of the accounting for peppercorn lease arrangements for lessees. Leases with payments at peppercorn or nominal consideration that are provided at substantially below market terms, and leases for nil consideration, are accounted for as follows:

a) Any portion of the lease that is payable is accounted for in the same way as other lease obligations under IFRS 16 Leases;

b) The difference between the present value of any future lease payments due and the fair value of the lease on initial recognition is recognised as a fair value right-of-use asset on the Balance Sheet, with a corresponding gain recognised in grant income within the surplus or deficit recognised on the provision of services.

TfL has a number of leases over property and other transport infrastructure under which it pays £nil or peppercorn rents. The majority of these leases were held at peppercorn rents by a previous lessee prior to the leases being taken on by TfL. An exercise was undertaken to assess the fair value of the assets leased under these arrangements and it was concluded that they have no material value. No amounts have therefore been recorded in these financial statements in respect of these leases.

b) Basis of preparation

The accounts are made up to 31 March 2024. The Corporation is a single service authority and all expenditure is attributable to the provision of highways, roads and transport services. The Corporation has granted a standing delegation in its Standing Orders by which each wholly owned subsidiary (Subsidiary Entity) is delegated power to discharge any functions of TfL relevant to that Subsidiary Entity's role and responsibilities within the Group, except those functions reserved to the TfL Board. Those subsidiaries therefore directly discharge TfL's statutory functions and do so within the scope of the same statutory arrangements that apply to TfL itself.

The accounting policies set out below have been applied consistently across the Group and to all periods presented in these financial statements.

The financial statements have been prepared under the accruals concept and in accordance with the historical cost accounting convention, modified by the revaluation of certain categories of non-current assets and financial instruments.

Accounting Policies (continued)

Where items are sufficiently significant by virtue of their size or nature, they are disclosed separately in the financial statements in order to aid the reader's understanding of the Corporation's and Group's financial performance.

Accounting Policies (continued)

c) Basis of consolidation

The Code requires local authorities with, in aggregate, material interests in subsidiary and associated companies and joint ventures, to prepare group financial statements.

The Group financial statements presented with the Corporation's financial statements consolidate the individual financial statements of TfL and its subsidiary undertakings. A subsidiary undertaking is an undertaking controlled by the Corporation. Control is achieved when the Corporation: has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. The Corporation reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control.

The Group incorporates its share of the profits or losses and its share of the net assets of associated undertakings and joint ventures using the equity accounting method. Associate undertakings are those where the Group is considered to have the power to significantly influence, but not control, the financial and operating policies of the investee. Joint ventures are those where the Group has an interest in the net assets of an investee and has joint control over its financial and operating policies.

The acquisition method of accounting has been adopted for acquisitions or disposals into the Group of subsidiary undertakings. Under this method, the identifiable assets and liabilities of an acquired entity are recorded at their fair values at the date of acquisition. Costs of acquisition are expensed in line with IFRS 3 (revised) Business Combinations. The results of subsidiary undertakings acquired or disposed of are included in the Group Comprehensive Income and Expenditure Statement from the date of acquisition until the date of disposal.

The Corporation is required to make adjustments between the accounting basis and funding basis under statutory provisions. Further detail regarding these adjustments is included within Note 37 For the alignment of accounting policies for the purposes of Group accounts, the Group transfers amounts between the Retained Earnings Reserve in its subsidiaries and the Group Capital Adjustment Account on the same basis as if those statutory provisions applied to its subsidiaries. Further details regarding this alignment is included within Note 36.

d) Going concern

The financial statements have been prepared on a going concern basis as the Board remain confident that TfL will continue in operational existence from the date of signing these financial statements for the period ending 31 March 2026 (i.e. the remainder of 2024/25 and 2025/26 financial years), which is the going concern assessment period, and will meet its liabilities as they fall due for payment. In making this assessment, the Board has had regard to Practice Note 10: Audit of financial statements of public sector bodies, which sets out that a public sector entity is presumed to be a going concern unless there is a clearly expressed Parliamentary intention to discontinue the provision of services which the entity provides.

In the 2022/23 accounts, Management highlighted two key areas that represented a level of judgement to the going concern position for TfL:

A. The dispute mechanism in the 30 August 2022 funding settlement to 31 March 2024 remained, with outstanding funding of £85m at the date of approving the 2022/23 TfL accounts

Accounting Policies (continued)

B. The Government capital funding contribution of £475m assumed in the 2023 Business Plan for 2024/25, which was not confirmed at the date of approving the 2022/23 TfL accounts

These two areas of judgement have been resolved. The 30 August 2022 funding settlement with Government has now concluded, with no disputes being raised by Government and the funding outstanding has been received. A capital funding settlement for 2024/25 was agreed with Government on 18 December 2023, which provided £250m of further capital funding. The shortfall in the amount compared to the 2023 TfL Business Plan was mitigated in the 2024 TfL Business Plan.

The December 2023 capital funding settlement expires on 31 March 2025 and there is no certainty on future capital funding support from Government. In its funding settlement letters, the Government has consistently recognised that TfL – similar to transport authorities around the world – cannot solely finance investment in major capital projects and asset replacement from its own operating incomes.

Based on these statements, and the track record of Government providing TfL funding since the start of the pandemic, TfL's 2024 Business Plan assumes £350m of further Government capital funding is provided in 2025/26 to contribute towards major capital projects and asset replacement, with TfL able to fund the other three-quarters of its circa £2bn capital investment.

The level of funding support assumed alongside our strategy to rebuild our finances are sufficient to create a balanced budget for the going concern assessment period ending 31 March 2026.

Management has mitigations available to support continuation of its capital programme over the going concern period which include:

1. Descoping and deferring planned capital investment in its 2025 Business Plan, due to be published in December 2024 including delaying those elements of the programme that are not subject to contractual delivery commitments into future periods beyond 31 March 2026. This would require approval from the Board and assessment against contracts but is within TfL's control
2. Accelerating planned borrowing from beyond March 2026. This reduces available funding in future years, but could enable TfL to continue to meet its contractual commitments as they fall due over the going concern period. TfL has headroom against its Authorised External Debt Limits which can be accessed at short notice from a number of sources including the PWLB for capital expenditure purposes
3. Completing asset disposals, which would take longer to deliver and offer poor value. This would only be utilised in a severe downside case scenario should multiple risks highlighted above crystallise. This would require approval from the Board and assumes a buyer can be found

On this basis, management has a reasonable expectation that they will have adequate resources to continue in operational existence throughout the going concern period ending 31 March 2026 maintaining the provision of its services without significant amendment or

Accounting Policies (continued)

reductions. For this reason, alongside the statutory guidance, we continue to adopt the going concern basis in preparing these financial statements.

e) The application of new and revised standards

The Group applied the following amendments related to IAS 12 'Income Taxes' for the first time for the financial period beginning 1 April 2023:

- Amendments to IAS 12 'Income Taxes' Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The Group have applied amendments which narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences e.g. leases and decommissioning obligations.

- Amendments to IAS 12 'Income Taxes' International Tax Reform – Pillar Two Model Rules. The Group applied the relief from deferred tax accounting for Pillar Two top-up taxes upon the release of the amendments in May 2023. The Group have also provided new disclosures about its exposure to these taxes. See note 11 for further information.

- The group has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. Following the amendments, the group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

The following standards, effective for the Group for the financial period beginning 1 April 2023, were considered and were and concluded that they are either not relevant to the Group or that they do not have a significant impact on the Group's financial statements:

- IFRS 17 'Insurance Contracts'

- Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgements' on the disclosure of accounting policies

- Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' on the definition of accounting estimates

- Amendments to IAS 12 'Income Taxes' on Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

- Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' on the sale or contribution of assets between an investor and its associate or joint venture

f) Accounting standards that have been issued but have not yet been adopted

The following standards and revisions will be effective for future periods:

Accounting Policies (continued)

- Amendments to IFRS 16 'Leases' on lease liability in a sale and leaseback
- Amendments to IAS 1 'Presentation of Financial Statements' on the classification of liabilities as current or non-current
- Amendments to IAS 1 'Presentation of Financial Statements' on non-current liabilities with covenants
- Amendments to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosure' on supplier finance arrangements
- Amendments to IAS 21 'Effects of Changes in Foreign Exchange Rates' on lack of exchangeability

The Group has considered the impact of the remaining above standards and revisions and have concluded that they will not have a significant impact on the Group's financial statements.

g) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative Comprehensive Income and Expenditure Statement is re-presented as if the operation had been discontinued from the start of the comparative period.

h) Uses of estimates, judgements and errors

The preparation of financial statements in conformity with the Code requires the use of certain critical accounting estimates, which by definition, will seldom equal the actual results. Management additionally exercise judgement in applying the Group's accounting policies.

Outlined below is a summary of areas which involve a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions changing. Detailed information about the sensitivity of such judgement is including within the relevant note.

Use of Estimates

Post-retirement benefits

The pension costs and defined benefit plan obligations of the Group's defined benefit plans are calculated on the basis of a range of assumptions, including the discount rate, inflation rate, salary growth and mortality. Differences arising as a result of actual experience differing from the assumptions, or future changes in the assumptions will be reflected in subsequent periods. A small change in assumptions can have a significant impact on the valuation of the liabilities. More details are given in note 34.

Taxes

Accounting Policies (continued)

Deferred tax assets are recognised for unused tax losses only to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses carried forward with a tax value of £301.6m (2023 £596.8m). These losses relate to subsidiaries that have a history of losses, do not expire, and may be used to offset future taxable income in those subsidiaries. If the Group was able to recognise all unrecognised deferred tax assets, profit and equity would have increased by £304.7m (2023 £600.0m).

Defined benefit plans

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality.

Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates.

Further details about pension obligations are provided in note 34.

Use of Judgements

Determining whether an arrangement contains a lease

In determining whether an arrangement contains a lease, as required by IFRS 16 Leases, there is a significant judgement in determining whether the arrangement conveys the right to control the use of an identified asset and in determining the lease term, particularly in respect of whether the Group is reasonably certain to exercise extension options or renewal options.

Determining whether the Group has an unconditional right to a refund of surplus pension assets

Accounting Policies (continued)

After consideration of the Trust Deed and Rules, the Group has assessed that under IFRIC 14 TfL has an unconditional right to a refund of surplus assets for accounting purposes assuming the gradual settlement of plan liabilities for the Crossrail Shared Cost Section of the Railways Pension Scheme (Crossrail Section) and the Public Sector Section of the TfL Pension Fund (TfL Pension Fund). As a result, the net pensions surplus has been recognised in full.

For the London Pension Fund Authority Pension Fund (Local Government Pension Fund) the recognition of a surplus has been limited to the lower of the surplus in the defined benefit plan and the asset ceiling, being the present value of any economic benefit available to the Group in the form of reduction in future contributions to the plan.

i) Revenue recognition

Revenue includes income generated from the provision of travel, other fees, and charges, the letting of commercial advertising space and the rental of commercial properties.

Revenue is measured after the deduction of value added tax (where applicable).

Fares revenue

Revenue from annual or periodic tickets and Travelcards is recognised in the Comprehensive Income and Expenditure Statement on a straight-line basis over the period of validity of the ticket or Travelcard as TfL has a stand ready obligation to provide unlimited travel over the period of validity of the ticket or Travelcard. Oyster pay as you go revenue is recognised on usage and one-day Travelcards and single tickets are recognised on the day of purchase.

Revenue received in advance is not recognised in the Comprehensive Income and Expenditure Statement and is recorded on the Balance Sheet within current liabilities as contract liabilities. Contract liabilities represent receipts in advance for Travelcards, bus passes and Oyster cards.

Revenue in respect of free and reduced fare travel for older customers and disabled customers

Revenue from the London Borough Councils in respect of free travel for older and disabled customers is recognised on a straight-line basis over the financial year to which the settlement relates, as TfL has a stand ready obligation to provide unlimited travel over the financial year to which the settlement relates.

Congestion Charging

The standard daily Congestion Charge, including those paying through auto-pay, is recognised as income on the day the eligible vehicle enters the Congestion Charge zone.

Income from penalty charge notices is recognised at an amount adjusted for the probability of cancellation, as payment becomes due. Each increase in charge results in income being recognised in full at the date the increase is applied.

Road network compliance

Income from penalty charge notices for traffic and parking infringements on red routes is recognised as it becomes due. Each increase in charge results in income being recognised in full at the date the increase is applied.

Accounting Policies (continued)

Taxi licensing

Income from taxi and private hire licences is recognised on a straight-line basis over the term of the licence.

Commercial advertising

TfL grants a concessionaire partner control over certain advertising assets to facilitate the generation of advertising income across its estate and receives income from this arrangement. This is considered a lease arrangement for accounting purposes.

Where the arrangement is viewed as an operating lease under IFRS 16, revenue is recognised on a straight-line basis over the term of the contract.

Where the arrangement is viewed as a finance lease (where the lease transfers substantially all the risks and rewards of ownership of the underlying asset to the third party), a lease receivable is recognised. Finance income is recognised over the term of the lease, based on a pattern reflecting a constant periodic rate of return on the lease receivable. Lease receipts are allocated between reducing the principal balance and interest income.

TfL, through its concessionaire partner, also sells advertising space to customers and receives income from such arrangements under a revenue share agreement with its concessionaire. Revenue share income is dependent upon the revenue generated by the concessionaire and is therefore contingent in nature. Such revenue is recognised in the period when it is earned.

The Group receives performance monitoring credits when certain performance standards are not met. The performance monitoring credits are recognised as revenue when they are earned.

Rental income

Rental income from operating leases of properties, ATMs and car parks is recognised on a straight-line basis over the term of the lease. Rent-free periods, incentives, or fixed annual increases in the lease payments are spread on a straight-line basis over the lease term. Any inflation linked annual increases in rentals are treated as contingent rents and are recognised as income when they occur. Rental income based on tenant turnover is considered to be variable income and is therefore recognised as income in the period in which it is earned.

For finance leases, where the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the customer, a lease receivable is recognised. Finance income is recognised over the term of the lease, based on a pattern reflecting a constant periodic rate of return on the lease receivable. Lease receipts are allocated between reducing the principal balance and interest.

Third party contributions to operating costs

Revenue from third-party contributions to operating costs is earned on services performed by TfL in conjunction with other organisations or Government in relation to works such as dropping curbs, building roundabouts, installing traffic lights, installing shelters, escalators or elevators in stations, installing bus shelters, etc.

Accounting Policies (continued)

Revenue from third-party contributions is measured on the basis of progress towards completion, calculated using the proportion of costs incurred to date in relation to the total costs to be incurred on the entire project.

Revenue from telecoms concessionaire arrangements

Revenue from the concessionaire arrangements relates to the exclusive right granted to the concessionaire to access TfL's broader asset base to install and maintain its new telecommunications assets. The Fixed Concession Fee is recognised on a straight-line basis over the period of the concessionaire term. Revenue share fees are recognised as income when they occur.

Cycle hire scheme revenues

Sponsorship revenue is recognised on a straight-line basis over the term of the contract as it represents an obligation to provide branding promotion to the customer during the period of the contract.

Annual memberships scheme revenue is recognised on a straight-line basis over the membership period, as it represents an obligation to provide specific numbers of memberships to clients during the membership period.

Daily access fees are recognised upon providing the customer with access to the bicycles.

Museum income

Store sales

Revenue from store sales is recognised at the point of sale to the customer.

Venue hire revenue

Revenue from venue hire is recognised on the date when the space is provided to the customer.

Venue hire catering commission

Venue hire catering commission is recognised upon completion of the event based on the estimated consideration receivable from the customer.

Corporate membership scheme

Corporate membership scheme revenue is recognised on a straight-line basis over the period of membership, as it represents a stand-ready obligation to provide unlimited entry during the period of membership.

Café concessionaire commission

Revenue from café concessionaire commission income is recognised over the term of the concessionaire contract and measured based on the estimated consideration receivable from the concessionaire in each period.

Ticket and photocard commission income

Accounting Policies (continued)

Revenue from ticket and photocard commission income is recognised upfront when the ticket or photocard is issued.

j) Segmental reporting

In accordance with the Code, the Group's operating segments have been determined by identifying the segments whose operating results are reviewed by the Board, when making decisions regarding the allocation of resources and for the assessment of performance.

The operating segments of the Group and their principal activities are as follows:

- Underground – Provision of passenger rail services on the London Underground and refurbishment and maintenance of certain parts of the rail network
- Elizabeth line – Delivery of passenger rail services on the Elizabeth line
- Buses, streets and other operations – Provision of bus services; maintenance of London's roads and cycle routes; and provision of other operations, including Dial-a-Ride, London River Services, Taxi and Private Hire, Santander Cycles, Victoria Coach Station and the IFS Cloud Cable Car
- Rail – Provision of passenger rail services through contracted third-party operators on the DLR, London Overground and London Trams
- Places for London – Investment in our commercial and residential estate and building portfolio

Amounts included in TfL Group level management reporting, but excluded from divisional breakdowns are referred to as "Group items".

TfL's management reports to the TfL Board are presented using a basis of preparation that differs to the accounting requirements of the CIPFA Code. A reconciliation between the operating performance of the Group as reported to the Board to amounts included in the Group Comprehensive Income and Expenditure Statement is set out in note 2.

k) Exceptional items

Exceptional costs are costs that are unusual, infrequent and which do not occur in the normal course of operations. An unusual event or transaction has a high degree of abnormality and is clearly unrelated to (or only incidentally related to) the ordinary activities of the organisation, taking into account the operating environment. Infrequent refers to events and transactions that would not reasonably be expected to recur in the foreseeable future, taking into account the operating environment.

l) Grants and other funding

The main source of grant funding during 2023/24 and 2022/23 was the Extraordinary Funding Support Grant from the DfT and share of Business Rate Retention received from the GLA, which is classified as a resource grant; and specific capital grants from the GLA for the Crossrail project.

In the accounts of the Corporation and Group, all non-specific grants are credited to the Comprehensive Income and Expenditure Statement upon receipt or when there is reasonable assurance that the grant will be received. If a capital grant is received but certain conditions remain before it may be applied, it will be held, in the first instance, as capital grant received in advance, within the payables section of the Balance Sheet. Once any relevant conditions have been met, the capital grant is credited to the Comprehensive Income and Expenditure Statement.

Where expenditure on property, plant and equipment is financed either wholly or partly by capital or non-specific grants or other contributions, the amount of the grant applied is credited to the Capital Adjustment Account through the Movements in Reserves Statement. Amounts not utilised in the year are credited to the Capital Grants Unapplied Account, a usable reserve, for application in future periods.

Amounts of non-specific grants not used in the year are credited to the General Fund balance or to an Earmarked Reserve for specific use in future periods, where appropriate.

m) Overheads

Overheads are recognised in the Comprehensive Income and Expenditure Statement on an accruals basis.

n) Financing and investment income and expenses

Financing and investment income comprises interest income on funds invested, interest received in relation to finance leases, and premia received on the early settlement of borrowings. Interest income is recognised in the Comprehensive Income and Expenditure Statement as it accrues, using the effective interest rate method.

Financing and investment costs comprise the interest expense on borrowings and lease liabilities and the net financing cost on defined benefit pension obligations. Also included are premia paid on the early settlement of borrowings and interest rate derivatives. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the Comprehensive Income and Expenditure Statement using the effective interest rate method (see also Accounting Policy z) Borrowing costs).

Also included within financing and investment income or expenditure are fair value gains or losses recognised in relation to the revaluation of investment properties, and any profits or losses recognised on disposal of investment properties.

o) VAT

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

p) Taxation

In July 2023 the Finance (No.2) Act 2023 was enacted in the UK which implemented the global minimum tax rules, commonly referred to as Pillar Two. The rules implement a domestic top-up tax and a multinational top-up tax in the UK which will apply to the Group with effect from 1 April 2024. The rules will require the Group to pay top-up taxes on any "excess profits" in the UK in respect of any operations in territories where a minimum effective tax rate of 15 per cent has not been met. Where overseas jurisdictions in which the Group operates have implemented qualified domestic minimum top-up tax rules, any top-up tax due may be payable in that jurisdiction in part or in full.

Accounting Policies (continued)

The Group has assessed the impact of Pillar Two to estimate its exposure to top-up taxes arising from 1 April 2024 and the impact is expected to be negligible. The Group will continue to closely monitor further developments in respect of Pillar Two to assess the impact on financial performance.

The Group has applied the exception to IAS 12 in respect of recognising and disclosing information relating to deferred tax assets and liabilities arising in respect of Pillar Two, as provided in the amendments to IAS 12 issued in May 2023.

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Comprehensive Income and Expenditure Statement except to the extent that they relate to a business combination, or to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are disclosed net to the extent that they relate to taxes levied by the same authority and the Group has the right of offset.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

q) Business combinations

On the acquisition of a business, fair values are attributed to the identifiable assets and liabilities and contingent liabilities unless the fair value cannot be measured reliably in which case the value is subsumed into goodwill. Where fair values of acquired contingent liabilities cannot be measured reliably, the assumed contingent liability is not recognised but is disclosed in the same manner as other contingent liabilities. Contingent assets acquired as part of a business combination are not recognised.

Goodwill is the difference between the fair value of the consideration payable and the fair value of net assets acquired.

Accounting Policies (continued)

r) Intangible assets

Goodwill

Where the cost of a business combination exceeds the fair values attributable to the net assets acquired, the resulting goodwill is capitalised and tested for impairment at each Balance Sheet date. Goodwill is allocated to income-generating units for the purpose of impairment testing.

Other intangible assets

Software costs are measured at cost less accumulated depreciation and accumulated impairment losses.

Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives, they are recognised separately.

Amortisation is charged to the Comprehensive Income and Expenditure Statement on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, unless such lives are indefinite.

The useful lives and amortisation methods for software costs are as follows:

Software costs	Straight-line	Up to 10 years

s) Property, plant and equipment

Recognition and measurement

Infrastructure consists of roads, tunnels, viaducts, bridges, stations, track, signalling, bus stations and stands; properties attached to infrastructure which are not separable from infrastructure; and properties attached to infrastructure that are used to facilitate the service provision but are limited in use by operational constraints. Some of these properties generate revenues which are considered to be incidental to the Group's activities.

Infrastructure, plant and equipment and rolling stock are measured at cost less accumulated depreciation and accumulated impairment losses. Assets under construction are measured at cost less any recognised impairment loss.

Owner-occupied office buildings are valued at existing use value by external, professionally qualified surveyors in accordance with RICS Guidelines. Existing use value is the estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at the measurement date. In determining the existing use value, the capitalisation of net income method and the discounting of future cash flows to their present value has been used. This is based upon various assumptions including the anticipated future rental income, maintenance costs and the appropriate discount rate, making reference to market evidence of transaction prices for similar properties. A deduction is made to reflect purchaser's acquisition costs.

Accounting Policies (continued)

Valuations are performed annually. Movements in the value of the property are taken to the Revaluation Reserve, with the exception of permanent diminutions in value which are recognised in profit or loss.

The cost of certain items of property, plant and equipment was determined by reference to a revalued amount determined under a previous accounting regimen. The Group elected to apply the optional exemption to use this previous valuation as deemed cost at 1 April 2009, the date of transition to IFRS.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, borrowing costs on qualifying assets for which the commencement date for capitalisation is on or after 1 April 2009, and any other costs directly attributable to bringing the assets to a working condition for their intended use. Where there is a legal obligation to remove the asset and/or restore the site on which it is located at the end of its useful economic life, the costs of dismantling and removing the items and restoring the site on which they are located are also included in the cost of the asset. Proceeds generated from an asset prior to its intended use are not deducted from the cost of the asset and area instead charged to the Comprehensive Income and Expenditure Statement as generated.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. When components are replaced, the costs of the overhaul are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss.

Where there are similar assets with identical useful lives e.g. cabling, these assets are accounted for as pooled items of property, plant and equipment and are depreciated over their useful lives. When pooled items are fully depreciated the gross acquisition value and accumulated depreciation are derecognised.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal along with the costs of disposal with the carrying amount of the item and are recognised net within other gains and losses in the Comprehensive Income and Expenditure Statement.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less the expected residual value at the end of its useful economic life.

Depreciation is recognised in the Comprehensive Income and Expenditure Statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Tunnels and embankments	up to 120 years

Accounting Policies (continued)

Bridges and viaducts	up to 120 years
Track	up to 120 years
Road pavement	up to 40 years
Road foundations	up to 50 years
Signalling	up to 40 years
Stations	up to 120 years
Other property	up to 120 years
Rolling stock	up to 50 years
Lifts and escalators	up to 40 years
Plant and equipment	up to 75 years
Computer equipment	up to 15 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate, the effect of such adjustment being prospectively recognised as a change of estimate.

t) Heritage assets

Property, plant and equipment includes a number of assets classified as heritage assets in accordance with the Code. Heritage assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. These provisions apply to the collection of transport-related artefacts held at London Transport Museum. Due to the diverse nature of the assets held and the lack of comparable market values, the cost of obtaining a valuation of TfL's heritage assets is such that it would not be commensurate with the benefits provided to users of the financial statements. TfL has therefore taken the exemption available under the Code to hold its heritage assets at historical cost less any accumulated depreciation or impairment losses.

u) Investment property

Investment property is property held solely either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Investment property is measured initially at cost, including transaction costs, and subsequently measured at fair value with any change therein recognised in profit or loss within financing and investment income or expenditure. During 2020/21, 2021/22 and 2022/23, as part of an exercise undertaken by management to create a consolidated commercial property portfolio, new lease structures created allowed the recognition of newly separable investment property assets which were recorded within investment property at fair value at the date of creation of the lease structure. Due to the fact that these assets were created through the separation of new lease structures from larger items of transport infrastructure (included within property, plant and equipment) and the revaluation uplift recorded on initial recognition does not fairly represent the increase in value in the period of the underlying assets, these valuation gains were recognised directly within other comprehensive income.

Movement in the fair values of existing investment properties continued to be recognised within financing income or expenditure.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. Investment properties held at fair value are not subject to depreciation.

Investment properties are valued annually at fair value by external, professionally qualified surveyors in accordance with RICS Guidelines. Fair value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The methodology assumes the valuation is based on the highest and best use of the asset. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value has been used. This is based upon various assumptions including the anticipated future rental income, maintenance costs and the appropriate discount rate, making reference to market evidence of transaction prices for similar properties. A deduction is made to reflect purchaser's acquisition costs. Properties are therefore categorised as Level 3 in the fair value hierarchy, as the measurement technique uses significant unobservable inputs to determine the fair value measurements.

Revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. Any such gains and losses recognised by the Corporation are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and transferred to the Capital Adjustment Account.

v) Investment in joint ventures

A joint venture is a type of joint arrangement wherein the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in joint ventures are accounted for using the equity method. Under the equity method, the investment is initially recognised on the Balance Sheet at cost and is thereafter adjusted to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture.

w) Investment in associated undertakings

An associate is an entity over which the Group has significant influence, but not control. The results and assets and liabilities of associates are incorporated in these consolidated accounts using the equity method of accounting from the date on which the investee becomes an associate. Under the equity method, the investment is initially recognised on the Balance Sheet at cost and is thereafter adjusted to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

x) Inventories

Inventories consist primarily of fuel, uniforms, and materials required for the operation of services and maintenance of infrastructure. Equipment and materials held for use in a capital programme are accounted for as inventory until they are issued to the project, at which stage they become part of assets under construction.

Accounting Policies (continued)

Inventories are carried at lower of cost and net realisable value. Cost comprises direct materials, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

y) Assets held for sale

Long-term assets (and disposal groups comprising a group of assets and potentially some liabilities that an entity intends to dispose of in a single transaction) are classified as held for sale if; their carrying amount will be recovered principally through sale rather than continuing use, they are available for immediate sale and sale is highly probable.

On initial classification as held for sale, long-term assets or disposal groups are measured at the lower of their previous carrying amount and fair value less costs to sell. No amortisation or depreciation is charged on long-term assets (including those in disposal groups) classified as held for sale.

z) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (those necessarily taking a substantial period of time to get ready for their intended use) are added to the cost of those assets, until such time as the assets are ready for their intended use. The Group has opted to use the date of transition to IFRS (1 April 2009) as the effective date for applying IAS 23 Borrowing Costs (IAS 23).

All other finance and borrowing costs are recognised in the Comprehensive Income and Expenditure Statement in the period in which they are incurred.

aa) Provisions

Provisions are recognised on the Balance Sheet when a present legal or constructive obligation exists for a future liability in respect of a past event and where the amount of the obligation can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the Balance Sheet date and are discounted to present value where the effect is material.

ab) Foreign currencies

Transactions in currencies other than sterling are recognised at the rates of exchange prevailing at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Accounting Policy aj) below for hedging accounting policies).

ac) Leases (the Group as lessee)

Accounting Policies (continued)

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

The lease liabilities arising from a lease are initially measured on a present value basis comprising the following lease payments:

- Fixed payments (including in-substance fixed payments) less any lease incentives receivable
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group under residual value guarantees
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option
- Lease payments to be made under reasonably certain extension options

The lease payments are discounted using the TfL Group's incremental borrowing rate, being the rate the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

For the current year, TfL's incremental borrowing rate for each tenor consists of PWLB as this is the source of borrowing we have used during the pandemic.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate takes effect, then the lease liability is re-measured using the changed cash flows and changed discount rate. Further, a corresponding adjustment is also made to the right-of-use asset.

Lease payments are allocated between the repayment of principal and a finance cost. The finance cost is charged to the Comprehensive Income and Expenditure Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use assets are measured at cost comprising the following:

- The amount of initial measurement of lease liability
- Any lease payments made at or before the commencement date, less any lease incentives received
- Any initial direct costs

Accounting Policies (continued)

- Restoration costs

The right-of-use assets are generally depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. If it is reasonably certain that the Group will exercise a purchase option, then the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and with low-value assets are recognised on a straight-line basis as an expense in the Comprehensive Income and Expenditure Statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

IFRS 16 permits the use of a practical expedient that permits lessees to make an accounting policy election, by class of underlying asset, to account for each separate lease component of a contract and any associated non-lease components as a single lease component. Contracts for bus services contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. TfL's accounting policy is to apply this expedient to other equipment as a class of underlying asset. If the non-lease components over the contract duration total less than five per cent of the total contract value or £500,000, whichever is lower, then the non-lease and lease components are treated as a single lease.

Peppercorn leases

Leases with payments at peppercorn or nominal consideration that are provided at substantially below market terms, and leases for nil consideration, are accounted for as follows:

- Any portion of the lease that is payable is accounted for in the same way as other lease obligations under IFRS 16 Leases
- The difference between the present value of any future lease payments due and the fair value of the lease on initial recognition is recognised as a fair value right-of-use asset on the Balance Sheet, with a corresponding gain recognised in grant income within the surplus or deficit recognised on the provision of services

TfL has a number of leases over property and other transport infrastructure under which it pays £nil or peppercorn rents. It has undertaken an exercise to assess the fair value of the assets leased under these arrangements and has concluded that they have no material value. No amounts have therefore been recorded in the financial statements in respect of these leases.

ad) Leases (the Group as lessor)

Lease income from operating leases is recognised as income on a straight-line basis over the lease term. Rent free periods, incentives, or fixed annual increases in the lease payments are spread on a straight-line basis over the lease term. Any inflation linked annual increases in rentals are treated as contingent rents and are recognised as income when they occur. Rental income based on turnover is considered variable and therefore is recognised in the period in which it is earned. The respective leased assets are included in the Balance Sheet within property, plant and equipment based on their nature. Any lease modifications are treated as new leases from the date of modification.

Accounting Policies (continued)

Lease income from finance leases is recognised over the lease term at an amount that produces a constant periodic rate of return on the remaining balance of the net investment in the lease. The net investment in the lease is the sum of lease payments receivable during the lease term discounted at the interest rate implicit in the lease.

Lease income in respect of property leases has been adversely impacted by the coronavirus pandemic. Bespoke support has been provided to tenants on a case-by-case basis and includes the grant of rent-free periods and other arrangements reflecting the position of each customer. The accounting treatment for the tenant support, which results in some divergence between net rental income on a reported basis and cash flow basis, is as follows:

- Rent-free periods are generally considered to constitute a lease modification under IFRS 16, with the lease incentive deferred over the remaining lease term. The lease incentive balance will be assessed for impairment at each reporting date. If the level of tenant failures is higher than expected, the impairment of tenant incentives and bad debt expense is also expected to increase
- Lease income from finance leases is recognised over the lease term at an amount that produces a constant periodic rate of return on the remaining balance of the net investment in the lease. The net investment in the lease is the sum of lease payments receivable during the lease term discounted at the interest rate implicit in the lease
- On lease commencement the carrying value of the asset is derecognised, the net investment in the lease is recognised as a finance lease receivable and any selling profit or loss is recognised in the Comprehensive Income and Expenditure Statement

ae) Private Finance Initiative (PFI) transactions and similar contracts

The Code requires the Group to account for infrastructure PFI schemes where it controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement. TfL therefore recognises such PFI assets as items of property, plant and equipment together with a liability to pay for them. The fair values of services received under the contract are recorded as operating expenses.

The annual unitary payment is separated into the following component parts, using appropriate estimation techniques where necessary:

a) The service charge
b) Repayment of the capital
c) The interest element (using the interest rate implicit in the contract)

Services received

The fair value of services received in the year is recorded under the relevant expenditure headings within ‘gross expenditure’.

Assets

Assets are recognised as property, plant and equipment or intangible assets when they come into use. The assets are measured initially at fair value in accordance with IPSAS 32 Service Concession Arrangements – Grantor (IPSAS 32).

Accounting Policies (continued)

Where the operator enhances assets already recognised in the Balance Sheet the fair value of the enhancement in the carrying value of the asset is recognised as an asset.

Liabilities

A PFI liability is recognised at the same time as the assets are recognised. It is measured initially at the same amount as the fair value of the PFI assets and is subsequently measured as a finance lease liability in accordance with IFRS 16.

An annual finance cost is calculated by applying the implicit interest rate in the lease to the opening lease liability for the year and is charged to financing and investment expenditure within the Comprehensive Income and Expenditure Statement.

The element of the unitary payment that is allocated as a finance lease rental is applied to meet the annual finance cost and to repay the lease liability over the contract term.

Life cycle replacement

Components of the asset replaced by the operator during the contract (lifecycle replacement) are capitalised where they meet the Group's criteria for capital expenditure. They are capitalised at the time they are provided by the operator and are measured initially at their fair value.

af) Impairment of non-financial assets

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Other intangible assets, property, plant and equipment and investments in subsidiaries, joint ventures and associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. In assessing whether impairment indicators exist Management have considered climate change risks and the impact of any commitments under the Group's Climate Change Adaptation Plan.

Impairment occurs when an asset's carrying value exceeds its recoverable amount. An asset's recoverable amount is the higher of its value in use and its fair value less costs to sell.

Where an impairment loss is reversed subsequently, the reversal is credited to the Impairment line of the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

In accordance with the Code, when an asset is not held primarily for the purpose of generating cash flows but for service provision, value in use is the present value of the asset's remaining service potential, which can be assumed to be at least equal to the cost of replacing that service potential. This is the case for the majority of the Group's assets.

ag) Employee benefits

Defined benefit pension plans

Accounting Policies (continued)

The majority of the Group's employees are members of the Group's defined benefit plans, which provide benefits based on final pensionable pay. The assets of schemes are held separately from those of the Group.

On retirement, members of the schemes are paid their pensions from a fund which is kept separate from the Group. The Group makes cash contributions to the funds in advance of members' retirement.

Every three years the Group's schemes are subject to a full actuarial funding valuation using the projected unit method. Separate valuations are prepared for accounting purposes on an IAS 19 basis as at the Balance Sheet date. Pension scheme assets are measured using current market bid values. Pension scheme defined benefit obligations are measured using a projected unit credit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the defined benefit obligation.

The difference between the value of the pension scheme assets and pension scheme liabilities is a surplus or a deficit. A pension scheme surplus is recognised to the extent that it is recoverable and a pension scheme deficit is recognised in full. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which it occurs. Remeasurement recognised in other comprehensive income will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit obligation or asset. Defined benefit costs are categorised between; (a) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), (b) net interest expense or income, and (c) remeasurement. The Group presents the first two components in profit or loss within the surplus on the provision of services before tax. Curtailment gains and losses are accounted for as past service costs.

Multi-employer exemption

For certain defined benefit schemes, the Corporation and/or the Group is unable to identify its share of the underlying assets and defined benefit obligations of the scheme on a consistent and reasonable basis. As permitted by the multi-employer exemption in the Code, these schemes are accounted for as defined contribution schemes. Contributions are therefore charged to the Comprehensive Income and Expenditure Statement as incurred.

Group schemes under common control

The Corporation and certain of its subsidiaries are members of a Group defined benefit plan wherein risks are shared between the entities under common control. There is no contractual arrangement in place to apportion the net defined benefit cost across the member entities. Accordingly, in line with the provisions of IAS 19, the total net defined benefit obligation is recognised in the individual financial statements of the sponsoring employer, the Corporation.

Unfunded pension schemes

Ex gratia payments are made to certain employees on retirement in respect of service prior to the establishment of pension funds for those employees. Supplementary payments are made to the pensions of certain employees who retired prior to the index linking of pensions. The Group also augments the pensions of certain employees who retire early under voluntary severance arrangements. In addition, certain employees also accrue benefits under an unfunded pension arrangement. These unfunded pension liabilities are provided for in the Balance Sheet.

Defined contribution plans

Some employees are members of defined contribution plans. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the Comprehensive Income and Expenditure Statement in the periods during which services are rendered by employees.

Other employee benefits

Other short- and long-term employee benefits, including holiday pay and long service leave, are recognised as an expense over the period in which they accrue.

ah) Reserves

Reserves consist of two elements, usable and unusable.

Usable reserves are those that can be applied to fund expenditure. They are made up of the General Fund, Earmarked Reserves, the Capital Grants Unapplied Account and the Street Works Reserve. Amounts in the Street Works Reserve represent the net income/expenditure generated from lane rental revenues. These net revenues may only be employed in funding the reduction of disruption and other adverse effects caused by street works.

Unusable reserves cannot be applied to fund expenditure as they are not cash backed. They include the Capital Adjustment Account, Pension Reserve, the Hedging Reserve, the Financial Instruments Revaluation Reserve, the Financial Instruments Adjustment Account, the Retained Earnings Reserve in subsidiaries and the Fixed Asset Revaluation Reserve.

Management has determined that the Retained Earnings Reserve in subsidiaries are unusable unless the subsidiary declares a dividend to the Corporation, and they are able to fund these via their own cash reserves. The majority of assets held in subsidiaries are related to transport infrastructure and are not readily convertible to cash.

The Group's investment property assets are held within a separate property investment vehicle for the purpose of creating an estate of commercial, income-producing assets and development opportunities. They are not available to fund the expenditure of the Corporation.

ai) Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (grants, business rates, etc.) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between TfL's operating segments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

aj) Financial instruments

Accounting Policies (continued)

Financial instruments within the scope of IFRS 9 Financial Instruments (IFRS 9) are classified as:

- Financial assets measured at amortised cost
- Financial assets measured at fair value through other Comprehensive Income and Expenditure (FVTOCI)
- Financial assets measured at fair value through the Comprehensive Income and Expenditure Statement (FVTPL)
- Financial liabilities measured at amortised cost
- Financial liabilities at fair value through the Comprehensive Income and Expenditure Statement (FVTPL)

The Group determines the classification of its financial instruments at initial recognition. Financial assets may be reclassified only when the Group changes its business model for managing financial assets, at which point all affected financial assets would be reclassified. Financial liabilities are not reclassified subsequent to initial recognition.

When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus any directly attributable transaction costs. The exception to this is for assets and liabilities measured at fair value through the Comprehensive Income and Expenditure Statement, where transaction costs are immediately expensed.

The subsequent measurement of financial instruments depends on whether they are financial assets or financial liabilities and whether specified criteria are met.

Financial assets are measured at amortised cost if:

- it is the objective of the Group to hold the asset in order to collect contractual cash flows; and
- the contractual terms give rise to cash flows, which are solely repayments of a principal value and interest thereon.

After initial recognition, these assets are carried at amortised cost using the effective interest rate method if the time value of money is significant. Gains and losses are recognised in the Comprehensive Income and Expenditure Statement when the asset is derecognised or a loss allowance applied, as well as through the amortisation process.

Financial assets are measured at FVTOCI if:

- assets are non-derivative and held within a business model whose objective is to realise their value through either the collection of contractual cash flows or selling of the financial assets; and
- the contractual terms of the financial asset give rise to periodic cash flows that are the payment of principal and interest.

After initial recognition, interest is taken to the Comprehensive Income and Expenditure Statement using the effective interest rate method and the assets are measured at fair value with gains or losses being recognised in Other Comprehensive Income and Expenditure (and

Accounting Policies (continued)

taken to the Financial Instruments Revaluation Reserve), except for impairment gains or losses, until the investment is derecognised, or reclassified at which time the cumulative fair value gain or loss previously reported in reserves is included in the Comprehensive Income and Expenditure Statement. For equity instruments, unlike debt instruments, there is no transfer of accumulated amounts in Other Comprehensive Income to the Comprehensive Income and Expenditure Statement.

Financial assets are measured at FVTPL if they are:

- Derivatives
- Not held as amortised cost or at FVTOCI
- Financial assets that were elected to be designated as measured at FVTPL

After initial recognition, assets are carried in the Balance Sheet at fair value with gains or losses recognised in the Comprehensive Income and Expenditure Statement.

Financial liabilities are measured at amortised cost if they are non-derivative with limited exceptions.

After initial recognition, non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are measured at FVTPL if they are:

- Derivatives
- Other liabilities held for trading
- Financial liabilities that were elected to be designated as measured at FVTPL

Loans to subsidiaries

Loans to subsidiaries are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Loans are classified as amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents are classified as financial assets at amortised cost.

Other investments

Short-term investments with an outstanding maturity, at the date of acquisition, of greater than three months and less than or equal to a year, are classified as short-term investments on the basis that they are not readily convertible to cash. Short-term investments are classified as financial assets at amortised cost.

Long-term investments with an outstanding maturity, at the date of acquisition, of greater than a year, are classified as long-term investments. Long-term investments are classified as fair value through profit and loss.

Accounting Policies (continued)

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently classified as financial assets at amortised cost.

Finance lease receivables

Finance lease receivables are recognised initially at fair value and subsequently classified as financial assets at amortised cost.

Trade and other creditors

Trade and other creditors are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method.

Interest bearing loans and borrowings

All loans and borrowings are classified as financial liabilities measured at amortised cost.

Obligations under leases and PFI arrangements

All obligations under leases and PFI arrangements are classified as financial liabilities measured at amortised cost.

Other financing liabilities

Other financing liabilities are classified as financial liabilities measured at amortised cost.

Financial derivative instruments

The Group uses financial derivative instruments to manage certain exposures to fluctuations in foreign currency exchange rates and interest rates. The Group does not hold or issue derivative instruments for speculative purposes. The use of derivatives is governed by the Group's Treasury Management policies, approved by the Board.

Derivative assets and derivative liabilities are classified as FVTPL. Such financial derivative instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated in an effective as a hedge relationship, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of the foreign currency risk of firm commitments (cash flow hedges).

The fair value of derivatives are classified as a long-term asset or a long-term liability if the remaining maturity of the derivative contract is more than 12 months and as a short-term asset or a short-term liability if the remaining maturity of the derivative contract is less than 12 months.

Hedge accounting

Accounting Policies (continued)

In order to qualify for hedge accounting, at inception of the transaction the Group formally designates and documents the hedging relationship, which includes the Group's risk management strategy and objective for undertaking the hedge, identification of the hedging instrument, the hedged item, the ratio between the amount of hedged item and the amount of hedging instrument, the nature of the risk being hedged and how the Group assesses that the hedging instrument is highly effective including analysis of potential sources of hedge ineffectiveness.

At the inception of the hedge relationship and prospectively on an ongoing basis, the Group assesses three criteria in determining the hedge is effective and qualifies for hedge accounting, namely:

- An economic relationship exists such that the fair value or cash flows attributable to the hedged risk will be offset by the fair value of the hedged instrument
- Credit risk does not dominate changes in the value of the hedging instrument or hedged item
- The hedge ratio used for hedge accounting purposes is the same as that used for risk management purposes and is to be maintained as initially set throughout the hedge relationship

Where derivatives or portions of hedges do not qualify for hedge accounting, they are recorded at fair value through the Comprehensive Income and Expenditure Statement and any change in value is immediately recognised in the Comprehensive Income and Expenditure Statement.

Cash flow hedges

Hedge relationships are classified as cash flow hedges when they hedge the Group's exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss. Derivative instruments qualifying as cash flow hedges are principally interest rate swaps (where floating rate interest is swapped to fixed) and foreign currency forward exchange contracts.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred in reserves. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts deferred in reserves are recycled to profit or loss in the periods when the hedged items (the hedged asset or liability) affect the Comprehensive Income and Expenditure Statement. When the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in reserves are transferred from reserves and are included in the initial measurement of the cost of the related asset or liability. For transaction-related hedged items, this will occur once the hedged transaction has taken place. For time-period related hedged items, the amount that is accumulated in reserves is amortised on a systematic and rational basis as a reclassification adjustment.

Hedge accounting is discontinued when the hedging instrument expires, is sold, terminated, exercised or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in reserves at that time remains in reserves and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in reserves is recognised immediately in profit or loss.

Fair value measurement of financial instruments

The fair value of quoted investments is determined by reference to bid prices at the close of business on the Balance Sheet date, within Level 1 of the fair value hierarchy as defined within IFRS 13.

Where there is no active market, fair value is determined using valuation techniques. These include using recent arm's length transactions; reference to the current market value of another instrument which is substantially the same; and discounted cash flow analysis and pricing models.

In the absence of quoted market prices, derivatives are valued by using quoted forward prices for the underlying commodity/currency and discounted using quoted interest rates (both as at the close of business on the Balance Sheet date). Hence, derivatives are within Level 2 of the fair value hierarchy as defined within IFRS 13.

Impairment of financial assets

At each reporting date, the Group assesses whether the credit risk on a significant financial asset measured at amortised cost or FVTOCI has increased significantly since initial recognition and subsequently measures an expected credit loss allowance for that financial instrument.

The expected loss allowance is a measurement based on the probability of default over the lifetime of the contract for trade receivables, lease receivables or contract assets in scope of IFRS 15. For other financial assets, the allowance is based on the probability of default occurring in 12 months providing credit risk is assessed as low.

The expected credit loss is based on a forward-looking, probability-weighted measure considering reasonable and supportable information on past events, current conditions and the time value of money. Where financial assets are determined to have shared risk characteristics they are assessed collectively, otherwise, they are reviewed on an individual basis.

No loss allowance for expected credit loss is recognised on a financial asset where the counterparty is central government or a local authority and where relevant statutory provisions prevent default. Expected credit loss allowances are recognised in the Comprehensive Income and Expenditure Statement.

Embedded derivatives

Derivatives that are embedded in other financial instruments or other host contracts are treated as separate derivatives when:

- the host contract is a financial liability or an asset not within the scope of IFRS 9; and
- the derivative's risks and characteristics are not closely related to those of the host contract;

Accounting Policies (continued)

- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the host contracts are not carried at fair value

In such cases, an embedded derivative is separated from its host contract and accounted for as a derivative carried on the Balance Sheet at fair value from inception of the host contract. Unrealised changes in fair value are recognised as gains/losses within the Comprehensive Income and Expenditure Statement during the period in which they arise.

ak) Climate change

In preparing the Group's financial statements, consideration has been given to the impact of both physical and transition climate change risks as described within the Task Force on Climate Related Financial Disclosures (TCFD) section of the Narrative Report, and how these impact the financial statements. Management have considered the commitments made under the Group's Climate Change Adaptation Plan and other external commitments and have concluded that there is no material impact to the Group's financial statements.

Impact of climate change on the Group's judgements and estimates

In assessing the Group's judgements and sources of estimation uncertainty, consideration has been given to the impact of climate change risk on these. It is not considered that climate change risks have any material impacts on the Group's judgements or sources of estimation uncertainty for the following reasons:

Estimate/judgement	Explanation
Useful economic lives	• In assessing assets for impairment, Management did not identify any material assets for which there would be climate-related obsolescence or indicators that an asset's useful economic life would be restricted • In particular, in light of the Group's commitment to a net-zero bus fleet by 2034, Management considered whether any right-of-use assets had restricted useful lives. All lease terms were confirmed to expire prior to transition therefore no material impairments were identified
Asset carrying values	• In carrying out impairment assessments, Management considered future committed cashflows in relation to climate in determining the asset's value in use. There were no material climate-related asset impairments identified
Goodwill	• In carrying out their annual impairment assessment of Goodwill, Management ensured that the value-in-use forecasts included climate-related future committed expenditure and appropriate stress testing for climate-related risks and opportunities

Accounting Policies (continued)

Going concern	•	Going concern analysis considers the 12 months from the signing of the financial statements, climate events materially impacting the carrying value of reported assets and liabilities are not expected to occur within this period
Post retirement benefits	•	Each year Management obtain an IAS 19 valuation of the TfL Pension Fund from actuaries at the XPS Pensions Group. It is not expected that there are climate factors that would materially impact the valuation of the Fund of the assumptions used therein

Policies and market changes in response to climate change are continually developing and therefore the financial statements cannot capture all possible outcomes as these are not yet known. The degree of uncertainty of these changes may also mean they cannot be considered in the determination of asset and liability valuations and the timing of future cashflows.

Notes to the Financial Statements

1. Gross service income

a) Group gross service income

Year ended 31 March	2024 £m	% of total	2023 £m	% of total
Passenger income	**4,843.1**	**72.1**	4,046.6	69.7
Revenue in respect of free travel for older and disabled customers	**202.0**	**3.0**	194.2	3.3
Congestion Charging	**345.9**	**5.2**	358.1	6.2
Direct Vision Scheme income	**14.4**	**0.2**	-	-
Ultra Low Emission Zone charges	**534.5**	**8.0**	479.9	8.3
Low Emission Zone charges	**67.7**	**1.0**	118.2	2.0
Charges to London Boroughs and Local Authorities	**13.6**	**0.2**	14.2	0.2
Charges to transport operators	**77.8**	**1.2**	53.1	0.9
Road Network compliance income	**89.3**	**1.3**	86.5	1.5
Commercial advertising receipts	**154.0**	**2.3**	144.9	2.5
Rents receivable	**82.6**	**1.2**	77.1	1.3
Contributions from third parties to operating costs	**62.2**	**0.9**	30.8	0.5
Taxi licensing	**37.7**	**0.6**	37.9	0.7
Ticket and photocard commission income	**16.3**	**0.2**	14.9	0.3
General fees and charges	**55.1**	**0.8**	16.6	0.3
ATM and car parking income	**16.7**	**0.2**	16.6	0.3
Museum income	**15.3**	**0.2**	13.0	0.2
Training and specialist services	**29.3**	**0.4**	22.9	0.4
Cycle hire scheme	**10.2**	**0.2**	14.5	0.2
Other	**46.0**	**0.8**	63.6	1.2
	6,713.7	**100.0**	5,803.6	100.0

1. Gross service income (continued)

b) Corporation gross service income

Year ended 31 March	2024 £m	% of total	2023 £m	% of total
Congestion Charging	**345.9**	**29.4**	358.1	30.9
Direct Vision Scheme income	**14.4**	**1.2**	-	-
Ultra Low Emission Zone charges	**534.5**	**45.5**	479.9	41.4
Low Emission Zone charges	**67.7**	**5.8**	118.2	10.2
Charges to London Boroughs and Local Authorities	**12.5**	**1.1**	12.9	1.1
Road Network compliance income	**89.3**	**7.6**	86.5	7.5
Rents receivable	**-**	**-**	0.1	-
Contributions from third parties to operating costs	**33.8**	**2.9**	29.5	2.5
Taxi licensing	**37.7**	**3.2**	37.9	3.3
General fees and charges	**4.3**	**0.4**	4.4	0.4
Training and specialist services	**18.7**	**1.6**	15.4	1.3
Other	**16.6**	**1.3**	17.1	1.4
	1,175.4	**100.0**	1,160.0	100.0

c) Congestion Charging

Year ended 31 March	Group and Corporation 2024 £m	Group and Corporation 2023 £m
Income	**345.9**	358.1
Toll facilities and traffic management	**(107.7)**	(133.2)
	238.2	224.9
Administration, support services and depreciation	**(2.6)**	(2.4)
Net income from Congestion Charging	**235.6**	222.5

Net income from the Congestion Charge (above), Low Emission Zone and Ultra Low Emission Zone (below) is spent on delivering the Mayor's Transport Strategy.

1. Gross service income (continued)

d) Combined Emission Zone Charging

Year ended 31 March	Group and Corporation 2024 £m	Group and Corporation 2023 £m
Income	602.2	598.1
Toll facilities and traffic management	(408.9)	(373.8)
	193.3	224.3
Administration, support services and depreciation	(23.3)	(15.7)
Net income	170.0	208.6

Emission zone charging comprises the Low Emission Zone (LEZ) and Ultra Low Emission Zone (ULEZ).

1. Gross service income (continued)

e) Direct Vision Standard and HGV Safety Permit Scheme

Year ended 31 March	Group and Corporation 2024 £m	Group and Corporation 2023 £m
Income	14.4	-
Toll facilities and traffic management	(6.7)	-
Net income recognised within net cost of services	**7.7**	-

1. Gross service income (continued)

f) Street works

Year ended 31 March	Group and Corporation 2024 £m	Group and Corporation 2023 £m
Income	**12.8**	10.6
Allowable operating costs of managing the lane rental scheme	**(2.6)**	(2.4)
Application of Street Works Reserve to projects reducing the adverse effects caused by street works	**(5.4)**	(6.2)
Net income recognised within net cost of services	**4.8**	2.0
Net income for the year transferred to the Street Works Reserve	**4.8**	2.0

Under the London lane rental scheme, introduced in 2012, TfL receives payments where utilities carry out certain street works in circumstances significantly affecting traffic. The legislation (SI 2012/425) requires TfL to apply the net proceeds of these payments to reducing the adverse effects caused by street works. The net income shown above has been transferred to the Street Works Reserve.

2. Segmental analysis

2a) Segmental analysis

The breakdown of performance reporting by segment is presented in the Expenditure and Funding Analysis in Note 3. The analysis only shows Group segmental information and no disclosures are included for the Corporation. This is because the Corporation's results are not reported to the TfL Board on a segmental basis.

No Balance Sheet information is reported internally by segment and there is accordingly no requirement under the Code to disclose segmental Balance Sheet information in the Statement of Accounts.

2b) Reconciliation of the internal management reports income statement to the Group Comprehensive Income and Expenditure Statement

The segmental information presented in the Expenditure and Funding Analysis reflects the presentation of the internal management reports income statement, published on TfL's website in the form of Quarterly Performance Reports (www.tfl.gov.uk/corporate/publications-and-reports/quarterly-progress-reports). The methodology for preparation and the presentation of figures within the internal management reports differs in several respects from the Group Comprehensive Income and Expenditure Statement as presented in these financial statements. To aid understanding of TfL information as reported in Quarterly Performance Reports, a reconciliation to the Group Comprehensive Income and Expenditure Statement is presented on the following pages.

2. Segmental analysis (continued)

Reconciliation of internal management reports to the Group Comprehensive Income and Expenditure Statement (CI&E)

Year ended 31 March 2024	Internal management reports Income Statement £m	Items included in the CI&E but excluded from management reports £m	Items included in management reports but excluded from the CI&E £m	Reclassifications between line items £m	Items with different accounting treatment (see note 2c) £m	Group Comprehensive Income and Expenditure Statement £m
Gross external income/(total operating income)	6,847.0	-	-	(131.6)	(1.6)	6,713.8
Gross expenditure/(operating cost)	(7,846.0)	(1,919.5)	726.6	(56.7)	40.8	(9,054.8)
Net cost of services before exceptional items/(divisional net operating deficit excluding grant income)	**(999.0)**	**(1,919.5)**	**726.6**	**(188.3)**	**39.2**	**(2,341.0)**
Other net operating expenditure	-	0.3	-	-	-	0.3
Grant income	2,311.0	-	-	188.3	1,005.3	3,504.6
Group share of profit before tax of joint ventures	-	0.1	-	-	-	0.1
Group share of loss before tax of associated undertakings	-	(58.3)	-	-	-	(58.3)
(Capital renewals)	(763.0)	-	763.0	-	-	-
(Operating surplus before interest)	**549.0**	**(1,977.4)**	**1,489.6**	**-**	**1,044.5**	**1,105.7**
Financing and investment income	-	15.1	-	69.5	-	84.6
Financing and investment expenditure	-	(224.8)	-	(480.5)	8.6	(696.7)
(Net interest costs)	(411.0)	-	-	411.0	-	-
Group surplus before tax/(operating surplus)	**138.0**	**(2,187.1)**	**1,489.6**	**-**	**1,053.1**	**493.6**
Taxation	-	(49.5)	-	-	-	(49.5)
Group surplus after tax	**138.0**	**(2,236.6)**	**1,489.6**	**-**	**1,053.1**	**444.1**

2. Segmental analysis (continued)

Reconciliation of internal management reports to the Group Comprehensive Income and Expenditure Statement (CI&E)

Year ended 31 March 2023	Internal reports as reported to management £m	Items included in the CI&E but excluded from the internal reports £m	Items included in the internal reports but excluded from the CI&E £m	Reclassifications between line items £m	Items with different accounting treatment (see note 2c) £m	Group Comprehensive Income and Expenditure Statement £m
Gross external income/(total operating income)	5,826.0	-	-	-	(22.4)	5,803.6
Gross expenditure/(operating cost)	(7,055.0)	(2,106.2)	711.5	-	(40.5)	(8,490.2)
Net cost of services/(divisional net operating deficit excluding grant income)	(1,229.0)	(2,106.2)	711.5	-	(62.9)	(2,686.6)
Other net operating expenditure	-	(86.4)	-	-	-	(86.4)
Grant income	2,898.0	-	-	-	624.5	3,522.5
Group share of profit before tax of joint ventures	-	8.8	-	-	-	8.8
Group share of loss before tax of associated undertakings	-	(41.5)	-	-	-	(41.5)
(Capital renewals)	(624.0)	-	624.0	-	-	-
(Operating surplus before interest)	1,045.0	(2,225.3)	1,335.5	-	561.6	716.8
Financing and investment income	-	68.7	-	33.1	-	101.8
Financing and investment expenditure	-	(295.4)	-	(457.1)	2.9	(749.6)
(Net interest costs)	(424.0)	-	-	424.0	-	-
Group surplus before tax/(Operating surplus)	621.0	(2,452.0)	1,335.5	-	564.5	69.0
Taxation	-	4.8	-	-	-	4.8
Group surplus after tax	621.0	(2,447.2)	1,335.5	-	564.5	73.8

Where line item descriptors differ between the internal reports and the Comprehensive Income and Expenditure Statement, those used in the internal reports are shown within parentheses in the above tables.

2. Segmental analysis (continued)

2c) Detailed reconciliation of segmental information reported in internal management reports to amounts included in the Group (deficit)/surplus

The segmental analysis is prepared using internal management reporting accounting methodologies. In some cases, these methodologies are different from the accounting policies used in the financial statements. Where there are accounting policy differences between management reports and the statutory accounts, statutory accounting adjustments are not recorded by segment in the underlying accounting records. It is not therefore possible to produce a segmental breakdown of the Group financial statements on a statutory basis of reporting. Differences between the methodologies are explained in the paragraphs and table below.

- Depreciation, amortisation of intangibles and impairment charges are not included in the segmental analysis
- The cost of retirement benefits is recognised within gross expenditure in the internal management report's Income Statement as a charge based on cash contributions paid during the year, rather than the pension service cost and net interest charge on defined benefit pension obligations recognised in the Comprehensive Income and Expenditure Statement. This better reflects the actual charge made to the General Fund in respect of pension costs which is calculated based on actual contributions paid as opposed to the charges flowing through the Comprehensive Income and Expenditure Statement as calculated under IAS 19
- The internal management report's Income Statement excludes the net gain on disposal of investment properties and the change in fair value of investment properties that are included within financing and investment income in the Comprehensive Income and Expenditure Statement. Fair value movements are excluded from management reporting as these gains or losses are unrealised. The net proceeds from disposals, meanwhile, are included in the Capital Account for management reporting purposes, as these income streams may only be employed by the Corporation to fund capital expenditure and do not represent an ongoing revenue stream that can be employed to meeting the day-to-day operating costs of the network
- Similarly, the internal management report's Income Statement excludes gains and losses on the disposal of property, plant and equipment and intangible assets recognised within other operating expenditure, and instead includes the net proceeds from these disposals in the Capital Account
- Internal management reporting includes a charge within operating expenditure for the costs of right-of-use leases, based on cash payments made in the period in relation to those leases. In the net cost of services in the Comprehensive Income and Expenditure Statement, this charge has been stripped out and replaced with the amortisation charge in respect of right-of-use assets within net cost of services and a financing charge included within financing and investment expenditure
- The internal management report's Income Statement includes a charge for capital renewals expenditure which, in the statutory financial statements, is included within additions to property, plant and equipment. Renewals expenditure is included for management reporting purposes to present the ongoing, full, day-to-day cost of running and maintaining our existing network

2. Segmental analysis (continued)

- The internal management report's Income Statement excludes the adjustment to financing expenditure made in respect of borrowing costs capitalised into qualifying assets (see note 9). Instead this charge is left within net interest costs so that amounts charged to the internal management report's Income Statement reflect the full cost to the Group of financing its debt
- Certain grants received are treated as capital grant for management reporting purposes and are thus excluded from the internal management report's Income Statement (being instead included in the Capital Account). For statutory reporting purposes, however, all grant is recognised as income in the Comprehensive Income and Expenditure Statement. Moreover, certain grants badged as 'capital grant' for management reporting purposes, under law constitute resource grants, and may only be classified as capital grant where they have been applied to fund capital expenditure during the year
- The results of joint ventures and associated undertakings are excluded from the internal management report's Income Statement as the TfL Group does not hold a controlling interest in these undertakings
- Other minor differences between the Comprehensive Income and Expenditure Statement and the internal management reports are collectively referred to as Central items and are not included in reports to management

2. Segmental analysis (continued)

Detailed reconciliation of net cost of operations per management reports to net cost of services per the Comprehensive Income and Expenditure Statement

	Note	2024 £m	2024 £m	2023 £m	2023 £m
Operating surplus per internal management reports			**138.0**		621.0
Adjustments between management and statutory reports:					
Add amounts included in the Comprehensive Income and Expenditure Statement not reported in management reports					
Depreciation	4	**(1,228.1)**		(1,133.9)	
Amortisation of right-of-use assets	4	**(330.6)**		(357.5)	
Amortisation of software intangibles	4	**(70.0)**		(59.9)	
Impairment	4	**1.1**		27.8	
Pension service costs including scheme expenses	34	**(291.9)**		(582.7)	
			(1,919.5)		(2,106.2)
Other net operating expenditure	7		**0.3**		(86.4)
Group share of profit before tax of joint ventures	18		**0.1**		8.8
Group share of loss before tax of associated undertakings	19		**(58.3)**		(41.5)
Premium receivable on settlements	8	**-**		46.3	
Net gain on disposal of investment properties	8	**15.1**		22.4	
			15.1		68.7
Net interest on defined benefit obligation	9	**80.4**		(79.3)	
Interest payable on lease and PFI liabilities	9	**(112.7)**		(81.7)	
Contingent rentals on PFI liabilities	9	**(14.4)**		(11.2)	
Change in fair value of investment properties included in financing and investment expenditure	9	**(189.9)**		(155.0)	
Amounts capitalised into qualifying assets	9	**11.8**		31.8	
			(224.8)		(295.4)
Tax	11		**(49.5)**		4.8
			(2,236.6)		(2,447.2)
Less items included in the management reports but excluded from the Comprehensive Income and Expenditure Statement					
Cash payments under PFI and lease arrangements		**392.0**		392.0	
Pension payments charged to operating costs		**334.6**		319.5	
			726.6		711.5
Capital renewals			**763.0**		624.0
			1,489.6		1,335.5
Amounts subject to differing accounting treatment between management reports and the Comprehensive Income and Expenditure Statement					
Specific grant income			**1,005.3**		624.5
Central items			**47.6**		(60.0)
			1,052.9		564.5

Group surplus after tax per the Comprehensive Income and Expenditure Statement	**443.9**	73.8

3 Expenditure and Funding Analysis

	For the year ended 31 March 2024			For the year ended 31 March 2023		
	Net expenditure chargeable to the General Fund £m	Adjustments*	Net expenditure in the Comprehensive Income and Expenditure Statement £m	Net expenditure chargeable to the General Fund restated** £m	Adjustments*	Net expenditure in the Comprehensive Income and Expenditure Statement £m
Underground	(212.0)	-	(212.0)	(239.0)	-	(239.0)
Elizabeth line	78.0	-	78.0	(165.0)		(165.0)
Buses, streets and other operations	(938.0)	-	(938.0)	(703.0)	-	(703.0)
Rail	(144.0)	-	(144.0)	(163.0)	-	(163.0)
Places for London	29.0	-	29.0	43.0	-	43.0
Group items	188.0	-	188.0	(2.0)	-	(2.0)
Central items not reported on a segmental basis	508.6	1,850.7	(1,342.1)	1,113.4	2,571.0	(1,457.6)
Net cost of services	(490.4)	1,850.7	(2,341.1)	(115.6)	2,571.0	(2,686.6)
Other income and expenditure	624.1	(2,161.0)	2,785.1	(303.6)	(3,064.0)	2,760.4
Surplus/(deficit) after tax	133.7	(310.3)	444.0	(419.2)	(493.0)	73.8
Opening general fund and earmarked reserves balance	189.7			608.9		
Surplus/(deficit) on the general fund	133.7			(419.2)		
Closing general fund and earmarked reserves balance	323.4			189.7		

* Management has concluded that the Expenditure and Funding Analysis presents a true and fair view of the Group's financial performance. Central items are not reported to management or maintained on a segmental basis. The effect of this is presented on a separate line item and disclosed in Note 2

3 Expenditure and Funding Analysis (continued)

For the year ended 31 March 2024

	Capital adjustments £m	Pension adjustments £m	Other Statutory adjustments £m	Total statutory adjustments £m	Non-statutory adjustments £m	Total adjustments £m
Underground	–	–	–	–	–	–
Elizabeth line	–	–	–	–		–
Buses, streets and other operations	–	–	–	–	–	–
Rail	–	–	–	–	–	–
Other segments	–	–	–	–	–	–
Group items	–	–	–	–	–	–
Central items not reported on a segmental basis	230.5	(123.3)	(1.3)	105.9	1,744.8	1,850.7
Net Cost of Services	**230.5**	**(123.3)**	**(1.3)**	**105.9**	**1,744.8**	**1,850.7**
Other income and expenditure	(266.9)	–	(81.6)	(348.5)	(1,812.5)	(2,161.0)
(Deficit)/surplus after tax	**(36.4)**	**(123.3)**	**(82.9)**	**(242.6)**	**(67.7)**	**(310.3)**

3 Expenditure and Funding Analysis (continued)

For the year ended 31 March 2023

	Capital adjustments £m	Pension adjustments £m	Other Statutory adjustments £m	Total statutory adjustments £m	Non-statutory adjustments £m	Total adjustments £m
Underground	-	-	-	-	-	-
Elizabeth line	-	-	-	-	-	-
Buses, streets and other operations	-	-	-	-	-	-
Rail	-	-	-	-	-	-
Other segments	-	-	-	-	-	-
Group items	-	-	-	-	-	-
Central items not reported on a segmental basis	205.4	340.1	(3.4)	**542.1**	2,028.9	**2,571.0**
Net Cost of Services	**205.4**	**340.1**	**(3.4)**	**542.1**	**2,028.9**	**2,571.0**
Other income and expenditure	(678.7)	-	(113.9)	(792.6)	(2,271.4)	(3,064.0)
(Deficit)/surplus after tax	**(473.3)**	**340.1**	**(117.3)**	**(250.5)**	**(242.5)**	**(493.0)**

Notes to the Financial Statements

4. Gross expenditure

Gross expenditure recognised in the Comprehensive Income and Expenditure Statement comprises:

Year ended 31 March	Note	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m (restated)*
Staff costs:					
Wages and salaries **		**1,676.7**	1,524.0	**476.7**	420.5
Social security costs		**197.0**	187.1	**54.4**	50.7
Pension costs	34	**281.9**	564.5	**38.6**	335.5
		2,155.6	2,275.6	**569.7**	806.7
Other service expenditure ***		**4,825.8**	4,245.8	**498.2**	372.7
Credit loss expense		**445.8**	445.3	**451.9**	432.9
Depreciation	13	**1,228.1**	1,133.9	**163.2**	151.2
Amortisation right-of-use assets	14	**330.6**	357.5	**29.1**	29.1
Amortisation of software intangibles	12	**70.0**	59.9	**38.2**	34.7
Impairment****	13	**(1.1)**	(27.8)	**-**	(9.6)
		9,054.8	8,490.2	**1,771.6**	1,817.7

* Restated to reflect £17.4m of staff costs related to employees not deemed to have transferred to Places for London Limited from 1 April 2022. These costs are fully recharged.

** Wages and salaries include amounts provided for the cost of voluntary severance.

*** Included in the Corporation's other service expenditure is £m (2022/23 £71.3m) relating to financial assistance to London Boroughs and other third parties (see note 40 for detailed analysis).

**** Impairment includes impairment reversals where management have determined assets are no longer impaired.

The average number of persons employed in the year was:

Year ended 31 March	Group 2024 Number	Group 2023 Number	Corporation 2024 Number	Corporation 2023 Number (restated)*
Permanent staff (including fixed term contracts)	**26,306**	26,044	**7,991**	7,530
Agency staff	**2,195**	1,962	**1,578**	1,371
	28,501	28,006	**9,569**	8,901

* Restated to reflect employees not deemed to have transferred to Places for London Limited from 1 April 2022.

5. External audit fees

External audit fees are made up as follows:

Year ended 31 March	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Auditor's remuneration:				
for statutory audit services	**2.1**	1.8	**0.3**	0.1
for non-audit services *	**-**	-	**-**	-
	2.1	1.8	**0.3**	0.1

* The Audit and Assurance Committee reviews and notes the nature and extent of non-audit services provided by TfL's external auditor to ensure that independence is maintained.

6. Remuneration

Number of employees receiving total remuneration of more than £50,000

This includes salaries, fees, performance related pay, benefits in kind, lump sums and termination payments, but excludes pension contributions paid by the employer. All information is subject to audit. The TfL Group is made up of the Corporation and its subsidiaries while the Corporation is made up of London Streets, Taxi and Private Hire, and the corporate centre, which for legal and accounting purposes, constitutes TfL.

Remuneration (£)	Group 2024	Group 2023	Corporation 2024	Corporation 2023 (restated)*
50,000 – 54,999	**1,597**	1,810	**537**	734
55,000 – 59,999	**2,137**	2,224	**782**	683
60,000 – 64,999	**4,207**	4,471	**672**	590
65,000 – 69,999	**2,480**	2,310	**574**	517
70,000 – 74,999	**1,571**	1,474	**479**	454
75,000 – 79,999	**1,318**	1,181	**423**	316
80,000 – 84,999	**1,001**	814	**328**	209
85,000 – 89,999	**762**	603	**242**	129
90,000 – 94,999	**582**	417	**185**	75
95,000 – 99,999	**458**	352	**136**	76
100,000 – 104,999	**333**	244	**96**	51
105,000 – 109,999	**252**	136	**68**	19
110,000 – 114,999	**172**	102	**50**	25
115,000 – 119,999	**147**	54	**47**	17
120,000 – 124,999	**88**	48	**26**	7
125,000 – 129,999	**68**	34	**23**	10
130,000 – 134,999	**39**	23	**14**	9
135,000 - 139,999	**45**	21	**17**	9

Notes to the Financial Statements

£	Group 2024	Group 2023	Corporation 2024	Corporation 2023 (restated)*
140,000 – 144,999	**24**	15	**9**	4
145,000 – 149,999	**21**	15	**7**	6
150,000 – 154,999	**23**	11	**9**	7
155,000 – 159,999	**14**	7	**5**	4
160,000 – 164,999	**9**	9	**3**	3
165,000 – 169,999	**11**	6	**6**	2
170,000 – 174,999	**5**	3	**2**	2
175,000 – 179,999	**6**	6	**2**	1
180,000 – 184,999	**7**	2	**2**	1
185,000 – 189,999	**9**	5	**6**	4
190,000 – 194,999	**5**	1	**3**	1
195,000 – 199,999	**5**	2	**1**	2
200,000 – 204,999	**1**	1	**1**	1
205,000 – 209,999	**1**	-	**1**	-
210,000 – 214,999	**2**	-	**2**	-
215,000 – 219,999	**3**	1	**2**	-
220,000 – 224,999	**1**	-	**1**	-
225,000 – 229,999	**1**	2	**1**	2
230,000 – 234,999	**1**	2	**1**	2
235,000 – 239,999	**2**	1	**1**	1
240,000 – 244,999	**4**	2	**2**	2
245,000 – 249,999	**-**	1	**-**	1
250,000 – 254,999	**1**	2	**-**	1
255,000 - 259,999	**1**	1	**1**	1
260,000 – 264,999	**-**	1	**-**	-
265,000 – 269,999	**-**	1	**-**	-
270,000 – 274,000	**1**	-	**1**	-
275,000 – 279,999	**2**	-	**2**	-
285,000 - 289,999	**2**	-	**1**	-
290,000 - 294,999	**-**	1	**-**	1
295,000 - 299,999	**2**	1	**1**	1
300,000 - 304,999	**1**	1	**1**	-
305,000 - 309,999	**1**	-	**1**	-
315,000 - 319,999	**1**	-	**1**	-
325,000 - 329,999	**1**	-	**1**	-
335,000 - 339,999	**2**	1	**2**	1
345,000 - 349,999	**1**	-	**-**	-
355,000 - 359,999	**1**	-	**1**	-
360,000 - 364,999	**-**	1	**-**	1
375,000 - 379,999	**1**	-	**1**	-
480,000 - 484,999	**-**	1	**-**	1
495,000 - 499,999	**1**	1	**1**	-
520,000 - 524,999	**1**	-	**1**	-
Total	**17,432**	**16,422**	4,782	**3,983**

*restated to reflect employees not deemed to have transferred to Places for London Limited from 1 April 2022

Remuneration for senior employees

The Accounts and Audit Regulations 2015 require disclosure of individual remuneration details for senior employees with a base salary of £150,000 or more, calculated on a full-time equivalent basis for those working part-time.

Employer's pension contributions include the contribution in respect of future benefit accrual. Member contributions are payable by employees at a fixed rate of five per cent of pensionable salary. Salary, fees and allowances are disclosed on an earned basis. Performance-related pay is reported on a cash paid basis as it may not be determined for many months after the end of the relevant year.

All information is subject to audit.

Employees receiving a base annual salary of £150,000 or more (£)

	Notes	Salary (including fees and allowances) 2023/24	Performance related pay and retention payments paid in the year 2023/24**	Compensation for loss of employment 2023/24	Benefits in kind 2023/24	Total remuneration excluding pension contributions 2023/24	Employer's contribution to pension 2023/24	Salary (including fees and allowances) 2022/23	Performance related pay and retention payments paid in the year 2022/23	Total remuneration excluding pension contributions *** 2022/23
Andy Lord, Commissioner	a	*424,416	99,204	-	2,150	525,770	-	*361,453	-	363,680
Glynn Barton, Chief Operating Officer		245,050	51,451	-	1,666	298,167	44,974	185,633	-	187,373
Fiona Brunskill, Chief People Officer	b	244,247	83,319	-	2,132	329,698	49,629	208,584	17,500	228,311
Andrea Clarke, General Counsel	c	206,812	94,337	-	1,666	302,815	50,558	167,793	28,548	198,081
Stuart Harvey, Chief Capital Officer		*336,101	159,296	-	1,666	497,063	-	*336,106	-	337,846
Lilli Matson, Chief Safety, Health and Environment Officer	d	199,115	73,053	-	1,666	273,834	52,667	200,000	-	201,740
Rachel McLean, Chief Finance Officer		302,131	71,434	-	1,666	375,231	55,827	261,348	34,950	298,045

	Notes	Salary (including fees and allowances) 2023/24	Performance related pay and retention payments paid in the year 2023/24**	Compensation for loss of employment 2023/24	Benefits in kind 2023/24	Total remuneration excluding pension contributions 2023/24	Employer's contribution to pension 2023/24	Salary (including fees and allowances) 2022/23	Performance related pay and retention payments paid in the year 2022/23	Total remuneration excluding pension contributions *** 2022/23
Alex Williams, Chief Customer and Strategy Officer	e	***309,655**	**49,303**	**-**	**-**	**358,958**	**-**	*252,173	-	252,173
Tricia Wright, Chief Officer - Pensions Review	f	***255,007**	**84,267**	**-**	**759**	**340,033**	**-**	*244,506	-	245,777
Thomas Ableman, Director of Strategy and Innovation		**160,000**	**16,666**	**-**	**1,666**	**178,332**	**41,784**	147,425	-	149,165
Trish Ashton, Director of Rail and Sponsored Services	g	**171,278**	**11,046**	**-**	**751**	**183,075**	**33,958**	146,198	-	146,983
Matt Brown, Director of Communications and Corporate Affairs		**178,500**	**51,900**	**-**	**-**	**230,400**	**44,974**	161,616	-	161,616
Christina Calderato, Director of Transport Strategy and Policy		**157,914**	**35,384**	**-**	**1,666**	**194,964**	**38,459**	140,012	-	141,752
George Clark, Technical Director		**179,150**	**32,683**	**-**	**1,666**	**213,499**	**-**	171,600	-	173,340
Isabel Coman, Director of Engineering and Asset Strategy	h	**189,000**	**10,463**	**-**	**751**	**200,214**	**47,722**	102,575	-	103,010
Michael Cooper, Director of Programme Management Office		**167,235**	**22,621**	**-**	**1,666**	**191,522**	**40,852**	153,378	-	155,118
Graeme Craig, Director and Chief Executive, Places for London		**202,020**	**35,461**	**-**	**1,666**	**239,147**	**51,132**	192,400	-	194,140
Nick Dent, Director of Customer Operations - London Underground		**196,560**	**46,616**	**-**	**1,666**	**244,842**	**49,701**	187,200	-	188,940
Patrick Doig, Group Finance Director		***267,254**	**70,528**	**-**	**1,666**	**339,448**	**-**	*238,543	-	240,283
Nick Fairholme, Director of Capital Delivery – Systems		**180,514**	**39,740**	**-**	**1,665**	**221,919**	**33,568**	159,331	-	161,071
Stephen Field, Director of Pensions and Reward	i	***212,604**	**97,000**	**-**	**1,666**	**311,270**	**-**	*203,004	28,088	232,832

	Notes	Salary (including fees and allowances) 2023/24	Performance related pay and retention payments paid in the year 2023/24**	Compensation for loss of employment 2023/24	Benefits in kind 2023/24	Total remuneration excluding pension contributions 2023/24	Employer's contribution to pension 2023/24	Salary (including fees and allowances) 2022/23	Performance related pay and retention payments paid in the year 2022/23	Total remuneration excluding pension contributions *** 2022/23
Jonathan Fox, Director of Rail and Sponsored Services	j	**167,629**	**28,156**	**-**	**1,666**	**197,451**	**39,697**	159,681	-	161,421
Lester Hampson, Director of Property Development, Places for London		**195,094**	**125,286**	**-**	**1,666**	**322,046**	**48,272**	186,069	-	187,809
Michael Hardaker, Director of Capital Delivery - Infrastructure		**196,779**	**45,590**	**-**	**116**	**242,485**	**49,183**	187,889	-	190,116
Joanna Hawkes, Corporate Finance Director	k	***234,336**	**54,115**	**-**	**-**	**288,451**	**-**	*217,862	37,440	255,302
Geoff Hobbs, Director of Public Transport Service Planning		***166,557**	**35,060**	**-**	**-**	**201,617**	**34,633**	*169,283	-	169,283
Lorraine Humphrey, Director of Risk and Assurance	l	**161,753**	**33,558**	**-**	**751**	**196,062**	**41,128**	153,980	-	154,764
Maureen Jackson, Director of Business Services	m	**165,796**	**47,363**	**-**	**1,666**	**214,825**	**39,697**	148,021	-	149,761
Siwan Lloyd-Hayward, Director of Security, Policing & Enforcement		**163,013**	**27,656**	**-**	**1,666**	**192,335**	**40,921**	144,666	-	146,406
Stewart Mills, Director of Infrastructure, Crossrail	n	**198,260**	**-**	**-**	**1,666**	**199,926**	**19,269**	178,509	-	180,135
Peter McNaught, Director of Operational Readiness		***231,651**	**56,013**	**-**	**1,666**	**289,330**	**-**	*221,760	28,080	251,225
Andrew Morsley, Director of Operational Planning		**152,250**	**26,740**	**-**	**1,666**	**180,656**	**38,105**	138,982	-	140,722
Digby Nicklin, Chief Finance Officer, Places for London	o	**89,507**	**-**	**-**	**828**	**90,335**	**22,731**	-	-	-
Patricia Obinna, Director of Diversity, Inclusion and Talent	p	**156,931**	**32,876**	**-**	**1,666**	**191,473**	**34,531**	132,748	13,200	147,688
Howard Smith, Director of the Elizabeth line	q	***199,658**	**53,267**	**-**	**1,666**	**254,591**	**-**	*189,750	70,000	261,490

	Notes	Salary (including fees and allowances) 2023/24	Performance related pay and retention payments paid in the year 2023/24**	Compensation for loss of employment 2023/24	Benefits in kind 2023/24	Total remuneration excluding pension contributions 2023/24	Employer's contribution to pension 2023/24	Salary (including fees and allowances) 2022/23	Performance related pay and retention payments paid in the year 2022/23	Total remuneration excluding pension contributions *** 2022/23
Emma Strain, Director of Customer	r	**152,533**	**-**	**-**	**733**	**153,266**	**38,313**	-	-	-
Sue Taylor, Director of Business Partnering and Employee Relations	s	**163,509**	**22,001**	**-**	**1,666**	**187,176**	**33,936**	124,550	-	126,290
Lucinda Turner, Director of Spatial Planning	t	**170,868**	**44,745**	**-**	**1,666**	**217,279**	**38,459**	154,995	-	156,735
Shashi Verma, Chief Technology Officer		**234,604**	**55,350**	**-**	**751**	**290,705**	**66,719**	243,604	-	244,388
Jonathan Wharfe, Director of Procurement & Commercial - Operations		**173,250**	**35,640**	**-**	**1,666**	**210,556**	**43,601**	168,639	-	170,379
Former Employees										
Howard Carter, General Counsel	u	***133,168**	**89,052**	**-**	**1,102**	**223,322**	**-**	*257,578	-	259,805
Louise Cheeseman, Director of Buses	v	**173,833**	**36,767**	**-**	**1,296**	**211,896**	**37,833**	216,355	-	218,095
Chris Hobden, Project Director, Four Lines Modernisation	w	**95,534**	**18,512**	**-**	**1,021**	**115,067**	**24,040**	156,000	22,500	180,240
Stacey Kalita, Finance Director, Crossrail	x	**43,671**	**-**	**131,731**	**58**	**175,460**	**2,425**	150,230	-	151,014
Esther Sharples, Director of Asset Performance & Facilities	y	**68,587**	**42,633**	**-**	**293**	**111,513**	**17,829**	176,800	-	177,584
Jadon Silva, Director of Procurement and Commercial - Capital	z	**119,147**	**32,400**	**-**	**580**	**152,127**	**30,050**	155,648	-	156,432

Notes to the Financial Statements

* salary, fees and allowances include an allowance paid as a result of the individual opting out of part or all of the benefits provided by the TfL Savings for Retirement Plan or TfL Pension Fund. The allowance is paid at the rate of the employer contribution foregone, discounted by the employer rate of National Insurance to ensure no additional employer cost is incurred. It also includes an allowance available to those employees who are employed on fixed-term contracts and who choose to join a defined contribution scheme rather than the TfL Pension Fund

** the payment of performance awards for 2021/22 and 2022/23 was subject to TfL achieving the financial overlay trigger which was confirmed as met in June 2023, with payments made for both years in 2023/24

*** total remuneration for 2022/23 also includes benefits in kind as reported in last year's Statement of Accounts

a Commissioner forwent any performance award in 2021/22 when he was in previous role of Managing Director, London Underground. Performance award disclosed relates to 2022/23 only. Base salary increase to £395,000 on 7 June 2023 on permanent appointment

b salary sacrificed for holiday buy of £1,080 (2022/23 £nil). Performance-related pay disclosed includes retention payment

c salary sacrificed for holiday buy of £3,577 (2022/23 £809). Performance-related pay disclosed includes retention payment

d salary sacrificed for holiday buy of £885 (2022/23 £nil)

e salary sacrificed for Cycle to Work scheme of £3,195 (2022/23 £nil)

f member of the TfL unfunded unapproved pension scheme. Salary sacrificed for pension of £10,225 (2022/23 £9,058)

g salary sacrificed for childcare vouchers of £1,456 (2022/23 £1,456) and holiday buy of £752 (2022/23 £nil)

h entered service 5 September 2022

i member of the TfL unfunded unapproved pension scheme. Salary sacrificed for pension of £9,011 (2022/23 £8,547). Performance-related pay disclosed includes retention payment

j currently on secondment with Network Rail and all costs recovered from Network Rail

k salary sacrificed for Cycle to Work scheme of £803 (2022/23 £936) and for holiday buy of £3,518 (2021/22 £796). Performance-related pay disclosed includes retention payment

l salary sacrificed for holiday buy of £2,932 (2022/23 £2,020)

m salary sacrificed for holiday buy of £2,834 (2022/23 £2,779)

Notes to the Financial Statements

n entered service 25 April 2022

o entered service 25 September 2023. Salary sacrificed for Cycle to Work scheme of £862 (2022/23 £nil)

p performance-related pay disclosed includes retention payment

q member of the TfL unfunded unapproved pension scheme. Salary sacrificed for pension of £8,750 (2022/23 £8,487)

r entered service 3 April 2023

s salary sacrificed for holiday buy of £2,226 (2022/23 £1,951)

t salary sacrificed for holiday buy of £2,832 (2022/23 £nil)

u left service 29 September 2023. Member of the TfL unfunded unapproved pension scheme. Salary sacrificed for pension of £5,507 (2022/23 £9,061)

left service 2 January 2024

w left service 3 November 2023

x left service 28 April 2023

y left service 14 August 2023

z left service 31 December 2023

Notes to the Financial Statements

Severance payments

We have also published the number and cost of compulsory and voluntary severance termination packages agreed during the year. This is fully in line with the Code and our policy on severance can be seen on page XX.

Termination payments include Crossrail and are reported on a cash paid basis to provide certainty on the amounts reported, and include pension contributions in respect of added years, ex-gratia payments and other related costs.

£	**Group 2024 (number)**	**Group 2024 (£m)**	**Corporation 2024 (number)**	**Corporation 2024 (£m)**	Group 2023 (number)	Group 2023 (£m)	Corporation 2023 (number)	Corporation 2023 (£m)
Non-compulsory exit packages (£)								
0 – 20,000	**14**	**0.2**	**1**	**-**	29	0.4	4	0.1
20,001- 40,000	**25**	**0.8**	**1**	**-**	37	1.1	4	0.1
40,001- 60,000	**13**	**0.6**	**3**	**0.1**	19	0.9	1	-
60,001- 80,000	**4**	**0.3**	**-**	**-**	11	0.8	1	0.1
80,001- 100,000	**10**	**0.9**	**-**	**-**	3	0.3	-	-
100,001-150,000	**10**	**1.3**	**2**	**0.2**	21	2.6	7	0.9
150,001-200,000	**4**	**0.7**	**1**	**0.2**	8	1.3	3	0.5
250,001- 300,000	**1**	**0.3**	**-**	**-**	-	-	-	-
350,001- 400,000	**-**	**-**	**-**	**-**	1	0.4	1	0.4
Total non-compulsory exit packages	**81**	**5.1**	**8**	**0.5**	**129**	**7.8**	**21**	**2.1**
Compulsory exit packages								
0 - 20,000	**-**	**-**	**-**	**-**	**1**	**-**	**-**	**-**
Total	**81**	**5.1**	**8**	**0.5**	**130**	**7.8**	**21**	**2.1**

Notes to the Financial Statements

TfL Board and committee member remuneration

Current Board member	For the year ended March 2024 (£)
Sadiq Khan	Not remunerated by TfL
Seb Dance	Not remunerated by TfL
Heidi Alexander	19,000
Kay Carberry CBE	20,000
Professor Greg Clark CBE	20,000
Anurag Gupta[1]	18,818
Bronwen Handyside	18,000
Anne McMeel	20,000
Dr Mee Ling Ng OBE	20,000
Dr Nelson Ogunshakin OBE[2]	19,000
Mark Phillips[3]	20,000
Marie Pye[4]	18,682
Councillor Ross Garrod[5]	7,124
Dr Nina Skorpuska CBE FEI	19,000
Dr Lynn Sloman MBE	20,000
Peter Strachan	20,000
Members who left in 2023/24	
Ben Story[6]	10,000
Councillor Kieron Williams[7]	9,333

1. Anurag Gupta was appointed to the Land and Property Committee from 8 June 2023
2. Dr Nelson Ogunshakin OBE was appointed Chair of the Programmes and Investment Committee from 30 September 2023
3. Mark Phillips was appointed to the Programmes and Investment Committee from 26 July 2023
4. Marie Pye was appointed to the Land and Property Committee from 26 July 2023
5. Councillor Ross Garrod was appointed to the Board from 3 November 2023
6. Ben Story left the Board on 29 September 2023
7. Councillor Kieron Williams left the Board on 13 October 2023

Non-voting meeting attendees: Board – Government observers	For the year ended March 2024 (£)
John Hall (Strategic Special Representative)	Not remunerated by TfL
Becky Wood (Technical Special Representative) (until 2 June 2023)	Not remunerated by TfL
David Coles (DfT Observer) (from 26 July 2023)	Not remunerated by TfL

Notes to the Financial Statements

Non-voting meeting attendees: Elizabeth Line Committee (until 26 July 2023)	For the year ended March 2024 (£)
Sarah Atkins	Not remunerated by TfL
Matt Lodge (Government observer)	Not remunerated by TfL

Non-voting meeting attendees: Finance Committee – Government observers	For the year ended March 2024 (£)
Becky Wood (Technical Special Representative) (until 2 June 2023)	Not remunerated by TfL
John Hall (Strategic Special Representative)	Not remunerated by TfL

Non-voting meeting attendees: Programmes and Investment Committee – Government observers	For the year ended March 2024 (£)
Becky Wood (Technical Special Representative) (until 2 June 2023)	Not remunerated by TfL
David Coles (DfT Observer) (from 26 July 2023)	Not remunerated by TfL

7. Other operating expenditure

Year ended 31 March	**Group 2024 £m**	Group 2023 £m	**Corporation 2024 £m**	Corporation 2023 £m
Net loss on disposal of investment property	**-**	0.1	**-**	0.1
Net gain on termination of right of use assets	**-**	(13.7)	**-**	-
Fair value loss on office buildings	**4.1**	1.7	**-**	-
Net loss on disposal of property, plant and equipment	**15.2**	98.3	**11.4**	0.2
Net gain on disposal of intangibles	**(19.7)**	-	**-**	-
Total other operating expenditure	**(0.4)**	86.4	**11.4**	0.3

8. Financing and investment income

Year ended 31 March	**Group 2024 £m**	Group 2023 £m	**Corporation 2024 £m**	Corporation 2023 £m
Interest income on bank deposits and other investments	**64.7**	27.9	**59.5**	26.6
Interest income on loans to subsidiaries	**-**	-	**434.4**	403.5
Net gain on disposal of investment properties	**15.1**	22.4	**6.1**	11.5
Premium receivable on settlements	**-**	46.3	**-**	46.3
Interest receivable on finance lease receivables	**0.3**	0.8	**-**	-
Dividends receivable from subsidiaries	**-**	-	**7.5**	-
Other investment income	**4.6**	4.4	**1.9**	1.9
	84.7	101.8	**509.4**	489.8

9. Financing and investment expenditure

Year ended 31 March	Note	**Group 2024 £m**	Group 2023 £m	**Corporation 2024 £m**	Corporation 2023 £m
Interest payable on loans and derivatives		**465.9**	443.7	**471.1**	435.6
Interest payable on right-of-use lease liabilities		**108.7**	77.3	**10.2**	10.4
Interest payable on PFI liabilities		**4.0**	4.4	**4.0**	4.4
Contingent rentals on PFI contracts		**14.4**	11.2	**14.4**	11.2
Change in fair value of investment properties (including those classified as held for sale)		**189.9**	155.0	**26.4**	14.0
Net interest on defined benefit obligation	34	**(80.4)**	79.3	**(80.4)**	78.2
Other financing and investment expenditure		**6.0**	10.5	**1.0**	5.4
		708.5	781.4	**446.7**	559.2
Less: amounts capitalised into qualifying assets	13	**(11.8)**	(31.8)	**-**	-
		696.7	749.6	**446.7**	559.2

10. Grant income

Year ended 31 March	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Non ring-fenced resource grant from the DfT used to fund operations	**188.3**	942.6	**188.3**	942.6
Non ring-fenced Business Rates Retention from the GLA used to fund operations	**1,030.8**	205.3	**1,030.8**	205.3
Other revenue grant received	**268.4**	137.9	**267.3**	137.1
Council tax precept	**178.2**	114.0	**178.2**	114.0
Total grants allocated to revenue	**1,665.7**	1,399.8	**1,664.6**	1,399.0
Ring-fenced grant from the GLA used to fund capital expenditure relating to Crossrail	**-**	271.0	**-**	271.0
Non ring-fenced Business Rates Retention from the GLA used to fund capital	**882.8**	1,613.7	**882.8**	1,613.7
Non ring-fenced grant from DfT used to fund capital	**810.0**	-	**810.0**	-
Other capital grants and contributions received	**146.1**	238.0	**111.1**	191.9
Total grants allocated to capital	**1,838.9**	2,122.7	**1,803.9**	2,076.6
Total grants	**3,504.6**	3,522.5	**3,468.5**	3,475.6

Allocation of capital grants

Year ended 31 March	Note	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Capital grant funding of subsidiaries*		**-**	-	**1,484.0**	1,342.3
Applied capital grants	36	**1,769.1**	2,020.5	**250.1**	632.1
Transfer from unapplied capital grants	37	**69.8**	102.2	**69.8**	102.2
Total capital grants		**1,838.9**	2,122.7	**1,803.9**	2,076.6

*Capital grant funding of subsidiaries in the Corporation represent revenue expenditure funded from capital under statute (REFCUS). The sources of finance are all applied during the year. Refer to Note 38.

11. Taxation

TfL Corporation is exempt from Corporation Tax, but its subsidiaries are assessable individually to taxation in accordance with current tax legislation.

a) Corporation Tax

The Group tax expense for the year, based on the rate of Corporation Tax of 25 per cent (2022/23 19 per cent) comprised:

Year ended 31 March	Group 2024 £m	Group 2023 £m
UK Corporation Tax - current year charge	-	-
UK Corporation Tax - adjustments in respect of prior years	(2.5)	-
Total current tax income	**(2.5)**	-
Deferred tax - current year charge/(credit)	**52.0**	(4.8)
Total tax charge/(credit) for the year	**49.5**	(4.8)

Reconciliation of tax expense

Year ended 31 March	Group 2024 £m	Group 2023 £m
Surplus on the provision of services before tax	493.6	69.0
Surplus on the provision of services before tax multiplied by standard rate of Corporation Tax in the UK of 25% (2022/23 19%)	123.2	13.1
Effects of:		
Non-taxable income/non-deductible expenses	(200.8)	(70.4)
Prior period adjustments	(2.5)	-
Permanent difference in TfL Corporation	(63.7)	(34.9)
Amount charged to current tax for which no deferred tax was recognised	148.7	89.1
Recognition of previously unrecognised deferred tax	47.9	-
Utilisation of tax losses carried forward for which no deferred tax was recognised	(1.3)	(0.9)
Overseas earnings	(2.0)	(0.8)
Total tax charge/(credit) for the year	**49.5**	(4.8)

11. Taxation (continued)

b) Unrecognised deferred tax assets

The Group has a potential net deferred tax asset of £304.7m (2023 £600.0m) in respect of the following items:

	Group 2024 £m	Group 2023 £m
Deductible temporary differences	**3.1**	3.2
Tax losses	**301.6**	596.8
Unrecognised deferred tax asset	**304.7**	600.0

No net deferred tax asset has been recognised in respect of the above as it is not considered probable that there will be sufficient future taxable profits available against which the unused tax credits can be utilised. The tax losses and the deductible temporary differences do not expire under current tax legislation.

The net deferred tax asset excludes any amounts connected to the pension deficit.

c) Movement in recognised deferred tax assets and liabilities during the year

Deferred tax assets have been recognised only to the extent that they are considered available to offset deferred tax liabilities as at the Balance Sheet date. Their movements during the year were in respect of the following items:

For the year ended 31 March 2024	Balance at 1 April 2023 £m	Movement in the provision of services £m	Movement in other comprehensive income during the year £m	Balance at 31 March 2024 £m
Deferred tax assets				
Tax losses	781.8	305.7	-	**1,087.5**
Derivative financial instruments	4.6	10.7	-	**15.3**
Total	786.4	316.4	-	**1,102.8**
Deferred tax liabilities				
Investment properties	(361.1)	(2.7)	-	**(363.8)**
Assets held for sale	(12.7)	12.7	-	**-**
Property, plant and equipment	(783.0)	(378.4)	-	**(1,161.4)**
Total	(1,156.8)	(368.4)	-	**(1,525.2)**
Net deferred tax liability	(370.4)	(52.0)	-	**(422.4)**

11. Taxation (continued)

c) Movement in recognised deferred tax assets and liabilities during the year (continued)

For the year ended 31 March 2023	Balance at 1 April 2022 £m	Movement in the provision of services £m	Movement in other comprehensive income during the year £m	Balance at 31 March 2023 £m
Deferred tax assets				
Property, plant and equipment	59.0	(59.0)	-	-
Tax losses	-	781.8	-	781.8
Derivative financial instruments	11.6	(7.0)	-	4.6
Total	70.6	715.8	-	786.4
Deferred tax liabilities				
Investment properties	(429.4)	68.3	-	(361.1)
Assets held for sale	(16.4)	3.7	-	(12.7)
Other	-	(783.0)	-	(783.0)
Total	(445.8)	(711.0)	-	(1,156.8)
Net deferred tax liability	(375.2)	4.8	-	(370.4)

The key movements in the period were due to the following:

- The deferred tax liability arising on investment properties, including those classified as assets held for sale, has decreased due to the revaluation movements recognised in financing and investment income and Other Comprehensive Income during the year
- Certain properties that had not previously been held at a value were reclassified as investment property and valued at open market value prior to transfer to Places for London Limited (formerly TTL Properties Limited), a subsidiary of the Corporation, during the year. It is not considered that sufficient deferred tax assets will be available to offset this deferred tax liability in full.
- The property, plant and equipment deferred tax balance has changed in the period due to a change in methodology for calculating the tax base of certain assets held in subsidiary companies. Other movements in the year arise due to assets acquired in the year, movements in the market value of assets held and capital allowances claimed
- Included in the deferred tax balances for property, plant and equipment is the deferred tax movement on revaluation gains recognised in Other Comprehensive Income
- The deferred tax asset arising in respect of derivative financial instruments has increased during the year due to movement in the fair value of derivatives

UK Corporation Tax is calculated at a rate of 25 per cent (2022/23: 19 per cent). The main rate of Corporation Tax increased to 25 per cent with effect from 1 April 2023.

11. Taxation (continued)

No deferred tax asset has been recognised on the Corporation's pension deficit as the principal employer is not a taxpaying entity. Future tax deductions for some contributions will be made in the taxable entities, however, as at 31 March 2024, no deferred tax assets have been recognised in these entities.

12. Intangible assets

a) Group intangible assets

	Note	Software costs £m	Intangible assets under construction £m	Goodwill £m	Total £m
Cost					
At 1 April 2022		509.9	28.1	351.8	889.8
Additions		33.0	7.4	-	40.4
Net transfers from property, plant and equipment	13	17.2	2.9	-	20.1
Transfers between asset classes		18.9	(18.9)	-	-
Disposals		(8.1)	-	-	(8.1)
Write offs		(0.9)	-	-	(0.9)
At 31 March 2023		570.0	19.5	351.8	941.3
Additions		**41.1**	**10.5**	**-**	**51.6**
Net transfers from property, plant and equipment	13	**-**	**33.3**	**-**	**33.3**
Transfers between asset classes		**48.4**	**(48.4)**	**-**	**-**
Disposals		**(34.8)**	**-**	**-**	**(34.8)**
At 31 March 2024		**624.7**	**14.9**	**351.8**	**991.4**
Amortisation and impairment					
At 1 April 2022		284.1	-	349.2	633.3
Amortisation charge for the year	4	59.9	-	-	59.9
Disposals		(8.3)	-	-	(8.3)
Write offs		(0.7)	-	-	(0.7)
At 31 March 2023		335.0	-	349.2	684.2
Amortisation charge for the year	4	**70.0**	**-**	**-**	**70.0**
Disposals		**(34.7)**	**-**	**-**	**(34.7)**
At 31 March 2024		**370.3**	**-**	**349.2**	**719.5**
Net book value at 31 March 2024		**254.4**	**14.9**	**2.6**	**271.9**
Net book value at 31 March 2023		235.0	19.5	2.6	257.1

Intangible assets under construction comprise software assets under development by the Group.

12. Intangible assets (continued)

b) Corporation intangible assets

	Note	Software costs £m	Intangible assets under construction £m	Total £m
Cost				
At 1 April 2022		318.5	12.2	330.7
Additions		9.9	5.4	15.3
Net transfers from property, plant and equipment	13	0.5	2.2	2.7
Transfers between asset classes		8.7	(8.7)	-
Disposals		(0.9)	-	(0.9)
At 31 March 2023		336.7	11.1	347.8
Additions		**28.2**	**9.5**	**37.7**
Net transfers from property, plant and equipment	13	**-**	**23.7**	**23.7**
Transfers between asset classes		**32.5**	**(32.5)**	**-**
Disposals		**(27.8)**	**-**	**(27.8)**
At 31 March 2024		**369.6**	**11.8**	**381.4**
Amortisation and impairment				
At 1 April 2022		146.2	-	146.2
Amortisation charge for the year	4	34.7	-	34.7
Write offs		(0.7)		(0.7)
At 31 March 2023		180.2	-	180.2
Amortisation charge for the year	4	**38.2**	**-**	**38.2**
Disposals		**(27.8)**	**-**	**(27.8)**
At 31 March 2024		**190.6**	**-**	**190.6**
Net book value at 31 March 2024		**179.0**	**11.8**	**190.8**
Net book value at 31 March 2023		156.5	11.1	167.6

Intangible assets under construction comprise software assets under development by the Corporation.

13. Property, plant and equipment

a) Group property, plant and equipment at 31 March 2024 comprised the following elements:

	Note	Office building £m	Infrastructure £m	Rolling stock £m	Plant and equipment £m	Assets under construction £m	Total £m
Cost or valuation							
At 1 April 2023		271.5	50,856.6	5,447.3	1,975.8	2,912.8	61,464.0
Additions		0.3	256.2	21.2	51.1	1,649.5	1,978.3
Transfers to intangible assets	12	-	-	-	-	(33.3)	(33.3)
Transfers to investment properties	16	0.3	-	-	-	(18.7)	(18.4)
Transfers between asset classes		12.5	202.0	10.2	43.6	(268.3)	-
Disposals		-	(256.3)	(38.2)	(119.8)	(4.7)	(419.0)
Reversal of impairments		-	-	-	-	1.1	1.1
Write offs		-	(3.5)	(6.1)	(10.9)	(3.9)	(24.4)
Revaluation		(23.2)	(0.1)	-	-	-	(23.3)
At 31 March 2024		261.4	51,054.9	5,434.4	1,939.8	4,234.5	62,925.0
Depreciation and impairment							
At 1 April 2023		52.1	12,866.6	2,638.4	1,255.7	62.7	16,875.5
Depreciation charge for the year	4	8.9	947.1	149.6	122.5	-	1,228.1
Impairment charge for the year	4	-	-	-	-	(7.0)	(7.0)
Transfers to investment properties	16	(1.6)	-	-	-	-	(1.6)
Disposals		-	(256.3)	(38.3)	(119.8)	-	(414.4)
Write offs		-	(1.6)	(5.0)	(2.5)	-	(9.1)
Revaluation		(7.8)	0.1	-	-	-	(7.7)
At 31 March 2024		51.6	13,555.9	2,744.7	1,255.9	55.7	17,663.8
Net book value at 31 March 2024		209.8	37,499.0	2,689.7	683.9	4,178.8	45,261.2
Net book value at 31 March 2023		219.4	37,990.0	2,808.9	720.1	2,850.1	44,588.5

13. Property, plant and equipment (continued)

b) Group property, plant and equipment at 31 March 2023 (restated) comprised the following elements:

	Note	Office buildings £m	Infrastructure £m	Rolling stock £m	Plant and equipment £m	Assets under construction £m	Total £m
Cost or valuation							
At 1 April 2022		299.5	33,569.6	5,087.5	1,861.3	18,786.9	59,604.8
Additions		-	493.9	320.8	51.3	1,112.3	1,978.3
Transfers to intangible assets	12	-	-	-	-	(20.1)	(20.1)
Transfers to investment properties	16	(23.0)	0.2	-	-	(3.5)	(26.3)
Transfers between asset classes		-	16,888.9	39.0	69.1	(16,997.0)	-
Disposals		-	(19.9)	-	(4.9)	-	(24.8)
Reversal of impairments		-	-	-	-	34.2	34.2
Write offs		-	(76.1)	-	(1.0)	-	(77.1)
Revaluation		(5.0)	-	-	-	-	(5.0)
At 31 March 2023		271.5	50,856.6	5,447.3	1,975.8	2,912.8	61,464.0
Depreciation							
At 1 April 2022		47.1	12,060.0	2,506.7	1,143.2	56.3	15,813.3
Depreciation charge for the year	4	9.3	874.7	131.7	118.2	-	1,133.9
Impairment charge for the year		-	-	-	-	6.4	6.4
Transfers to investment properties	16	0.5	(1.0)	-	-	-	(0.5)
Disposals		-	(19.8)	-	(4.9)	-	(24.7)
Revaluation		(4.8)	-	-	-	-	(4.8)
At 31 March 2023		52.1	12,866.6	2,638.4	1,255.7	62.7	16,875.5

13. Property, plant and equipment (continued)

Borrowing costs are included in the costs of qualifying assets to the extent that the asset is funded by borrowings. As a result, the total borrowing costs capitalised during the year were £11.8m (2023 £31.8m). The cumulative borrowing costs capitalised are £967.0m (2023 £955.2m). Borrowings are capitalised at the rate of interest directly incurred on the specific borrowings taken out to fund the asset in question.

At 31 March 2024, the Group had capital commitments which are contracted for but not provided for in the financial statements amounting to £1,854.2m (2023 £1,856.6m).

On 21 November 2019, the Corporation entered into an agreement with RiverLinx Limited for the Design, Build, Financing, Operations and Maintenance of Silvertown Tunnel, connecting the Greenwich Peninsula and the Royal Docks in London. Our financial obligations to make payments to RiverLinx Limited will start once the tunnel is open, currently planned in 2025 (the 'Permit to Use Date'). From the Permit to Use Date, the Corporation will make performance-based availability payments, initially at £65m annually and indexed until the expiry date of the agreement in January 2050.

c) Group PFI assets

The net book value above includes the following amounts in respect of PFI assets:

	Infrastructure and office buildings £m	Plant and equipment £m	Total £m
Gross cost	**209.1**	**16.7**	**225.8**
Accumulated depreciation	**(104.1)**	**(16.7)**	**(120.8)**
Net book value at 31 March 2024	**105.0**	**-**	**105.0**
Net book value at 31 March 2023	107.6	-	107.6

d) Depreciation charge

The total depreciation charge for the Group for the year comprised:

Year ended 31 March	Note	2024 £m	2023 £m
Depreciation of owned assets		**1,225.6**	1,129.0
Depreciation of assets held under PFI arrangements		**2.5**	4.9
Total depreciation	4	**1,228.1**	1,133.9

13. Property, plant and equipment (continued)

e) Group office buildings

The existing use value of owner-occupied office buildings at 31 March 2024 has been arrived at on the basis of a valuation carried out at that date by CBRE, a real estate advisory business not connected with the Group, and by chartered surveyors working for TfL. In determining the existing use value, the capitalisation of net income method and the discounting of future cash flows to their present value has been used. This is based upon various assumptions including the anticipated future rental income, maintenance costs and the appropriate discount rate, making reference to market evidence of transaction prices for similar properties. A deduction is made to reflect purchaser's acquisition costs.

Properties are valued in accordance with the Red Book, RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors.

f) Group and Corporation heritage assets

Property, plant and equipment includes a number of assets of importance to the history of London transport which are classified as heritage assets in accordance with the Code. These comprise transport-related objects and material (including vehicles, posters and photographs) held to advance the preservation, conservation and education objects of London Transport Museum. The collection consists of more than 400,000 items and is housed at the Museum's sites in Covent Garden and Acton.

These assets are primarily former operational assets of the TfL Group whose legal title is retained by the Corporation or another of its operating subsidiaries. Due to the diverse nature of the assets held and the lack of comparable market values, the cost of obtaining a valuation of TfL's heritage assets is such that it would not be commensurate with the benefits provided to users of the financial statements. The assets therefore remain recorded in the accounts at historical cost less accumulated depreciation. The collections have been externally valued for insurance purposes only. Management do not consider these insurance valuations to be necessarily indicative of open market fair value and hence have not incorporated the insurance values into the financial statements. The last valuation was carried out as at 31 March 2024 resulting in a value of £40.8m. The net book value of these assets at 31 March 2024 was £nil (2023 £nil).

13 Property, plant and equipment (continued)

g) Corporation property, plant and equipment at 31 March 2024 comprised the following elements:

	Note	Office buildings £m	Infrastructure £m	Plant and equipment £m	Assets under construction £m	Total £m
Cost or valuation						
At 1 April 2023		(4.6)	6,212.9	307.8	545.3	7,061.4
Additions		0.2	50.3	50.1	250.2	350.8
Net transfers to intangible assets	12	-	-	-	(23.7)	(23.7)
Transfers to investment properties	16	-	-	-	(12.5)	(12.5)
Transfers between asset classes		0.3	43.8	34.8	(78.9)	-
Disposals		-	(89.7)	(63.5)	-	(153.2)
Write offs		-	-	(9.8)	(3.6)	(13.4)
At 31 March 2024		**(4.1)**	**6,217.3**	**319.4**	**676.8**	**7,209.4**
Depreciation						
At 1 April 2023		(4.6)	2,506.0	159.7	20.7	2,681.8
Depreciation charge for the year	4	-	123.3	39.9	-	163.2
Disposals		-	(89.7)	(63.5)	-	(153.2)
Write offs		-	-	(2.0)	-	(2.0)
At 31 March 2024		**(4.6)**	**2,539.6**	**134.1**	**20.7**	**2,689.8**
Net book value at 31 March 2024		**0.5**	**3,677.7**	**185.3**	**656.1**	**4,519.6**
Net book value at 31 March 2023		-	3,706.9	148.1	524.6	4,379.6

13 Property, plant and equipment (continued)

h) Corporation property, plant and equipment at 31 March 2023 comprised the following elements:

	Note	Office buildings £m	Infrastructure £m	Plant and equipment £m	Assets under construction £m	Total £m
Cost or valuation						
At 1 April 2022		0.8	6,060.4	248.5	410.0	6,719.7
Additions		-	77.2	19.3	247.2	343.5
Transfers to intangible assets	12	-	-	-	(2.7)	(2.7)
Transfers to investment properties	16	-	-	-	(0.4)	(0.4)
Transfers between asset classes		-	75.4	42.8	(118.2)	-
Disposals		-	0.1	(2.1)	-	(2.0)
Reversal AUC impairments		-	-	-	9.6	9.6
Write offs		-	(0.2)	(0.7)	-	(0.9)
Revaluation		(5.4)	-	-	-	(5.4)
At 31 March 2023	-	(4.6)	6,212.9	307.8	545.5	7,061.4
Depreciation						
At 1 April 2022		-	2,384.3	133.0	20.7	2,538.0
Depreciation charge for the year	4	-	121.7	29.5	-	151.2
Disposals		-	-	(2.2)	-	(2.2)
Write offs		-	-	(0.6)	-	(0.6)
Revaluation		(4.6)	-	-	-	(4.6)
At 31 March 2023		(4.6)	2,506.0	159.7	20.7	2,681.8

The Corporation holds its office buildings at valuation. All other items of property, plant and equipment are held at depreciated cost.

Direct borrowing costs are included in the cost of qualifying assets to the extent that the asset is funded by borrowings. Total borrowing costs capitalised during the year were £nil (2023 £nil). The cumulative borrowing costs capitalised are also £nil (2023 £nil).

At 31 March 2024, the Corporation had capital commitments which are contracted for but not provided for in the financial statements amounting to £83.1m (2023 £64.4m).

In addition, and as described in section b) to this note, the Corporation has entered into an agreement with Riverlinx Limited for Design, Build, Financing and Maintenance of a Silvertown Tunnel, connecting the Greenwich Peninsula and the Royal Docks in London. Our financial obligations to make payments to Riverlinx Limited will start once the tunnel is open, currently planned in early 2025, initially at £65m annually and indexed until the expiry date of the agreement in January 2050.

13. Property, plant and equipment (continued)

i) Corporation PFI assets

The net book value above includes the amounts in the table below in respect of PFI assets:

	Infrastructure and office buildings £m	Plant and equipment £m	Total £m
Gross cost	**209.1**	**16.7**	**225.8**
Depreciation	**(104.1)**	**(16.7)**	**(120.8)**
Net book value at 31 March 2024	**105.0**	**-**	**105.0**
Net book value at 31 March 2023	107.6	-	107.6

j) Depreciation charge

The total depreciation charge for the Corporation comprised:

Year ended 31 March	Note	**2024 £m**	2023 £m
Depreciation of owned assets		**160.7**	148.5
Depreciation of assets held under PFI		**2.5**	2.7
Total depreciation	4	**163.2**	151.2

k) Corporation office buildings and other infrastructure assets held at valuation

The existing use value of owner-occupied office buildings at 31 March 2024 has been arrived at on the basis of a valuation carried out at that date by CBRE, a real estate advisory business not connected with the Group, and by chartered surveyors working for TfL. In determining the existing use value, the capitalisation of net income method and the discounting of future cash flows to their present value has been used. This is based upon various assumptions including the anticipated future rental income, maintenance costs and the appropriate discount rate, making reference to market evidence of transaction prices for similar properties. A deduction is made to reflect purchaser's acquisition costs.

Properties are valued in accordance with the Red Book, RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors.

14. Right-of-use assets and related lease liabilities

This note provides information for leases where the Group and/or Corporation is a lessee. For leases where the Group and/or Corporation is a lessor, see note 20.

As described in note e) to the Accounting Policies, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the coronavirus pandemic. In a few instances, particularly on property leases, a rent concession in the form of a rent holiday was received in 2020/21. We applied the practical expedient where TfL as a lessee elected not to assess whether a COVID-19-related rent concession from a lessor was a lease modification. This resulted in a remeasurement of the lease liability with a corresponding adjustment to the right-of-use asset.

a) Group right-of-use assets at 31 March 2024 comprised the following elements:

	Note	Infrastructure and office buildings £m	Rolling stock £m	Buses £m	Motor vehicles £m	Other equipment £m	Total £m
Cost or valuation							
At 1 April 2023		**598.3**	**1,395.5**	**1,342.0**	**14.3**	**118.6**	**3,468.7**
Additions		**32.3**	**10.0**	**279.1**	**0.8**	**39.5**	**361.7**
Lease terminations		**(8.6)**	**-**	**(3.4)**	**-**	**(1.6)**	**(13.6)**
Valuation adjustment		**-**	**(0.9)**	**-**	**-**	**-**	**(0.9)**
At 31 March 2024		**622.0**	**1,404.6**	**1,617.7**	**15.1**	**156.5**	**3,815.9**
Amortisation							
At 1 April 2023		**156.2**	**412.6**	**865.6**	**10.8**	**69.0**	**1,514.2**
Charge for the year	4	**43.7**	**63.9**	**208.0**	**2.0**	**16.6**	**334.2**
Disposals		**-**	**-**	**(2.0)**	**-**	**(0.9)**	**(2.9)**
At 31 March 2024		**199.9**	**476.5**	**1,071.6**	**12.8**	**84.7**	**1,845.5**
Net book value at 31 March 2024		**422.1**	**928.1**	**546.1**	**2.3**	**71.8**	**1,970.4**
Net book value at 31 March 2023		442.1	982.9	476.4	3.5	49.6	1,954.5

14. Right-of-use assets and related lease liabilities (continued)

b) Group right-of-use assets at 31 March 2023 comprised the following elements:

	Note	Infrastructure and office buildings £m	Rolling stock £m	Buses £m	Motor vehicles £m	Other equipment £m	Total £m
Cost or valuation							
At 1 April 2022		585.3	1,546.5	1,175.9	14.0	120.5	3,442.2
Additions		14.4	13.5	166.1	0.3	(1.3)	193.0
Lease terminations		(1.4)	(163.6)	-	-	-	(165.0)
Valuation adjustment		-	(0.9)	-	-	(0.6)	(1.5)
At 31 March 2023		598.3	1,395.5	1,342.0	14.3	118.6	3,468.7
Amortisation							
At 1 April 2022		116.5	405.0	650.8	8.5	51.5	1,232.3
Charge for the year	4	39.7	83.2	214.8	2.3	17.5	357.5
Disposals		-	(75.6)	-	-	-	(75.6)
At 31 March 2023		156.2	412.6	865.6	10.8	69.0	1,514.2

14. Right-of-use assets and related lease liabilities (continued)

c) Group lease liabilities in relation to right-of-use assets

At 31 March	2024 £m	2023 £m
Principal outstanding		
Short-term liabilities	**275.4**	299.6
Long-term liabilities	**2,029.2**	1,915.9
	2,304.6	2,215.5

d) Group maturity analysis of right-of-use lease liabilities

At 31 March	2024 £m	2023 £m
Contractual undiscounted payments due in:		
Not later than one year	**372.7**	359.5
Later than one year but not later than two years	**300.7**	297.0
Later than two years but not later than five years	**690.5**	555.7
Later than five years	**2,164.7**	1,898.6
	3,528.6	3,110.8
Less:		
Present value discount	**(1,223.7)**	(895.3)
Exempt cashflows	**(0.5)**	-
Present value of minimum lease payments	**2,304.4**	2,215.5

14. Right-of-use assets and related lease liabilities (continued)

e) Analysis of amounts included in the Group Comprehensive Income and Expenditure Statement

Year ended 31 March	Note	2024 £m	2023 £m
Amortisation of right-of-use assets	4	**330.6**	357.5
Interest payable on right-of-use lease liabilities (before impact of interest rate hedges)		**108.8**	77.3
Expense relating to short-term leases (included in gross expenditure)		**0.1**	1.5
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in gross expenditure)		**0.1**	0.1
Income from sub-leasing right-of-use assets (included in gross income)		**13.4**	14.8

f) Analysis of amounts included in the Statement of Cash Flows

The total cash outflow in the Group in respect of leases was £405.6m (2022/23 £393.4m).

g) The Group's leasing activities and how these are accounted for

As a lessee, the Group leases various infrastructure and office buildings, rolling stock, buses, motor vehicles and other equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The accounting for these leases is described within the Accounting Policies, note ac).

h) Future cash flows to which the lessee is potentially exposed that are/are not reflected in the measurement of lease liabilities

Variable lease payments

Most of the Group's infrastructure and office buildings have variable lease payments linked to a consumer price index. Rolling stock contracts have variable lease payments interest linked to a floating rate. When there is a change in cash flows because of the change in consumer price index or change in floating rate, then the lease liability is re-measured to reflect those revised lease payments and corresponding adjustments are made to the right-of-use asset.

Extension and termination options

Some of the Group's lease contracts have extension and termination options. These options and related payments are only included when the Group is reasonably certain that it will exercise these options. At the date of these financial statements, there are no facts and circumstances that create an economic incentive for the Group to extend or terminate the lease.

14. Right-of-use assets and related lease liabilities (continued)

i) Corporation right-of-use assets at 31 March 2024 comprised the following elements:

	Note	Infrastructure and office buildings £m	Other equipment £m	Total £m
Cost or valuation				
At 1 April 2023		**434.4**	**19.1**	**453.5**
Additions		**12.1**	**-**	**12.1**
Disposals		**(3.5)**	**-**	**(3.5)**
At 31 March 2024		**443.0**	**19.1**	**462.1**
Amortisation				
At 1 April 2023		**100.8**	**12.9**	**113.7**
Charge for the year	4	**25.6**	**3.4**	**29.0**
At 31 March 2024		**126.4**	**16.3**	**142.7**
Net book value at 31 March 2024		**316.6**	**2.8**	**319.4**
Net book value at 31 March 2023		333.6	6.2	339.8

14. Right-of-use assets and related lease liabilities (continued)

j) Corporation right-of-use assets at 31 March 2023 comprised the following elements:

	Note	Infrastructure and office buildings £m	Other equipment £m	Total £m
Cost or valuation				
A 1 April 2022		430.8	22.3	453.1
Additions		3.6	(3.2)	0.4
At 31 March 2023		434.4	19.1	453.5
Amortisation				
At 1 April 2022		75.5	9.1	84.6
Charge for the year	4	25.3	3.8	29.1
At 31 March 2023		100.8	12.9	113.7
Net book value at 31 March 2023		333.6	6.2	339.8

14. Right-of-use assets and related lease liabilities (continued)

k) Corporation lease liabilities in relation to right-of-use assets

At 31 March	2024 £m	2023 £m
Principal outstanding		
Short-term liabilities	25.6	27.0
Long-term liabilities	324.1	341.1
	349.7	368.1

l) Corporation maturity analysis of right-of-use lease liabilities

At 31 March	2024 £m	2023 £m
Contractual undiscounted payments due in:		
Not later than one year	35.0	36.7
Later than one year but not later than two years	34.3	34.6
Later than two years but not later than five years	99.0	99.2
Later than five years	256.2	278.8
	424.5	449.3
Less:		
Present value discount	(74.8)	(81.2)
Present value of minimum lease payments	349.7	368.1

m) Analysis of amounts included in the Corporation Comprehensive Income and Expenditure Statement

Year ended 31 March	Note	2024 £m	2023 £m
Amortisation of right-of-use assets	4	29.1	29.1
Interest payable on right-of-use lease liabilities		10.3	10.4
Expense relating to short-term leases (included in gross expenditure)		-	-
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in gross expenditure)		-	-
Income from sub-leasing right-of-use assets (included in gross income)		1.8	-

14. Right-of-use assets and related lease liabilities (continued)

n) Analysis of amounts included in the Corporation Statement of Cash Flows

The total cash outflow in the Corporation in respect of leases in 2023/24 was £37.3m (2022/23 £36.7m).

o) The Corporation's leasing activities and how these are accounted for

As a lessee, the Corporation leases various office buildings. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The accounting for these leases is described within the Accounting Policies, notes s) and ac).

p) Future cash flows to which the lessee is potentially exposed that are/are not reflected in the measurement of lease liabilities.

Variable lease payments

Most of the Corporation's office buildings have variable lease payments linked to a consumer price index. When there is a change in cash flows because of the change in consumer price index or change in floating rate, then the lease liability is remeasured to reflect those revised lease payments and a corresponding adjustment is made to the right-of-use asset.

Extension and termination options

Some of the Corporation's lease contracts have extension and termination options. These options and related payments are only included when the Corporation is reasonably certain that it will exercise these options. At the date of these financial statements, there are no facts and circumstances that create an economic incentive for the Corporation to extend or terminate the lease.

Leases not yet commenced to which the Corporation as a lessee is committed

As at 31 March 2024 the Corporation is not party to any lease arrangements to which the Corporation as a lessee is committed but for which it has not yet recognised any right-of-use asset or liability on the Balance Sheet (2023 none).

q) Peppercorn leases in the Group and Corporation

TfL has a number of leases over property and other transport infrastructure under which it pays £nil or peppercorn rents. It has undertaken an exercise to assess the fair value of the assets leased under these arrangements and has concluded that they have no material value. No amounts have therefore been recorded in these financial statements in respect of these leases.

15. Financial commitments

Operating leases – The Group and Corporation as lessor

The Group and Corporation lease out commercial, retail and office property, and land that they hold as a result of their infrastructure holdings.

At the Balance Sheet date, the Group and Corporation had contracted with customers for the following future minimum lease payments:

Land and buildings	Group £m	Corporation £m
At 31 March 2024		
Within one year	**49.6**	**2.0**
Between one and two years	**44.1**	**2.5**
Between two and five years	**100.2**	**0.4**
Later than five years	**27.3**	**0.4**
	221.2	**5.3**
At 31 March 2023		
Within one year	62.6	0.8
Between one and two years	53.7	0.7
Between two and five years	114.4	1.0
Later than five years	839.6	4.7
	1,070.3	7.2

16. Investment properties

	Note	Group £m	Corporation £m
Valuation			
At 1 April 2022		1,713.3	97.1
Additions		20.7	1.7
Transfer to assets held for sale	23	(3.6)	(1.0)
Transfers from assets held for sale	23	4.6	1.3
Transfers from property, plant and equipment	13	25.8	0.4
Disposals		(37.3)	(0.1)
Fair value adjustments	8	(148.9)	(12.5)
At 31 March 2023		1,574.6	86.9
Additions		**89.8**	**1.0**
Transfers to subsidiary undertakings		**-**	**(41.2)**
Net transfers from assets held for sale	23	**51.8**	**3.0**
Transfers from property, plant and equipment	13	**16.8**	**12.5**
Disposals		**(8.8)**	**-**
Fair value adjustments	8	**(189.9)**	**(26.4)**
At 31 March 2024		**1,534.3**	**35.8**

The fair value of the Group's investment properties at 31 March 2024 has been arrived at on the basis of valuations at that date by CBRE, a real estate advisory business not connected with the Group, and by chartered surveyors working for TfL. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value has been used. This is based upon various assumptions including the anticipated future rental income, maintenance costs and the appropriate discount rate; making reference to market evidence of transaction prices for similar properties. A deduction is made to reflect purchaser's acquisition costs. Values are therefore calculated under level 3 of the fair value hierarchy. In estimating fair value, the highest and best use of the properties is assumed to be their current use. There were no transfers of properties in or out of level 3 of the fair value hierarchy during the year (2022/23 none).

Properties are valued annually in accordance with the Red Book, RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors.

16. Investment properties (continued)

In order to create a consolidated commercial property portfolio, assets previously held at a depreciated historical cost value within property, plant and equipment, have been identified and transferred into a designated investment portfolio alongside a range of existing investment properties. In addition, the creation of new lease structures allowed the recognition, for the first time, of newly separable investment property assets which have been recorded at fair value at the date of creation of the lease structure. These assets have been combined into a vehicle to deliver homes under the Mayor's Transport Strategy, and a growing sustainable income stream, as well as to facilitate the ability to generate both debt and equity to fund capital requirements. In the year to 31 March 2024, a total net loss of £-189.9m was recognised for the Group (2022/23 a net loss of £149.0m) relating to movements in the valuation of assets.

Rental income earned in relation to investment properties is disclosed in note 1. Operating expenditure for the year in respect of investment properties totalled £35.4m for the Group (2022/23 £32.7m).

Information about the impact of changes in unobservable inputs (level 3) on the fair value of the Group's investment portfolio is set out in the table below.

All other factors being equal:

- A higher equivalent yield or discount rate would lead to a decrease in the valuation of an asset
- An increase in the current or estimated future rental stream would have the effect of increasing the capital value

However, there are interrelationships between the unobservable inputs which are partially determined by market conditions, which would impact on these changes.

16. Investment properties (continued)

Information about fair value measurements for the TfL Group using unobservable inputs (level 3) for the year ended 31 March 2024.

		Estimated value £m Yield shift (0.5)%	% change from baseline Yield shift (0.5)%	Estimated value £m Yield shift (0.25)%	% change from baseline Yield shift (0.25)%	**Estimated value £m Yield shift 0.0%**	**% change from baseline Yield shift 0.0%**	Estimated value £m Yield shift 0.25%	% change from baseline Yield shift 0.25%	Estimated value £m Yield shift 0.5%	% change from baseline Yield shift 0.5%
Estimated rental value	(10)%	1,733.9	1.68%	1,670.3	(2.05)%	1,613.2	(5.40)%	1,587.1	(6.93)%	1,527.6	(10.42)%
	(5)%	1,785.3	4.69%	1,719.1	0.81%	1,659.1	(2.71)%	1,632.3	(4.28)%	1,569.9	(7.94)%
	0%	1,836.8	7.71%	1,767.7	3.66%	1,705.3	0.00%	1,677.3	(1.64)%	1,612.2	(5.46)%
	5%	1,888.4	10.74%	1,816.5	6.52%	1,751.2	2.69%	1,722.5	1.01%	1,654.5	(2.98)%
	10%	1,940.1	13.77%	1,865.1	9.37%	1,797.4	5.40%	1,767.9	3.67%	1,696.9	(0.49)%

The table above shows the sensitivity of the valuation of the investment property portfolio to a five or 10 per cent increase/(decrease) in estimated rental values, combined with a 0.5 or 0.25 per cent increase/(decrease) in yield from the baseline assumptions used to calculate the values as recorded in these accounts.

Notes to the Financial Statements

17. Investments in subsidiaries

Cost	Corporation 2024 £m	Corporation 2023 £m
At 1 April	**13,062.5**	12,782.5
Investments in year	**-**	280.0
At 31 March	**13,062.5**	13,062.5

During the year, the Corporation did not increase its investment in ordinary share capital. In the prior year, the Corporation increased its investment in the ordinary share capital of Transport Trading Limited (TTL) by £280m. TTL subsequently increased its investment in the ordinary share capital of Crossrail Limited by £280m.

The Group holds 100 per cent of the share capital of all subsidiaries. All companies listed in the table below, with the exception of London Transport Insurance (Guernsey) Limited, are registered in England and Wales; and their financial statements are lodged at Companies House and also at the Charity Commission for London Transport Museum Limited. London Transport Insurance (Guernsey) Limited is registered in Guernsey.

17. Investments in subsidiaries (continued)

The Group's subsidiaries are:

Subsidiaries	Principal activity
City Airport Rail Enterprises Limited	Dormant company
Crossrail 2 Limited	Dormant company
Crossrail Limited	Construction of Crossrail infrastructure
Docklands Light Railway Limited	Passenger transport by rail
London Bus Services Limited	Passenger transport by bus
London Buses Limited	Dial-a-Ride services
London Dial-a-Ride Limited	Dormant company
London River Services Limited	Pier operator
London Transport Insurance (Guernsey) Limited	Insurance
London Transport Museum (Trading) Limited	Trading company
London Transport Museum Limited	Charitable company
London Underground Limited	Passenger transport by underground train
LUL Nominee BCV Limited	Dormant company
LUL Nominee SSL Limited	Dormant company
Rail for London Limited	Passenger transport by rail
Rail for London (Infrastructure) Limited	Infrastructure manager for the Crossrail Central Operating Section
TfL Trustee Company Limited	Pension Fund Trustee
Tramtrack Croydon Limited	Passenger transport by light rail
Transport for London Finance Limited	Manages financial risk of the Group
Transport Trading Limited	Holding company
TTL Blackhorse Road Properties Limited	Holding company
TTL Build to Rent Limited	Holding company
TTL Earls Court Properties Limited	Holding company
TTL Office Properties Limited	Holding company
TTL Kidbrooke Properties Limited	Holding company
TTL Landmark Court Properties Limited	Holding company
TTL Northwood Properties Limited	Dormant company
Places for London Limited (formerly TTL Properties Limited)	Property investment and development
TTL Southwark Properties Limited	Property investment
TTL South Kensington Properties Limited	Property investment
TTL Wembley Park Properties Limited	Holding company
TTL West London Properties Limited	Dormant company
Tube Lines Limited	Maintenance of underground lines
Tube Lines Pension Scheme Trustees Limited	Pension Fund Trustee
Victoria Coach Station Limited	Coach station
Woolwich Arsenal Rail Enterprises Limited	Dormant company

18. Investment in joint ventures

a) Connected Living London (BTR) Limited

In 2019/20, the Group via its subsidiary, TTL Build to Rent Limited, acquired a 49 per cent interest in a joint arrangement called Connected Living London (BTR) Limited (CLL), which was set up as a partnership together with Grainger Plc, to fund the development of a major build to rent portfolio across London. The registered office address of CLL is Citygate, St James Boulevard, Newcastle Upon Tyne, Tyne & Wear, United Kingdom, NE1 4JE.

As the Group has joint control over the net assets and operations of its investment through equal representation on the board and equal voting rights, it has equity accounted for its investment as a joint venture in these consolidated financial statements. The financial year end of CLL is 30 September.

During 2023/24 the Group invested a further £1.1m in the equity of CLL (2022/23 £53m). Summarised financial information in respect of the Group's investment is set out below. Amounts presented are taken from unaudited management accounts made up to 31 March.

Balance Sheet of Connected Living London (BTR) Limited at the 100 per cent level

At 31 March	Group 2024 £m	Group 2023 £m
Long-term assets		
Investment property under construction	**89.3**	80.3
	89.3	80.3
Current assets		
Cash	**5.2**	9.6
Other short-term assets	**-**	0.5
	5.2	10.1
Current liabilities		
Other short-term liabilities	**(2.2)**	(0.1)
	(2.2)	(0.1)
Long-term liabilities		
Borrowings	**-**	-
Other long-term liabilities	**-**	-
	-	-

Reconciliation of net assets to amounts included in the consolidated Group accounts

At 31 March	Group 2024 £m	Group 2023 £m
Net assets at 100%	**92.3**	90.3
Percentage held by the TfL Group	**49%**	49%
Carrying amount of the Group's equity interest in CLL	**45.1**	44.1

18. Investment in joint ventures (continued)

Group share of comprehensive income and expenditure of CLL

Year ended 31 March	Group 2024 £m	Group 2023 £m
Group share of loss from continuing operations	**(0.1)**	(0.7)
Group share of other comprehensive income	**-**	-
Total Group share of comprehensive income and expenditure for the year	**(0.1)**	(0.7)

The share of loss from continuing operations reflects administrative expenditure relating to the operations of the company.

b) Kidbrooke Partnership LLP

The Group, through its subsidiary, TTL Kidbrooke Properties Limited, holds a 49 per cent holding in the members' interest of Kidbrooke Partnership LLP (KP LLP), a property development partnership. Through a combination of its voting rights, Board representation and other rights embedded in the relevant management agreements, the Group is assessed as having joint control. The investment has therefore been accounted for as a joint venture using the equity method in these financial statements.

KP LLP has a 299 year lease over the land lying to the South East of Kidbrooke Park Road and is developing the site as a mixed use development incorporating affordable housing. The financial year end of KP LLP is 31 March.

During 2023/24 the Group had no additional investment in the equity of KP LLP (2022/23 £nil). Summarised financial information in respect of the Group's investment in KP LLP is set out below. Amounts presented are taken from unaudited management accounts made up to 28 February.

Balance Sheet of Kidbrooke Partnership LLP at the 100 per cent level

At 31 March	Group 2024 £m	Group 2023 £m
Current assets		
Cash	**7.6**	2.0
Other short-term assets	**37.7**	39.7
	45.3	41.7
Current liabilities		
Other short-term liabilities	**(8.0)**	(4.4)
	(8.0)	(4.4)

18. Investment in joint ventures (continued)

Reconciliation of net assets to amounts included in the consolidated Group accounts

At 31 March	Group 2024 £m	Group 2023 £m
Net assets at 100%	**37.3**	37.3
Percentage held by the TfL Group	**49%**	49%
Carrying amount of the Group's equity interest in KP LLP	**18.2**	18.2

18. Investment in joint ventures (continued)

Group share of comprehensive income and expenditure of Kidbrooke Partnership LLP

Year ended 31 March	Group 2024 £m	Group 2023 £m
Group share of loss from continuing operations	-	(0.1)
Group share of other comprehensive income	-	-
Total Group share of comprehensive income and expenditure for the year	-	(0.1)

c) Blackhorse Road Properties LLP

In 2019/20 the Group acquired a 49 per cent holding in the members' interest of Blackhorse Road Properties LLP (BRP LLP), a newly created property development partnership, for a cash consideration of £11.3m. The investment was purchased through a newly incorporated subsidiary of the Group, TTL Blackhorse Road Properties Limited. Through a combination of its voting rights, Board representation and other rights embedded in the relevant management agreements, the Group is assessed as having joint control. The investment has therefore been accounted for as a joint venture using the equity method.

During 2019/20, the Group granted a 999 year lease over land at Blackhorse Road to BRP LLP for a consideration of £15.9m. The financial year end of BRP LLP is 30 June.

Summarised financial information in respect of the Group's investment in BRP LLP is set out below. Amounts presented are taken from unaudited management accounts made up to 28 February.

18. Investment in joint ventures (continued)

Balance sheet of BRP LLP at the 100 per cent level

At 31 March	Group 2024 £m	Group 2023 £m
Current assets		
Cash	**2.3**	2.5
Other short-term assets	**0.1**	1.5
	2.4	4.0
Current liabilities		
Other short-term liabilities	**(1.6)**	(2.4)
	(1.6)	(2.4)

Reconciliation of net assets to amounts included in the consolidated Group accounts

At 31 March	Group 2024 £m	Group 2023 £m
Net assets at 100%	**0.8**	1.6
Percentage held by the TfL Group	**49%**	49%
Carrying amount of the Group's equity interest in BRP LLP	**0.3**	0.8

Group share of comprehensive income and expenditure of BRP LLP

Year ended 31 March	Group 2024 £m	Group 2023 £m
Group share of profit from continuing operations	**0.6**	7.2
Group share of other comprehensive income	**-**	-
Total Group share of comprehensive income and expenditure for the year	**0.6**	7.2

d) Landmark Court Partnership Limited

In 2021/22 the Group acquired a 49 per cent holding in the members' interest of Landmark Court Partnership Limited (LCP Limited), a newly created property development partnership, for a cash consideration of £1. The investment was purchased through a newly incorporated subsidiary of the Group, TTL Landmark Court Properties Limited. Through a combination of its voting rights, Board representation and other rights embedded in the relevant management agreements, the Group is assessed as having joint control. The investment has therefore been accounted for as a joint venture using the equity method.

During 2021/22, the Group granted a 299 year lease over land at Liberty, Southwark site, at 15-33 Southwark Street to LCP Limited for a consideration of £41.8m. The financial year end of LCP Limited is 31 March.

Summarised financial information in respect of the Group's investment in LCP Limited is set out below. Amounts presented are taken from unaudited management accounts made up to 31 March.

18. Investment in joint ventures (continued)

Balance sheet of LMCP Limited at the 100 per cent level

At 31 March	Group 2024 £m	Group 2023 £m
Current assets		
Cash	-	-
Other short-term assets	12.7	24.9
	12.7	24.9
Current liabilities		
Other short-term liabilities	(12.6)	(15.3)
	(12.6)	(15.3)

Reconciliation of net assets to amounts included in the consolidated Group accounts

At 31 March	Group 2024 £m	Group 2023 £m
Net assets at 100%	0.1	9.6
Percentage held by the TfL Group	49%	49%
Net assets at 49%	-	4.7
Carrying amount of the Group's equity interest in LMCP Limited	-	4.7

Group share of comprehensive income and expenditure of LMCP Limited

Year ended 31 March	Group 2024 £m	Group 2023 £m
Group share of profit from continuing operations adjusted for distribution of land receipt	(2.3)	2.3
Group share of other comprehensive income	-	-
Total Group share of comprehensive income and expenditure for the year	(2.3)	2.3

18. Investment in joint ventures (continued)

e) Wembley Park Properties LLP

In 2022/23 the Group acquired a 49 per cent holding in the members' interest of Wembley Park Properties LLP (WPP LLP), a newly created property development partnership, for a cash consideration of £12m. The investment was purchased through a newly incorporated subsidiary of the Group, TTL Wembley Park Properties Limited. Through a combination of its voting rights, Board representation and other rights embedded in the relevant management agreements, the Group is assessed as having joint control. The investment has therefore been accounted for as a joint venture using the equity method.

During 2022/23, the Group granted a 999 year lease over land at Wembley Park station car park to WPP LLP for a consideration of £16.25m. The financial year end of WPP LLP is 30 June.

Summarised financial information in respect of the Group's investment in WPP LLP is set out below. Amounts presented are taken from unaudited management accounts made up to 31 March.

Balance Sheet of Wembley Park Properties LLP at the 100 per cent level

At 31 March	Group 2024 £m	Group 2023 £m
Long-term assets		
Investment property under construction	-	-
	-	-
Current assets		
Cash	5.4	7.9
Other short-term assets	33.0	23.3
	38.4	31.2
Current liabilities		
Other short-term liabilities	(10.1)	(6.7)
	(10.1)	(6.7)
Long-term liabilities		
Borrowings	-	-
Other long-term liabilities	-	-
	-	-

Reconciliation of net assets to amounts included in the consolidated Group accounts

At 31 March	Group 2024 £m	Group 2023 £m
Net assets at 100%	28.3	24.5
Percentage held by the TfL Group	49%	49%
Carrying amount of the Group's equity interest in Wembley Park	13.8	11.9

18. Investment in joint ventures (continued)

Group share of comprehensive income and expenditure of Wembley Park Properties LLP

Year ended 31 March	Group 2024 £m	Group 2023 £m
Group share of loss from continuing operations	1.9	-
Group share of other comprehensive income	-	-
Total Group share of comprehensive income and expenditure for the year	**1.9**	-

The share of loss from continuing operations reflects administrative expenditure relating to the operations of the company.

18. Investment in joint ventures (continued)

f) TTL Office Properties Limited

In 2023/24, the Group via its subsidiary, Places for London Limited, acquired a 49 per cent interest in a joint arrangement called TTL Office Properties Limited (TTLOP), which was set up as a partnership together with Helical Plc, to fund the development of its sustainable commercial office portfolio across central London. The registered office address of TTLOP is 5 Endeavour Square, London, United Kingdom, E20 1JN.

As the Group has joint control over the net assets and operations of its investment through equal representation on the board and equal voting rights, it has equity accounted for its investment as a joint venture in these consolidated financial statements. The financial year end of TTLOP is 31 March.

During 2023/24, the Group invested £1.47m in the equity of TTLOP.

Summarised financial information in respect of the Group's investment is set out below. Amounts presented are taken from unaudited management accounts made up to 31 March.

Balance Sheet of TTL Office Properties Limited at the 100 per cent level

At 31 March	**Group 2024 £m**	Group 2023 £m
Long-term assets		
Investment property under construction	**-**	-
	-	-
Current assets		
Cash	**0.8**	
Other short-term assets	**3.4**	
	4.2	-
Current liabilities		
Other short-term liabilities	**(1.2)**	
	(1.2)	-
Long-term liabilities		
Borrowings	**-**	-
Other long-term liabilities	**-**	-
	-	-

Reconciliation of net assets to amounts included in the consolidated Group accounts

At 31 March	**Group 2024 £m**	Group 2023 £m
Net assets at 100%	**3.0**	-
Percentage held by the TfL Group	**49%**	49%
Carrying amount of the Group's equity interest in TTL Office Properties Limited	**1.4**	-

18. Investment in joint ventures (continued)

Group share of comprehensive income and expenditure of TTL Office Properties Limited

Year ended 31 March	Group 2024 £m	Group 2023 £m
Group share of loss from continuing operations	-	-
Group share of other comprehensive income	-	-
Total Group share of comprehensive income and expenditure for the year	-	-

The share of loss from continuing operations reflects administrative expenditure relating to the operations of the company.

19. Investment in associated undertakings

a) Earls Court Partnership Limited

The Group holds a 37 per cent holding in the ownership and voting rights of Earls Court Partnership Limited (ECP), a property development company incorporated in England and Wales. Through its voting rights and representation on the Board of Directors of ECP, the Group has significant influence but not control over the relevant activities of ECP. The Group's investment is therefore accounted for using the equity method in these consolidated accounts.

The Group has invested share capital and non-interest bearing loans into ECP. The loan notes are non-interest bearing and have no fixed repayment date. They have therefore been treated in these financial statements as an investment in the equity of ECP. As at 31 March 2024 the Group had invested £44.4m (2023 £44.4m) in share capital and a further £439.6m (2023 £433.9m) in loan notes.

The financial year end of ECP is 31 December. For the purposes of applying the equity method of accounting, the management accounts of ECP at 31 March 2024 have been used.

Summarised financial information in respect of the Group's investment in ECP is set out below:

Balance Sheet of Earls Court Partnership Limited at the 100 per cent level

At 31 March	Group 2024 £m	Group 2023 £m
Current assets	**18.0**	17.6
Long-term assets	**419.5**	541.2
Current liabilities	**(9.3)**	(9.5)
Long-term liabilities	**(119.2)**	(98.3)

Reconciliation of net assets to amounts included in the consolidated Group accounts

	Group 2024 £m	Group 2023 £m
Net assets at 100% at 31 March	**309.0**	451.0
Percentage held by the TfL Group	**37%**	37%
TfL Group share of net assets at 31 March	**114.3**	166.7
Investment in equity loan notes between 31 December and 31 March	**-**	-
Carrying amount of the Group's equity interest in Earls Court Partnership Limited at 31 March	**114.3**	166.7

19. Investment in associated undertakings (continued)

Group share of comprehensive income and expenditure of Earls Court Partnership Limited

Year ended 31 March	Group 2024 £m	Group 2023 £m
Group share of loss from continuing operations	(58.3)	(41.5)
Group share of other comprehensive income	-	-
Total Group share of comprehensive income and expenditure for the year	**(58.3)**	(41.5)

20. Finance lease receivables

Group finance lease receivables

The Group leases certain items of plant and equipment related to its media activities to a third party under a finance lease arrangement.

Finance lease receivables on the Balance Sheet are calculated as the present value of minimum lease payments outstanding. Interest is accrued at a rate of 6.29 per cent per annum.

As at 31 March	2024 £m	2023 £m
Principal outstanding		
Short-term	7.1	5.2
Long-term	2.7	9.1
	9.8	14.3

	2024 £m	2023 £m
Principal outstanding		
At 1 April	14.3	37.0
Additions	-	0.5
Interest	1.1	0.8
Lease terminations	-	(4.1)
Repayments	(5.6)	(19.9)
	9.8	14.3

At 31 March	2024 £m	2023 £m
Minimum cash receipts in:		
Not later than one year	7.1	5.2
Later than one year but not later than five years	3.2	10.6
	10.3	15.8
Less unearned finance income	(0.5)	(1.5)
	9.8	14.3

21. Inventories

As at 31 March	Group 2024 £m	Group 2023 £m
Raw materials and consumables	**100.6**	77.9
Goods held for resale	**0.8**	0.8
	101.4	78.7

There is no material difference between the balance sheet value of Group inventories and their net realisable value. The Corporation had no inventories as 31 March 2024 or 31 March 2023.

The movement on inventories was as follows:

	Group £m
Balance at 1 April 2022	58.1
Purchases in the year	120.7
Recognised as an expense in the year:	
Consumed in the year	(90.1)
Goods sold in the year	(0.5)
Net write offs in the year	(9.5)
Balance at 31 March 2023	78.7
Purchases in the year	**130.1**
Recognised as an expense in the year:	
Consumed in the year	**(105.3)**
Goods sold in the year	**(1.8)**
Net write offs in the year	**(0.3)**
Balance at 31 March 2024	**101.4**

22. Debtors

At 31 March	Group 2024 £m	Group 2023 £m
Short-term		
Trade debtors	**179.3**	133.7
Capital debtors	**9.8**	3.2
Other debtors	**31.0**	39.2
Other tax and social security	**76.7**	200.6
Grant debtors	**177.3**	110.9
Interest debtors	**6.3**	3.2
Contract assets: accrued income	**63.3**	53.0
Prepayments for goods and services	**64.5**	152.5
	608.2	696.3
Long-term		
Other debtors	**13.0**	40.2
Prepayments for goods and services	**15.9**	20.0
	28.9	60.2

Trade debtors are non-interest bearing and are generally paid within 28 days.

As at 31 March 2024, £1,195.1m (2023 £994.7m) was recognised as a provision for expected credit losses on trade and other debtors (see note 33).

Contract asset balances represent accrued income recognised where balances have not yet been invoiced to the customer. Upon completion of the terms of the contract and agreement with the customer/third party contributor, the amounts recognised as contract assets are reclassified to trade debtors.

Grant debtors represent grant income where cash has not yet been received.

22. Debtors (continued)

At 31 March	Corporation 2024 £m	Corporation 2023 £m
Short-term		
Trade debtors	**52.3**	57.8
Amounts due from subsidiary companies	**119.4**	171.8
Capital debtors	**0.8**	2.3
Other debtors	**4.8**	3.7
Other tax and social security	**9.3**	9.0
Grant debtors	**170.7**	97.6
Interest debtors	**5.2**	2.9
Contract assets: accrued income	**26.2**	18.1
Prepayments for goods and services	**33.7**	26.2
	422.4	389.4
Long-term		
Loans made to subsidiary companies	**12,213.9**	12,290.9
Other debtors	**0.4**	28.4
Prepayments for goods and services	**5.9**	7.6
	12,220.2	12,326.9

Trade debtors are non-interest bearing and are generally paid within 28 days.

As at 31 March 2024, £1,184.2m (2023 £965.7m) was recognised as a provision for expected credit losses on trade debtors (see note 33).

Contract assets balances represent accrued income recognised where balances have not yet been invoiced to the customer. Upon completion of the terms of the contract, the amounts recognised as contract assets are reclassified to trade debtors.

Long-term loans made to subsidiary companies are interest-bearing loans, primarily representing the pass-down of external third-party borrowings to the subsidiaries that hold the assets which have been funded by that borrowing. These loans accrue market rates of interest reflecting rates achieved on debt issued to third parties by the Corporation. The average rate of interest accruing on loans outstanding at 31 March 2024 was 3.7 per cent (2023 3.5 per cent).

23. Assets held for sale

	Note	Group £m	Corporation £m
Balance at 1 April 2022		160.9	12.1
Assets newly classified as held for sale			
Investment properties	16	3.6	1.0
Net assets transferred from held for sale to investment property			
Investment properties	16	(4.6)	(1.3)
Revaluation gains/(losses)			
Investment properties		(0.1)	(1.5)
Disposals			
Property, plant and equipment		(83.3)	-
Investment properties		(22.8)	-
Transfers to subsidiary undertakings			
Investment properties		-	**(7.3)**
Balance at 31 March 2023		53.7	3.0
Assets newly classified as held for sale			
Net assets transferred from held for sale to investment property			
Investment properties	16	**(51.8)**	**(3.0)**
Disposals			
Investment properties		**(1.9)**	**-**
Balance at 31 March 2024		**-**	**-**

24. Other investments

At 31 March	Group 2024 £m	Group 2023 £m
Short-term		
Investments held at amortised cost	**5.8**	15.0
Long-term		
Investments measured at FVTPL	**0.2**	-

At 31 March	Corporation 2024 £m	Corporation 2023 £m
Short-term		
Investments held at amortised cost	**-**	-
Long-term		
Investments measured at FVTPL	**0.2**	-

Short-term investments comprise fixed deposits, UK treasury bills and other tradeable instruments with a maturity of greater than three but less than 12 months.

Long-term investments comprise initial 'core commitment' investment in the London Treasury Liquidity Fund (LTLF) LP.

25. Cash and cash equivalents

At 31 March	Group 2024 £m	Group 2023 £m
Cash at bank	**143.8**	285.3
Cash equivalents with a maturity of less than three months	**1,325.8**	1,090.0
Cash in hand and in transit	**19.7**	12.2
	1,489.3	1,387.5

At 31 March	Corporation 2024 £m	Corporation 2023 £m
Cash at bank	**24.3**	41.3

Notes to the Financial Statements

Cash equivalents with a maturity of less than three months	**1,269.9**	1,090.0
	1,294.2	1,131.3

Cash and cash equivalents comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Cash and cash equivalents are classified as financial assets at amortised cost.

Cash equivalents comprise fixed deposits, UK treasury bills, repo and other tradeable instruments. These are classified as cash and cash equivalents as they have a maturity of less than three months.

26. Creditors

a) Group creditors at 31 March comprised:

	Group 2024 £m	Group 2023 £m
Short-term		
Trade creditors	**157.9**	225.0
Accrued interest	**184.9**	106.4
Capital works	**476.6**	666.4
Retentions on capital contracts	**7.2**	5.5
Capital grants received in advance	**34.6**	43.4
Wages and salaries	**249.8**	161.8
Other taxation and social security creditors	**71.9**	57.5
Contract liabilities: receipts in advance for Travelcards, bus passes and Oyster cards	**174.7**	185.9
Contract liabilities representing other deferred income	**51.2**	54.0
Accruals and other payables	**647.7**	600.4
	2,056.5	2,106.3
Long-term		
Capital grants received in advance	**3.2**	4.1
Retentions on capital contracts	**(3.5)**	(2.0)
Contract liabilities representing other deferred income	**27.6**	29.0
Accruals and other payables	**177.0**	56.5
	204.3	87.6

26. Creditors (continued)

The performance obligations related to deferred income balances recorded as at 31 March 2024, which are expected to be met in more than one year, relate to:

i. License revenue and funding received from developers for improvements to bus services, which together total £20.3m (2023 £22.2m), of which, £19.3m (2023 £20.1m) relates to obligations that are to be satisfied within one to three years, and £0.9m (2023 £1.5m) within three to five years and £nil (2023 £0.6m) over five years

ii. Maintenance income of £4.1m (2023 £5.2m) expected to be released over 30 years

iii. Other miscellaneous contracts, together totalling £3.2m (2023 £1.5m)

Set out below is the amount of revenue recognised by the Group during the year from:

Year ended 31 March	**Group 2024 £m**	Group 2023 £m
Amounts included in contract liabilities at 1 April	**85.1**	43.0
Performance obligations satisfied in previous years	**-**	-

26. Creditors (continued)

b) Corporation creditors at 31 March comprised:

At 31 March	Corporation 2024 £m	Corporation 2023 £m
Short-term		
Trade creditors	**78.2**	85.6
Accrued interest	**184.6**	106.4
Capital works	**101.5**	131.3
Capital grants received in advance	**18.8**	24.3
Amounts due to subsidiary companies	**78.6**	266.1
Wages and salaries	**50.9**	46.5
Other taxation and social security creditors	**9.1**	4.5
Contract liabilities representing other deferred income	**22.2**	17.1
Accruals and other payables	**189.9**	165.8
	733.8	847.6
Long-term		
Capital grants received in advance	**-**	0.9
Retentions on capital contracts	**0.4**	0.3
Contract liabilities representing other deferred income	**15.5**	16.1
Accruals and other payables	**37.8**	34.9
	53.7	52.2

Total long-term contract liabilities balances in the Corporation are broadly consistent with the prior year.

At 31 March 2024, the significant balance of remaining performance obligations in relation to contract liabilities expected to be recognised in more than one year, relate to:

i. License revenue totalling £8.2m (2023 £9.4m), of which £8.2m is expected to be satisfied within five years (2023 £9.4m) and £nil (2023 £nil) over five years

ii. Maintenance income of £4.1m (2023 £5.2m) is expected to be released over 30 years

iii. Other miscellaneous contracts totalling £3.2m (2023 £1.5m)

Set out below is the amount of revenue recognised during the year from:

Year ended 31 March	Corporation 2024 £m	Corporation 2023 £m
Amounts included in contract liabilities at 1 April	**8.9**	9.4

Performance obligations satisfied in previous years	-	-

27. Borrowings and overdrafts

At 31 March	Group 2024 £m	Group 2023 £m
Short-term		
Borrowings	**864.0**	693.7
Long-term		
Borrowings	**12,071.6**	12,216.6

At 31 March	Corporation 2024 £m	Corporation 2023 £m
Short-term		
Borrowings	**864.0**	693.7
Long-term		
Borrowings	**12,075.6**	12,221.5

Further information about the maturity and interest rate profiles of the Group and Corporation's borrowings is provided in note 33 (Funding and financial risk management).

We have direct access to the UK Debt Management Office (DMO) via the Public Works Loan Board (PWLB) and a £2bn Commercial Paper programme in place, with both sources utilised throughout the financial year to manage liquidity requirements. Additionally, we have a £750m loan facility, with the DfT, ringfenced for the purposes of the Crossrail project, of which we repaid £35m during the year.

27. Borrowings and overdrafts (continued)

Changes in liabilities arising from financing activities

	Group 2024 £m	Group 2023 £m
Balance at 1 April		
Short-term	**1,014.2**	1,774.1
Long-term	**14,324.3**	13,858.2
	15,338.5	15,632.3
Borrowings drawn down	**187.5**	1,661.0
Net repayment of other financing liabilities	**(6.5)**	(6.4)
Repayment of borrowings	**(163.9)**	(1,720.7)
Repayment of PFI liabilities	**(14.3)**	(10.6)
Repayment of right-of-use lease liabilities	**(261.0)**	(322.9)
Non-cash increase in right-of-use lease liabilities	**350.1**	102.1
Other movements *	**1.7**	3.7
At 31 March	**15,432.1**	15,338.5
Short-term	**1,175.4**	1,014.2
Long-term	**14,256.7**	14,324.3
	15,432.1	15,338.5

* Other movements are non-cash and relate to the unwind of discounts and fees.

27. Borrowings and overdrafts (continued)

Changes in liabilities arising from financing activities

	Corporation 2024 £m	Corporation 2023 £m
Balance at 1 April		
Short-term	**735.0**	1,460.6
Long-term	**12,639.3**	12,005.4
	13,374.3	13,466.0
Borrowings drawn down	**187.5**	1,661.0
Repayment of borrowings	**(163.9)**	(1,720.7)
Repayment of PFI lease liabilities	**(14.3)**	(10.6)
Repayment of right-of-use lease liabilities	**(27.0)**	(26.4)
Non-cash increase in right-of-use-lease liabilities	**8.6**	0.4
Other movements *	**0.8**	4.6
At 31 March	**13,366.0**	13,374.3
Short-term	**905.1**	735.0
Long-term	**12,460.9**	12,639.3
	13,366.0	13,374.3

* Other movements are non-cash and relate to the unwind of discounts and fees.

28. Private finance initiative contracts

Private Finance Initiative contracts

The Group is party to the following PFI arrangements where the Group controls the use of the infrastructure and the residual interest in the infrastructure at the end of the arrangement. These arrangements are treated as service concession arrangements and, as stipulated by the Code, are accounted for in accordance with IPSAS 32 Service Concession Arrangements – Grantor (IPSAS 32).

The Group therefore recognises PFI assets as items of plant, property and equipment together with a liability to pay for them (see note 13 for details of PFI assets). The fair values of services received under the contract are recorded as operating expenses.

The unitary charge is apportioned between the repayment of the liability, financing costs and charges for services. The service is recognised as an expense in net operating costs and the finance costs are charged to financial expenses in the Comprehensive Income and Expenditure Statement.

Contract	Contract dates	Description
TfL		
A13 Thames Gateway contract	2000 to 2030	Design and construction of improvements to the A13 infrastructure (including communication and traffic signals systems) and ongoing maintenance and operation of the A13 between Butcher Row and Wennington. The contract requires TfL to make an annual unitary payment, charged monthly and calculated according to the service provided by the concession company and the payment mechanisms defined in the contract.

28. Private finance initiative contracts (continued)

PFI finance lease liabilities

	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
At 1 April	**91.0**	101.6	**91.0**	101.6
Payments	**(18.3)**	(15.0)	**(18.3)**	(15.0)
Interest	**4.0**	4.4	**4.0**	4.4
At 31 March	**76.7**	91.0	**76.7**	91.0

Group and Corporation

Amounts payable under the PFI arrangements cover payments for repayment of capital, payments of interest and payment of service charges. The total amount payable breaks down as follows:

	Payments of interest £m	Repayment of capital £m	Payments for service charges £m	Total amount payable under non-cancellable PFI arrangements £m
At 31 March 2024				
Less than 1 year	**3.3**	**15.5**	**31.4**	**50.2**
Between 1 and 5 years	**6.3**	**56.2**	**118.6**	**181.1**
Between 6 and 10 years	**0.2**	**5.0**	**23.4**	**28.6**
	9.8	**76.7**	**173.4**	**259.9**
At 31 March 2023				
Less than 1 year	4.0	14.3	30.2	48.5
Between 1 and 5 years	9.1	64.1	126.0	199.2
Between 6 and 10 years	0.8	12.6	47.3	60.7
	13.9	91.0	203.5	308.4

29. Other financing liabilities

Group other financing liabilities at 31 March comprised:

	Group 2024 £m	Group 2023 £m
Short-term		
Deferred capital payments	**20.5**	6.6
Long-term		
Deferred capital payments	**94.7**	115.1

Other financing liabilities comprise deferred capital payments in respect of the acquisition of property, plant and equipment. Gross payments with a nominal value of £120.4m (2023 £141.3m) fall due over the period to March 2033. These have been discounted back at an effective rate of interest of 3.2 per cent (2023 3.2 per cent) to the present value recorded in the table above.

30. Provisions

a) Group provisions

	At 1 April 2023 £m	Payments in the year £m	Charge for the year £m	Releases in the year £m	At 31 March 2024 £m
Compensation and contractual	141.8	(16.5)	82.5	(27.3)	**180.7**
Capital investment activities	49.8	(9.6)	-	-	**40.2**
Environmental harm	10.1	(4.0)	7.2	-	**13.3**
Severance and other	23.3	(12.4)	4.0	(0.5)	**14.4**
	225.0	(42.5)	93.7	(27.8)	**248.6**

At 31 March	2024 £m	2023 £m
Due		
Short-term	**193.4**	175.1
Long-term	**55.2**	49.9
	248.6	225.0

b) Corporation provisions

	At 1 April 2023 £m	Payments in the year £m	Charge for the year £m	Releases in the year £m	At 31 March 2024 £m
Compensation and contractual	83.5	(13.3)	67.4	(0.5)	**137.1**
Capital investment activities	47.4	(7.8)	-	-	**39.5**
Severance and other	2.4	(0.8)	1.1	(0.4)	**2.5**
	133.3	(21.9)	68.5	(0.9)	**179.1**

At 31 March	2024 £m	2023 £m
Due		
Short-term	**144.8**	113.0
Long-term	**34.3**	20.3
	179.1	133.3

30. Provisions (continued)

c) Nature of provisions

Compensation and contractual

The Group has provisions for expected compensation and contractual claims that arise in respect of disputes arising in the ordinary course of business. The provisions recorded as at 31 March are based on management's best estimate at the Balance Sheet date of the likely loss to be incurred through settlement. Reflecting the inherent uncertainty with many legal proceedings and claim settlements, the timing and amount of the outflows could differ from the amount provided. Based on current estimates management expects that these amounts, which are based on known facts and take account of past experience for similar items, will be settled within the next one to five years. Where material the provision held is discounted to its present value.

Capital investment activities

Capital investment activities include compulsory purchases, claims in respect of structural damage or diminution in value of properties affected by transport schemes, and other related third-party claims. Estimates are made with reference to relevant market trends. Compulsory Purchase Order provision amounts have been based on the professional estimates of lawyers and surveyors of the land acquisition, development value, disturbance, statutory interest and professional fees for both sides of the negotiation on a case by case basis. Due to the nature of these liabilities and the need to negotiate settlement amounts, there is considerable uncertainty regarding when Compulsory Purchase Order cases will be settled and payments made. At present management expects these provisions to be settled within the next five years.

Environmental harm

Environmental harm relates to potential costs associated with damage to the environment as a result of actions taken in the past. Management expects this provision to be settled within the next five years.

Severance and other

Severance and other provisions include voluntary severance costs arising from reorganisations and other smaller claims. Management expects these provisions to be settled within the next year.

31. Derivative financial instruments

Group derivatives in cash flow hedge relationships

At 31 March	Fair value 2024 £m	Notional amount 2024 £m	Fair value 2023 £m	Notional amount 2023 £m
Long-term assets				
Interest rate swaps	**28.4**	**145.5**	26.2	96.0
Foreign currency forward contracts	**0.2**	**7.7**	-	14.6
	28.6	**153.2**	26.2	110.6
Current assets				
Foreign currency forward contracts	**0.3**	**14.3**	1.0	41.3
	0.3	**14.3**	1.0	41.3
Current liabilities				
Foreign currency forward contracts	**(10.6)**	**149.0**	(3.4)	59.8
	(10.6)	**149.0**	(3.4)	59.8
Long-term liabilities				
Interest rate swaps	**(40.8)**	**578.0**	(1.5)	51.0
Foreign currency forward contracts	**(7.8)**	**192.6**	(8.6)	144.0
	(48.6)	**770.6**	(10.1)	195.0

Group derivatives not in hedge relationships

At 31 March	Fair value 2024 £m	Notional amount 2024 £m	Fair value 2023 £m	Notional amount 2023 £m
Current assets				
Foreign currency forward contracts	**0.4**	**54.9**	0.7	105.6
	0.4	**54.9**	0.7	105.6
Current liabilities				
Foreign currency forward contracts	**(0.2)**	**103.0**	-	-
	(0.2)	**103.0**	-	-

The Corporation has not entered into any derivative financial instrument contracts. Further detail on the Group's derivative instruments is set out in note 33.

Notes to the Financial Statements

32. Guarantees

Section 160 of the GLA Act 1999 sets out the conditions under which the Corporation may give certain guarantees, indemnities or similar arrangements. Under section 161 of the GLA Act 1999 TfL is obliged to disclose in its Annual Report details of all guarantees etc. so given.

TfL and its subsidiaries have entered into joint and several guarantees in favour of HSBC Bank plc as security for any bank indebtedness outstanding from time to time. TfL has also separately guaranteed any liabilities owing to HSBC Bank plc by its subsidiary, Crossrail Limited.

The Corporation has given guarantees in respect of some of its subsidiary companies' contracts. The amount that could be payable under the guarantees (as described below) varies depending on a number of factors, including, inter alia, responsibility for the costs arising from an early termination of the underlying contract, which are not known before the event. For information only, the approximate maximum amounts of debt that were envisaged to be drawn by the counterparty at the signing of the agreements are disclosed below. For the avoidance of doubt, these amounts do not represent the amounts that could be payable by TfL under the guarantees but are shown here to give an indication of the relative size of each contract.

	Estimated maximum debt drawn by counterparty at start of contract £m
Agreement with 345 Rail Leasing Limited	1,050
Agreement with London Rail Leasing Ltd	350
Agreement with Lloyds Bank PLC	109
Agreement with Pittville Leasing Ltd	51
Agreement with Lombard North Central Plc	7

In addition, TfL also guarantees the payments of certain of its subsidiaries under a number of other service and construction contracts. It has guaranteed amounts owed by London Bus Services Limited to the Fuel Cells and Hydrogen Joint Undertaking under a Grant agreement for the 3EMOTION Environmentally Friendly, Efficient Electric Motion project. It has guaranteed London Underground Limited's payment obligations as a tenant in respect of an operating lease for the Stratford City Business District.

32. Guarantees (continued)

Unlike the agreements listed above, these contracts are not based on an initial amount of debt and so cannot be quantified in a similar manner.

TfL also acts as a guarantor in respect of all liabilities under third party derivative contracts entered into by its subsidiary, Transport for London Finance Limited. The fair value of net liabilities outstanding under derivative contracts at 31 March 2024 is £30.1m (2023 net asset of £14.4m).

No arrangements were entered into with another person under which that person gives a guarantee which TfL has power to give under section 160 (4) of the GLA Act and no indemnities associated with the guarantees were given by virtue of section 160 (5) of the GLA Act.

The majority of guarantees granted by TfL are in respect of the obligations of its subsidiaries. These obligations are, in any case, recorded as liabilities on the Group Balance Sheet. The probability of any amounts becoming payable by the Corporation under the above guarantees and indemnities is considered remote. As at 31 March 2024 the fair value of all financial guarantees granted has been recorded as £nil (2023 £nil).

33. Funding and financial risk management

Introduction

TfL is a statutory corporation established under the GLA Act 1999. TfL is funded by revenues, grant and prudential borrowing. The Group's debt is issued by the statutory corporation, Transport for London, in the form of loans from the PWLB, the EIB and EDC, the GLA (via the Mayor's Green Finance Fund), Medium Term Notes under the £5bn TfL Euro Medium Term Note programme, and short-term Commercial Paper under the £2bn TfL Euro Commercial Paper programme.

Treasury Management

TfL has a Treasury Management Strategy which is required to be updated on at least an annual basis. The Treasury Management Strategy for 2023/24 was prepared having regard to the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) Regulations 2003 (as amended), the key recommendations of the Code of Practice and Cross-Sectoral Guidance Notes for Treasury Management in the Public Services (2021 Edition) (the Treasury Management Code) and the Prudential Code for Capital Finance in Local Authorities (2021 Edition) (the Prudential Code), both issued by CIPFA, as well as the key recommendations of the Statutory Guidance on Local Authority Investments (2018 Edition) issued by the Ministry for Housing, Communities and local Government (the Investment Guidance). The strategy was approved by the TfL Finance Committee (a sub-committee of the TfL Board) prior to the commencement of the financial year.

The Group's principal financial instruments comprise borrowings, investments, derivatives, lease liabilities and receivables, PFI liabilities and cash and cash equivalents. These financial instruments are used to manage funding and liquidity requirements. Other financial instruments that arise directly from the Group's operations include trade receivables and payables and other financing liabilities.

The Group monitors the risk profile of its borrowing, investment and derivative programmes against approved benchmarks and provides regular reports to the Chief Finance Officer. Semi-annual reports on overall performance against the approved strategy are considered by the Finance Committee. Section 49 of the TfL Act 2008 confers upon TfL the powers to use derivative financial instruments for risk management purposes only via qualifying subsidiaries.

33. Funding and financial risk management (continued)

The Prudential Borrowing Regime

TfL has the power to borrow as it is treated as a local authority for the purposes of financial management under the Local Government Act 2003. In accordance with this Act, the Mayor, in consultation with TfL, sets an affordable borrowing limit for external debt (including direct borrowing and other long-term liabilities). In setting this limit, the Mayor and TfL are required by regulation to have regard to the Prudential Code. In accordance with the Prudential Code and Treasury Management Code, the TfL Board annually approves a long-term capital strategy and a set of indicators, for prudent and affordable borrowing, for estimates of capital expenditure, for interest rate exposures and the maturity profile of its borrowing.

TfL also agrees its maximum annual incremental borrowing capacity with Government.

Financial Risks and Risk Management

The Group is exposed to a number of financial risks in the normal course of its business operations, the key ones being:

- Credit risk
- Market risk
- Liquidity risk

Each of these risks is managed in accordance with the Group's comprehensive risk management process. The TfL Board, through its Finance Committee, approves and monitors the risk management processes, including documented treasury policies, counterparty limits, and controlling and reporting structures.

Credit risk

Credit risk is managed on a Group-wide basis. Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet contractual obligations. The following categories comprise the main credit exposures of the Group:

33. Funding and financial risk management (continued)

(i) Trade receivables and contract assets

The Group earns the majority of its revenue through prepaid fares. Financial assets arise from: penalty charges, fare revenues not earned on a prepaid basis, commercial activities such as property rental or advertising and amounts due under contractual arrangements from partners or suppliers. The maximum exposure to credit risk at the reporting date is the carrying value disclosed in note 22.

A significant portion of the financial assets arising in the Corporation are with other Group companies. Per note 32, the Corporation has granted guarantees in respect of the obligations of its subsidiaries, mitigating credit risk attached to settlement of these intercompany financial assets.

Customer credit risk is managed by a central credit control function subject to TfL's policy, procedures and control framework. Counterparties are assessed individually for their creditworthiness at the time of entering into contracts and an internal credit rating is assigned.

At each reporting date, the Group applies the IFRS 9 simplified approach to measuring expected credit losses. This approach uses a lifetime expected loss allowance for all trade receivables and contract assets. In determining the expected loss rates, trade receivables and contract assets are considered together based on shared credit risk characteristics. Historical loss rates over the short to medium term are applied to groupings of various customer segments within trade receivables and contract assets. These rates are adjusted to reflect expectations about future credit losses.

Despite the application of a loss allowance, these balances remain subject to enforcement activity and recoveries will be credited against the same line item as the expected credit loss within operating profit. On that basis, the loss allowance as at 31 March 2024 was determined as follows for both trade receivables and contract assets:

Trade debtors and contract assets: Group

	Not overdue £m	Overdue by less than 3 months £m	Overdue by between 3 and 6 months £m	Overdue by between 6 months and 1 year £m	Overdue by more than 1 year £m	Total £m
At 31 March 2024						
Expected credit loss rate	**0.1%**	**70.1%**	**92.7%**	**98.8%**	**99.9%**	**68.2%**
Estimated total gross carrying amount at default	**510.9**	**113.2**	**123.2**	**220.7**	**783.8**	**1,751.8**
Expected credit loss allowance	**(0.7)**	**(79.4)**	**(114.2)**	**(218.0)**	**(782.9)**	**(1,195.1)**
At 31 March 2023						
Expected credit loss rate	0.4%	55.4%	89.5%	98.9%	99.9%	63.0%
Estimated total gross carrying amount at default	534.9	86.3	92.7	221.0	643.8	1,578.7
Expected credit loss allowance	(2.2)	(47.9)	(83.0)	(218.7)	(642.9)	(994.7)

33. Funding and financial risk management (continued)

Trade debtors and contract assets: Corporation

	Not overdue £m	Overdue by less than 3 months £m	Overdue by between 3 and 6 months £m	Overdue by between 6 months and 1 year £m	Overdue by more than 1 year £m	Total £m
At 31 March 2024						
Expected credit loss rate	**-**	**74.3%**	**93.2%**	**99.0%**	**100.0%**	**8.6%**
Estimated total gross carrying amount at default	**12,565.4**	**105.6**	**121.7**	**218.5**	**776.1**	**13,787.2**
Expected credit loss allowance	**-**	**(78.5)**	**(113.4)**	**(216.2)**	**(776.1)**	**(1,184.2)**
At 31 March 2023						
Expected credit loss rate	-	60.7%	89.7%	99.2%	100.0%	7.1%
Estimated total gross carrying amount at default	12,641.6	75.0	92.3	214.1	625.2	13,648.2
Expected credit loss allowance	-	(45.4)	(82.8)	(212.3)	(625.2)	(965.7)

Finance lease receivables for the Group and Corporation are not overdue and no allowance has been recognised.

33. Funding and financial risk management (continued)

Expected credit loss allowance

	Group 2024 £m	Corporation 2024 £m	Group 2023 £m	Corporation 2023 £m
At 1 April	994.7	965.7	607.8	580.2
Provision for expected credit losses	439.8	451.7	435.6	433.0
Write offs	(239.4)	(233.3)	(48.7)	(47.5)
At 31 March	1,195.1	1,184.1	994.7	965.7

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there may be no reasonable expectation of recovery include, amongst other things; failure of a debtor to engage in a repayment plan or advice from TfL's legal department. TfL has a statutory duty to maximise recovery of charges and fees, including road user charges.

(ii) Investments

All cash balances are invested in accordance with TfL's Treasury Management Strategy, which was developed with regard to the Treasury Management Code and the Investment Guidance, and which requires a prudent approach to the investment of surplus funds with priority given to security and liquidity.

Throughout 2023/24 investments were made within limits approved by the Finance Committee. Counterparty limits are set according to the assessed risk of each counterparty and are linked to the credit rating of the institution. Exposures are monitored against these limits on a regular basis.

TfL considers the risk of the overall portfolio as well as individual investments, seeking to diversify its investments and has regard to the exposure to any one counterparty, country, industry, investment type and credit. The investment portfolio is allocated across sovereigns, government agencies, financial institutions, corporates and money market funds.

Certain banks hold collateral on TfL's account to provide security for TfL's reverse repurchase agreement investments. As at 31 March 2024, the fair value of the collateral held amounted to £100m (2023 £100m).

Short-term investments as at 31 March 2024 totalled £1,269.9m (2023 £1,090.0m).

During the year, TfL invested for the first time in the London Treasury Liquidity Fund (LTLF) LP. Whilst the assets of the Fund comprise a single pool of assets, investments by the limited partners are structured as two components, either core commitments or loan commitments. TfL became a limited partner in July 2023 and made an initial core commitment investment of £0.2m with no further investment to date. The core commitment has been recognised at fair value and subsequently measured at FVTPL. In line with the accounting policy the core commitment is held as long term investments due to redemption rules.

33. Funding and financial risk management (continued)

As at 31 March, principal funds managed centrally on behalf of the Group and placed on deposit by the Corporation were as follows:

	Amount £m	Minimum Credit Rating (S&P/ Moody's/ Fitch)	Weighted average days to maturity
At 31 March 2024			
UK Debt Management Office	**360.2**	**P-1/A-1+/F1+**	**30**
Other Government Agencies	**141.4**	**P-1/A-1+/F1+**	**35**
Money Market Funds	**246.3**	**AAA/AAA/AAA**	**1**
Banks (including Gilt backed repos)	**399.9**	**P-1/A-1/F1**	**12**
Corporates	**122.1**	**P-1/A-1/F1**	**43**
Total	**1,269.9**		**20**
At 31 March 2023			
UK Debt Management Office	371.5	P-1/A-1+/F1+	20
Other Government Agencies	69.7	P-1/A-1+/F1+	12
Money Market Funds	199.0	AAA/AAA/AAA	1
Banks (including Gilt backed repos)	377.0	P-1/A-1/F1	13
Corporates	72.8	P-1/A-1/F1	46
Total	1,090.0		15

All of the entity's cash and investments are considered to have low credit risk; they are highly rated by major rating agencies, have a low risk of default and the counterparties have a strong capacity to meet obligations in the near term. While low risk, these remain subject to the impairment requirements of IFRS 9 at each reporting date. The identified 12 month expected loss allowance at 31 March 2024 and as at 31 March 2023 was immaterial.

33. Funding and financial risk management (continued)

(iii) Derivative financial instruments

Counterparty limits are established and monitored in accordance with TfL's Policy relating to the use of Derivative Investments, which was approved by the TfL Finance Committee. The Group spreads its exposure over a number of counterparties and has strict policies on how much exposure can be assigned to each counterparty.

The Group's maximum credit risk exposure relating to financial derivative instruments is noted in the maturity profile of derivatives tables within the market risk section of this note. The credit risk with regard to financial derivative instruments is limited because TfL has arrangements in place with each bank wherein, should the derivative be in an asset position for TfL and the market value reaches a contractually defined threshold, TfL can call upon the bank to post collateral in cash or eligible securities. TfL only envisages using these rights in the event that the financial strength of the institution has deteriorated since the limits were approved.

(iv) Guarantees

The Corporation provides guarantees to third parties under section 160 of the GLA Act, as disclosed in note 32, which are deemed necessary for the fulfilment of its policies. The Group's policy is to recognise financial guarantees at the higher of an expected credit loss allowance and the amount initially recognised as fair value less any amortisation that has occurred to date. As at 31 March 2024, the fair value of the Corporation's financial guarantees has been assessed as £nil (2023 £nil).

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and inflation will affect the Group's income, expenditure or the value of its holdings of financial instruments. The Group, through its wholly owned subsidiary, Transport for London Finance Limited, uses derivatives (hedging instruments) to reduce exposure to interest rate and foreign exchange rate movements (the hedged risks) on existing contracts and highly probable future transactions. The Group does not use derivative financial instruments for speculative purposes.

On inception, all interest rate derivatives and foreign currency derivative instruments hedging commercial contracts are designated in highly effective hedge relationships and hedge accounting is applied. If a derivative should no longer satisfy the hedging criteria in accordance with adopted IFRS 9 Financial Instruments (IFRS 9), hedge accounting ceases and the derivative is fair valued immediately through the Comprehensive Income and Expenditure Statement.

The use of derivative instruments can itself give rise to credit and market risk. Market risk is the possibility that future changes in interest rates may make a derivative more or less valuable. Since the Group uses derivatives for risk management, market risk relating to derivative instruments is principally offset by changes in the cash flows of the transactions being hedged.

33. Funding and financial risk management (continued)

For the years ended 31 March 2024 and 2023 all derivatives in designated cash flow hedge relationships were assessed as highly effective and no ineffectiveness was recognised. Accordingly, the full movement in the fair value of those derivatives was taken to reserves.

(i) Foreign exchange risk

During 2023/24, TfL held certain short-term investments denominated in Euros. These foreign currency denominated investments were swapped back to GBP through the use of forward foreign exchange contracts. These contracts were not in formally designated hedging relationships for accounting purposes, as the currency gain or loss on retranslation of the investments is offset within net cost of services at the Group level by the movement in the fair value of the derivative instruments. As at 31 March 2024, the Group held foreign exchange contracts to hedge €66.3m future Euro receipts in relation to its Euro investments (2023 €119.6m). Throughout the year, the hedging strategy provided an effective offset of fair value movements due to holding foreign currency investments. The unrealised exchange net gain was £0.3m as at 31 March 2023 (2023 a net gain of £0.7m). These derivative instruments mature in the period to May 2024.

During 2023/24, TfL issued Commercial Paper denominated in Euros and US Dollars. These foreign currency denominated borrowings were swapped back to GBP through the use of forward foreign exchange contracts. These contracts were not in formally designated hedging relationships for accounting purposes, as the currency gain or loss on retranslation of the borrowings is offset within net cost of services at the Group level by the movement in the fair value of the derivative instruments. As at 31 March 2024, the Group held foreign exchange contracts to hedge €99.5m and $24.9m future Euro and US Dollars payments in relation to its Euro and US Dollar Commercial Paper (2023 zero). Throughout the year, the hedging strategy provided an effective offset of fair value movements due to holding foreign currency investments. The unrealised exchange net gain was £nil as at 31 March 2023 (2023 £nil). These derivative instruments mature in the period to May 2024.

For 2023/24, the broad policy on managing transactional foreign exchange risk arising from contractual obligations with overseas providers was to retain the risk where there was a value in doing so, where the exposure was highly probable and the risk profile highly certain. For exposures not meeting these criteria, the exchange risk was passed on to the vendor. These exchange rate exposures were managed through the use of forward foreign exchange contracts whose critical terms are closely aligned to the exposure, such as notional amount, expected maturity date and currency. Hedge accounting is applied to these derivative instruments.

Where funds were received in specific currencies in which the Group expected to have future exposures, the Treasury Management Strategy made allowances to place these funds on deposit. This gave the Group the flexibility to offer certain payments in specific foreign currencies where required.

Effects of hedge accounting - Foreign currency hedges in relation to capital expenditure

At 31 March 2024, the Group held forward foreign exchange derivative contracts in Euros, Canadian Dollars, Swedish Krona and Chinese Yuan Renminbi. These forward contracts hedge planned foreign currency capital expenditure payments with a nominal value of £319.5m (2023 £266.9m). At 31 March 2024, these contracts had a combined net fair value of £(17.9)m (2023 £(11.1)m). The fair value of forward contracts was recognised in equity at 31 March 2024, with the exception of Chinese Yuan Renminbi contracts with a fair value of £nil for which hedge accounting was discontinued as future hedged payments in that currency were no longer considered probable. The fair value gain/loss is recognised in the income statement. For all other currencies, once hedged purchases occur, the subsequent realised gain or loss will be transferred to fixed asset additions as a basis adjustment.

33. Funding and financial risk management (continued)

The hedge ratio is 1:1. The economic relationship of all hedging relationships has been assessed as effective and the change in value of hedged items has been offset by the change in value of hedging instruments.

It is expected that the hedged purchases will take place in the period to September 2029. Detail on the maturity of these contracts is disclosed later in this note.

The Group has no other material financial assets or liabilities denominated in foreign currencies, and thus has no general translation exposure to gains or losses arising from movements in exchange rates.

Sensitivity analysis on foreign exchange risk at 31 March

	2024 Net nominal value £m	2024 Fair value £m	2024 Fair value after a 10% increase in GBP against other currency £m	2024 Fair value after a 10% decrease in GBP against other currency £m	2023 Net nominal value £m	2023 Fair value £m	2023 Fair value after a 10% increase in GBP against other currency £m	2023 Fair value after a 10% decrease in GBP against other currency £m
Impact on Comprehensive Income and Expenditure								
Net sell								
Euros	**(57.2)**	**0.3**	**5.4**	**(6.0)**	(105.6)	0.7	10.3	(11.0)
Net buy								
Euros	**85.5**	**(0.1)**	**(7.9)**	**9.3**	-	-	-	-
USD dollars	**19.8**	**0.1**	**(1.7)**	**2.3**	-	-	-	-
Chinese Yuan Renminbi	**-**	**(0.1)**	**-**	**(0.1)**	-	-	-	-
	n/a	**0.2**	**(4.2)**	**5.5**	n/a	0.7	10.3	(11.0)
Impact on Hedging Reserves								
Net buy								
Euros	**296.3**	**(16.4)**	**(42.4)**	**15.4**	217.1	(9.4)	(28.2)	13.6
Canadian dollars	**6.0**	**(0.1)**	**(0.6)**	**0.5**	15.3	(0.3)	(1.7)	1.4
Swedish Krona	**17.3**	**(1.4)**	**(2.9)**	**0.4**	20.0	(1.4)	(3.2)	0.7
Chinese Yuan Renminbi	**-**	**-**	**-**	**-**	7.2	-	(0.6)	0.9
	n/a	**(17.9)**	**(45.9)**	**16.3**	n/a	(11.1)	(33.7)	16.6
Total (liability)/asset	**n/a**	**(17.7)**	**(50.1)**	**21.8**	n/a	(10.4)	(23.4)	5.6

33. Funding and financial risk management (continued)

(ii) Interest rate risk

The Group is mainly exposed to interest rate risk on its planned future borrowings. As TfL is required by legislation to produce a balanced Budget and also produces a balanced Business Plan, any uncertainty over the cost of future borrowing requires funding to be set aside in the Business Plan against that risk rather than being invested in the transport system.

In addition to raising borrowings at fixed rates, to achieve certainty over the cost of planned borrowings, TfL, through its wholly owned subsidiary, Transport for London Finance Limited, can employ derivatives to fix the floating interest rates risk of highly probable and existing borrowings. Transport for London Finance Limited also holds interest rate swaps to fix the floating interest rate risk within committed lease payments for rolling stock. The critical terms of these derivative instruments are closely aligned to the payment schedules and hedge accounting is applied.

The Group is also exposed to interest rate risk in respect of its investments. Investments are made in accordance with the Treasury Management Strategy, which prioritises security and liquidity over yield.

Effects of hedge accounting - Interest rate swaps

As at 31 March 2024, the Group, through its wholly owned subsidiary, Transport for London Finance Limited, held seven float to fixed interest rate swaps at a total notional value of £723.5m (2023 two interest rate swaps at a total notional value of £147.0m).

33. Funding and financial risk management (continued)

During the year, five additional interest rate swaps were entered into in July 2023, hedging interest rate risk on lease payments on an existing lease at a total notional value of £581.0m initially. These new swaps were designated in a hedge relationship with the lease payments for the respective lease now fully hedged.

The net fair value of outstanding interest rate swap contracts at 31 March 2024 was a liability of £12.4m (2023 net asset of £24.7m). The fair value is recognised in equity at 31 March 2024 and will be transferred to net financing costs within the Comprehensive Income and Expenditure Statement as the hedged lease payments occur.

The hedge ratio is 1:1. The economic relationship of all hedging relationships has been assessed as effective and the change in value of hedged items has been offset by the change in value of hedging instruments.

It is expected that the hedged interest payments will take place in the period to January 2039. Details on the maturity of these contracts are disclosed later in this note.

Sensitivity analysis on interest rate risk

(a) Fair value sensitivity analysis for fixed interest instruments

All of the Group's non-derivative financial instruments with fixed rates of interest are accounted for at amortised cost. Fluctuations in market interest rates would therefore have no impact on the Balance Sheet or on net income figures in respect of these items.

(b) Fair value sensitivity analysis for derivative instruments

As at 31 March 2024, the Group holds interest rate derivative contracts with a combined notional value of £723.5m (2023 £147m) which are designated as cash flow hedges.

An increase/(decrease) of 100 basis points in interest rates would increase/(decrease) the fair value of the derivative instruments by £65.4m/£(71.7)m (2023 £12.5m/£(14.4)m).

(iii) Inflation risk

The Group has a number of exposures to inflation including staff pay awards, operating costs and passenger income. The Group has not entered into any derivative instrument to manage its exposure to inflation risk. Historically this risk has been partially offset with index linked revenues and index linked costs creating a natural hedge within the Group.

33. Funding and financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Maintaining sufficient cash reserves and having access to a diverse range of flexible funding sources ensures the Group has sufficient liquidity to meet its liabilities, in both normal and stressed conditions.

Liquidity risk is primarily managed by maintaining a minimum level of cash reserves of at least 60 days' worth of forecast annual operating expenditure, equivalent to approximately £1.3bn.

The Corporation has access to several external sources of financing, which are sufficient to meet anticipated funding requirements, within the affordable borrowing limit set by the Mayor. Providing market conditions permit access, the Corporation can raise debt on the capital markets through its established £5bn Medium Term Note programme and £2bn Commercial Paper programme. Alternatively, and in addition, TfL has direct access to reliable funding from the Public Works Loan Board and has an arranged, uncommitted, £0.1bn overdraft facility and a further £0.1bn uncommitted money market line facility. Funding facilities are not subject to financial covenants. TfL can also secure financing from financial institutions.

Debt maturities are diversified over short-, medium- and long-term horizons that broadly equate to the lives of the assets that were funded by this source. This ensures refinancing risk is minimised. The contractual maturities of the Group and Corporation's borrowing and other financial liabilities are listed later in this note.

Due to the active liquidity management and mitigations outlined, there is no significant risk that TfL will be unable to fund its planned financial commitments.

33. Funding and financial risk management (continued)

Maturity profile of derivatives

The Group's foreign currency derivatives have the following maturities:

At 31 March	2024 Average exchange rate	2024 Fair value £m	2024 Notional amount £m	2023 Average exchange rate	2023 Fair value £m	2023 Notional amount £m
Foreign currency forward contracts						
Buy Euro						
Less than one year	**0.898**	**(9.7)**	**213.7**	0.888	(1.5)	69.6
Between one and two years	**0.905**	**(5.9)**	**110.2**	0.913	(5.0)	85.9
Between two and five years	**0.914**	**(0.9)**	**55.7**	0.917	(2.9)	58.1
After five years	**0.953**	**(0.1)**	**2.1**	0.952	(0.1)	3.5
Sell Euro						
Less than one year	**0.859**	**0.3**	**(57.2)**	0.886	0.7	(105.6)
Total Euro	**0.907**	**(16.3)**	**324.5**	0.910	(8.8)	111.5
Buy US Dollars						
Less than one year	**0.787**	**0.1**	**19.8**	-	-	-
Total US Dollars	**0.787**	**0.1**	**19.8**	-	-	-
Buy Canadian Dollars						
Less than one year	**0.589**	**(0.1)**	**3.5**	0.610	(0.3)	15.3
Between one and two years	**0.594**	**-**	**2.1**	-	-	-
Between two and five years	**0.593**	**-**	**0.4**	-	-	-
Total Canadian Dollars	**0.591**	**(0.1)**	**6.0**	0.610	(0.3)	15.3

33. Funding and financial risk management (continued)

Maturity profile of derivatives (continued)

The Group's foreign currency derivatives have the following maturities:

At 31 March	2024 Average exchange rate	2024 Fair value £m	2024 Notional amount £m	2023 Average exchange rate	2023 Fair value £m	2023 Notional amount £m
Foreign currency forward contracts						
Buy Swedish Krona						
Less than one year	**0.082**	**(0.7)**	**3.0**	0.084	(0.7)	9.5
Between one and two years	**0.081**	**(0.5)**	**12.3**	0.086	(0.4)	5.5
Between two and five years	**0.086**	**(0.2)**	**2.0**	0.086	(0.3)	5.1
Total Swedish Krona	**0.082**	**(1.4)**	**17.3**	0.085	(1.4)	20.1
Buy Chinese Yuan Renminbi						
Less than one year	**-**	**-**	**-**	0.115	0.1	6.7
Between one and two years	**-**	**-**	**-**	0.122	-	0.5
Total Chinese Yuan Renminbi	**-**	**-**	**-**	0.117	0.1	7.2
Grand total	**n/a**	**(17.7)**	**367.6**	n/a	(10.4)	154.1

33. Funding and financial risk management (continued)

Maturity profile of derivatives (continued)

The Group's interest rate derivatives have the following maturities:

At 31 March	**2024 Average contracted fixed interest rate (%)**	**2024 Fair value £m**	**2024 Notional amount £m**	2023 Average contracted fixed interest rate (%)	2023 Fair value £m	2023 Notional amount £m
Interest rate hedges						
After five years	**3.942**	**(12.4)**	**723.5**	1.866	24.7	147.0
Total	**3.942**	**(12.4)**	**723.5**	1.866	24.7	147.0

TfL was conferred the legal powers to enter into derivatives for the purpose of risk mitigation via qualifying subsidiaries. The Corporation does not itself have the legal powers to enter into derivative transactions. TfL has entered into these contracts for the purpose of risk management and intends to hold these contracts to maturity as hedges against the underlying transactions.

33. Funding and financial risk management (continued)

Maturity profile of derivatives (continued)

The following tables detail the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

	Less than one year £m	Between one and two years £m	Between two and five years £m	More than five years £m	Total £m
Group – at 31 March 2024					
Derivatives settled gross					
Foreign exchange forward contracts:					
Amounts receivable	**366.3**	**133.6**	**67.3**	**2.5**	**569.7**
Amounts payable	**(377.5)**	**(142.7)**	**(70.8)**	**(2.7)**	**(593.7)**
Derivatives settled net					
Interest rate swaps	**6.4**	**0.5**	**(10.4)**	**(12.3)**	**(15.8)**
	(4.8)	**(8.6)**	**(13.9)**	**(12.5)**	**(39.8)**
Group – at 31 March 2023					
Derivatives settled gross					
Foreign exchange forward contracts:					
Amounts receivable	232.7	96.2	70.6	3.5	403.0
Amounts payable	(234.9)	(103.7)	(76.0)	(3.8)	(418.4)
Derivatives settled net					
Interest rate swaps	3.7	2.3	6.7	18.3	31.0
	1.5	(5.2)	1.3	18.0	15.6

The total asset or liability due to the Group as recognised on the Balance Sheet is the fair value of the derivatives, as this represents the cost to terminate. As such it differs from the total net contractual payments shown in the table above. At 31 March 2024, the fair value of the interest rate derivatives was a net liability of £12.4m (2023 £24.7m net asset). The fair value of forward exchange derivatives was a net liability of £17.7m (2023 £10.4m net liability).

33. Funding and financial risk management (continued)

Contractual maturity of financial liabilities

The following table details the Group and the Corporation's remaining contractual maturity for their non derivative financial liabilities. The table has been drawn up on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group or Corporation can be required to pay and, therefore differs from the carrying value and the fair value. The table includes both interest and principal cash flows.

	Less than one year £m	Between one and two years £m	Between two and five years £m	More than five years £m	Total £m
Group - as at 31 March 2024					
Trade and other creditors	**1,796.0**	**173.5**	**-**	**-**	**1,969.5**
Borrowings - principal	**869.9**	**595.7**	**815.9**	**10,680.0**	**12,961.5**
Borrowings - interest	**522.8**	**435.5**	**1,171.0**	**6,487.5**	**8,616.8**
Right-of-use lease liabilities	**372.7**	**300.7**	**690.5**	**2,164.7**	**3,528.6**
PFI liabilities	**18.8**	**18.1**	**44.4**	**5.2**	**86.5**
Other financing liabilities	**23.9**	**13.4**	**40.1**	**53.5**	**130.9**
	3,604.1	**1,536.9**	**2,761.9**	**19,390.9**	**27,293.8**
Group - as at 31 March 2023					
Trade and other creditors	1,823.0	54.5	-	-	1,877.5
Borrowings - principal	698.9	246.5	1,019.2	10,972.4	12,937.0
Borrowings - interest	362.3	512.0	1,241.3	6,803.7	8,919.3
Right-of-use lease liabilities	359.5	297.0	555.7	1,898.6	3,110.8
PFI liabilities	18.3	18.8	54.4	13.4	104.9
Other financing liabilities	20.9	13.4	40.1	66.9	141.3
	3,282.9	1,142.2	2,910.7	19,755.0	27,090.8
Corporation - as at 31 March 2024					
Trade and other creditors	**692.8**	**38.2**	**-**	**-**	**731.0**
Borrowings - principal	**869.9**	**595.7**	**815.9**	**10,680.0**	**12,961.5**
Borrowings - interest	**522.8**	**435.5**	**1,171.0**	**6,487.5**	**8,616.8**
Right-of-use lease liabilities	**35.0**	**34.3**	**99.0**	**256.2**	**424.5**
PFI lease liabilities	**18.8**	**18.1**	**44.4**	**5.2**	**86.5**
	2,139.3	**1,121.8**	**2,130.3**	**17,428.9**	**22,820.3**
Corporation - as at 31 March 2023					
Trade and other creditors	806.2	35.2	-	-	841.4
Borrowings - principal	698.9	246.5	1,019.2	10,972.4	12,937.0
Borrowings - interest	362.3	512.0	1,241.3	6,803.7	8,919.3
Right-of-use lease liabilities	36.7	34.6	99.2	278.8	449.3
PFI lease liabilities	18.3	18.8	54.4	13.4	104.9
	1,922.4	847.1	2,414.1	18,068.3	23,251.9

33. Funding and financial risk management (continued)

Fair values

In accordance with IFRS 13, the fair values of the financial assets and liabilities are calculated as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- Cash and cash equivalents – approximates to the carrying amount
- Short-term investments – approximates to the carrying amount because of the short maturity of these instruments
- Long-term investments – for assets measured at amortised cost, by reference to bid prices at the close of business on the balance sheet date, within Level 1 of the fair value hierarchy as defined within IFRS 13. For the investment in the London Treasury Liquidity Fund LP, which is measured at FVTPL, it is classed as Level 2
- Trade and other debtors - approximates to the carrying amount
- Derivative financial instruments – in the absence of quoted market prices, derivatives are valued by using quoted forward prices for the underlying commodity/currency and discounted using quoted interest rates (both as at the close of business on the balance sheet date). Hence, derivatives are within Level 2 of the fair value hierarchy as defined within IFRS 13:
    - Forward exchange contracts – based on market data and exchange rates at the balance sheet date
    - Interest rate swaps and forward starting interest rate swaps – based on the net present value of discounted cash flows
- Trade and other creditors - approximates to the carrying amount
- Long-term borrowings – determined by calculating the discounted value of the future cash flows (redemption and interest) using appropriate discount rates, based on observable market data, in effect at the balance sheet date at Level 2 of the fair value hierarchy. Fair value approximates to the carrying amount in the case of short-term commercial paper
- Right-of-use lease liabilities – approximates to the carrying amount
- PFI liabilities – approximates to the carrying amount
- Other financing liabilities – approximates to the carrying amount

33. Funding and financial risk management (continued)

Fair values (continued)

The fair values of the Group's financial assets and liabilities together with the carrying amounts recorded in the Balance Sheet are illustrated below:

At 31 March	2024 Carrying value £m	2024 Fair value £m	2023 Carrying value £m	2023 Fair value £m
Long term				
Financial assets measured at amortised cost				
Finance lease receivables	**2.7**	**2.7**	9.1	9.1
Debtors	**13.0**	**13.0**	40.1	40.1
Financial assets measured at fair value				
Derivative in cash flow hedge relationship	**28.6**	**28.6**	26.2	26.2
Derivatives not in a hedge relationship	**-**	**-**	-	-
Long-term investments	**0.2**	**0.2**	-	-
Current				
Financial assets measured at amortised cost				
Cash and cash equivalents	**1,489.3**	**1,489.3**	1,387.5	1,387.5
Short-term investments	**5.8**	**5.8**	15.0	15.0
Debtors	**543.7**	**543.7**	520.9	520.9
Finance lease receivables	**5.2**	**5.2**	5.2	5.2
Financial assets measured at fair value				
Derivative in cash flow hedge relationship	**0.3**	**0.3**	1.0	1.0
Derivatives not in a hedge relationship	**0.4**	**0.4**	0.7	0.7
Total financial assets	**2,089.2**	**2,089.2**	**2,005.7**	**2,005.7**
Long term				
Financial liabilities measured at amortised cost				
Creditors	**(173.5)**	**(173.5)**	(54.5)	(54.5)
Borrowings	**(12,071.6)**	**(11,957.7)**	(12,216.6)	(12,561.5)
Right-of-use lease liabilities	**(2,029.2)**	**(2,029.2)**	(1,915.9)	(1,915.9)
PFI liabilities	**(61.2)**	**(61.2)**	(76.7)	(76.7)
Other financing liabilities	**(94.7)**	**(94.7)**	(115.1)	(115.1)
Financial liabilities measured at fair value				
Derivatives in a cash flow hedge relationship	**(48.6)**	**(48.6)**	(10.1)	(10.1)
Derivatives not in a hedge relationship	**-**	**-**	-	-
Current				
Financial liabilities measured at amortised cost				
Creditors	**(1,796.0)**	**(1,796.0)**	(1,823.0)	(1,823.0)
Borrowings	**(864.0)**	**(903.7)**	(693.7)	(719.3)

Right-of-use lease liabilities	**(275.4)**	**(275.4)**	(299.6)	(299.6)
PFI liabilities	**(15.5)**	**(15.5)**	(14.3)	(14.3)
Other financing liabilities	**(20.5)**	**(20.5)**	(6.6)	(6.6)
Financial liabilities measured at fair value				
Derivatives in a cash flow hedge relationship	**(10.6)**	**(10.6)**	(3.4)	(3.4)
Derivatives not in a hedge relationship	**(0.2)**	**(0.2)**	-	-
Total financial liabilities	**(17,461.0)**	**(17,386.8)**	(17,229.5)	(17,600.0)
Net financial assets/(liabilities)	**(15,371.8)**	**(15,297.6)**	(15,223.8)	(15,594.3)

33. Funding and financial risk management (continued)

The fair values of financial assets and liabilities of the Corporation determined in accordance with IFRS 13, together with the carrying amounts recorded in the Balance Sheet are:

At 31 March	2024 Carrying value £m	2024 Fair value £m	2023 Carrying value £m	2023 Fair value £m
Long term				
Financial assets measured at amortised cost				
Debtors	**12,214.4**	**12,214.4**	12,319.2	12,319.2
Financial assets measured at fair value				
Long-term investments	**0.2**	**0.2**	-	-
Current				
Financial assets measured at amortised cost				
Cash and cash equivalents	**1,294.2**	**1,294.2**	1,131.3	1,131.3
Debtors	**576.2**	**576.2**	351.9	351.9
Total financial assets	**14,085.0**	**14,085.0**	13,802.4	13,802.4
Long term				
Financial liabilities measured at amortised cost				
Creditors	**(38.2)**	**(38.2)**	(35.2)	(35.2)
Borrowings	**(12,075.6)**	**(11,957.7)**	(12,221.5)	(12,561.5)
Right-of-use lease liabilities	**(324.1)**	**(324.1)**	(341.1)	(341.1)
PFI liabilities	**(61.2)**	**(61.2)**	(76.7)	(76.7)
Current				
Financial liabilities measured at amortised cost				
Creditors	**(692.8)**	**(692.8)**	(806.2)	(806.2)
Borrowings	**(864.0)**	**(903.7)**	(693.7)	(719.4)
Right-of-use lease liabilities	**(25.6)**	**(25.6)**	(27.0)	(27.0)
PFI liabilities	**(15.5)**	**(15.5)**	(14.3)	(14.3)
Total financial liabilities	**(14,097.0)**	**(14,018.8)**	(14,215.7)	(14,581.4)
Net financial (liabilities)/assets	**(12.0)**	**66.2**	(413.3)	(779.0)

33. Funding and financial risk management (continued)

Income, Expense, Gains and Losses - Group

At 31 March	2024 Financial liabilities measured at amortised cost £m	2024 Financial assets at amortised cost £m	2024 Financial assets at FVOCI £m	2024 Financial assets FVTPL £m	2024 Financial liabilities FVTPL £m	2024 Total £m	2023 Financial liabilities measured at amortised cost £m	2023 Financial assets at amortised cost £m	2023 Financial assets at FVOCI £m	2023 Financial assets FVTPL £m	2023 Financial liabilities FVTPL £m	2023 Total £m
Interest expense	**454.1**	**-**	**-**	**-**	**-**	**454.1**	411.9	-	-	-	-	411.9
Interest on defined benefit pension	**-**	**-**	**(80.4)**	**-**	**-**	**(80.4)**	-	-	79.3	-	-	79.3
Interest on right of use lease and PFI liabilities	**112.7**	**-**	**-**	**-**	**-**	**112.7**	81.7	-	-	-	-	81.7
Reduction in fair value	**-**	**-**	**189.9**	**-**	**-**	**189.9**	-	-	155.0	-	-	155.0
Expected and actual credit losses	**-**	**445.8**	**-**	**-**	**-**	**445.8**	-	445.3	-	-	-	445.3
Impairment losses	**(1.1)**	**-**	**-**	**-**	**-**	**(1.1)**	(27.8)	-	-	-	-	(27.8)
Fee expense	**55.1**	**-**	**-**	**-**	**-**	**55.1**	16.6	-	-	-	-	16.6
Other financing and investment expenditure	**6.0**	**-**	**-**	**-**	**-**	**6.0**	10.5	-	-	-	-	10.5
Total expense in Surplus on the Provision of Services	626.8	445.8	109.5	-	-	1,182.1	**492.9**	**445.3**	**234.3**	**-**	**-**	**1,172.5**
Interest income	**-**	**-**	**-**	**(64.7)**	**-**	**(64.7)**	-	-	-	(27.9)	-	(27.9)
Finance lease interest	**(0.3)**	**-**	**-**	**-**	**-**	**(0.3)**	(0.8)	-	-	-	-	(0.8)
Other investment income	**-**	**-**	**-**	**(4.6)**	**-**	**(4.6)**	-	-	-	(4.4)	-	(4.4)
Total income in Surplus on the provision of services	**(0.3)**	**-**	**-**	**(69.3)**	**-**	**(69.6)**	**(0.8)**	**-**	**-**	**(32.3)**	**-**	**(33.1)**
Net loss/(gain) for the year	**626.5**	**445.8**	**109.5**	**(69.3)**	**-**	**1,112.5**	**492.1**	**445.3**	**234.3**	**(32.3)**	**-**	**1,139.4**

33. Funding and financial risk management (continued)

Income, Expense, Gains and Losses - Corporation

At 31 March	2024 Financial liabilities measured at amortised cost £m	2024 Financial assets at amortised cost £m	2024 Financial assets at FVOCI £m	2024 Financial assets FVTPL £m	2024 Total £m	2023 Financial liabilities measured at amortised cost £m	2023 Financial assets at amortised cost £m	2023 Financial assets at FVOCI £m	2023 Financial assets FVTPL £m	2023 Total £m
Interest expense	471.1	-	-	-	471.1	435.6	-	-	-	435.6
Interest on defined benefit pension	-	-	(80.4)	-	(80.4)	-	-	78.2	-	78.2
Interest on right of use lease and PFI liabilities	14.2	-	-	-	14.2	14.8	-	-	-	14.8
Reduction in fair value	-	-	26.4	-	26.4	-	-	14.0	-	14.0
Expected and actual credit losses/(reversals)	-	451.9	-	-	451.9	-	432.9	-	-	432.9
Impairment losses	-	-	-	-	-	(9.6)	-	-	-	(9.6)
Fee expense	16.6	-	-	-	16.6	11.2	-	-	-	11.2
Other financing and investment expenditure	1.0	-	-	-	1.0	5.4	-	-	-	5.4
Total expense in Surplus on the Provision of Services	502.9	451.9	(54.0)	-	900.8	457.4	432.9	92.2	-	982.5
Interest income	-	(493.9)	-	-	(493.9)	-	(430.1)	-	-	(430.1)
Other investment income	-	-	-	(1.9)	(1.9)	-	-	-	(1.9)	(1.9)
Total income in Surplus on the provision of services	-	(493.9)	-	(1.9)	(495.8)	-	(430.1)	-	(1.9)	(432.0)
Net loss/(gain) for the year	502.9	(42.0)	(54.0)	(1.9)	405.0	457.4	2.8	92.2	(1.9)	550.5

34. Pensions

The majority of the Group's staff were members of the Public Sector Section of the TfL Pension Fund. The majority of the Group's remaining staff were members of London Pension Fund Authority Pension Fund, the Principal Civil Service Pension Scheme, the Crossrail Shared Cost Section of the Railways Pension Scheme (Crossrail Section) or the Tube Lines defined contribution scheme.

a) Reconciliation of amounts included in net cost of services and amounts included in staff costs

For the year ended 31 March	Note	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
TfL Pension Fund		**290.5**	578.5	**351.7**	351.7
Local Government Pension Fund		**0.7**	1.5	**1.5**	1.5
Crossrail Section of the Railways Pension Scheme		**0.5**	1.9	**-**	-
Unfunded schemes provision		**0.2**	0.8	**0.8**	0.8
Total for schemes accounted for as defined benefit		**291.9**	582.7	**354.0**	354.0
Principal Civil Service Pension Scheme		**0.6**	0.6	**0.6**	0.6
Other schemes and accrued costs		**9.3**	0.9	**0.3**	0.3
Less: pension costs capitalised		**(0.5)**	-	**-**	-
Amounts included in net cost of services		**301.3**	584.2	**58.0**	354.9
Less: scheme expenses		**(19.9)**	(19.7)	**(19.4)**	(19.4)
Add: current service costs capitalised		**0.5**	-	**-**	-
Amount included in staff costs	4	**281.9**	564.5	**38.6**	335.5

34. Pensions (continued)

b) Defined benefit schemes

This section deals with those pension funds to which the Group contributes that are accounted for under IAS 19 as defined benefit schemes.

Public Sector Section of the TfL Pension Fund (TfL Pension Fund)

The TfL Pension Fund is a final salary scheme established under trust. The Fund's Trustee is the TfL Trustee Company Limited, a wholly owned subsidiary of TfL. Under the rules of the Fund, its 18 Trustee Directors are nominated in equal numbers by TfL and on behalf of the Fund's membership.

Every three years, the TfL Pension Fund actuary makes valuations and recommends the level of contributions to be made by the participating employers to ensure the long-term solvency of the Fund. The latest available valuation of the Fund was carried out as at 31 March 2021 by the Actuary, a partner of consulting actuaries Willis Towers Watson, using the projected unit method. A revised Schedule of Contributions was agreed between the Trustee and the employers following the formal funding valuation of the Public Sector Section.

Under the valuation report, the Fund held a surplus of £179m as at 31 March 2021. Assets totalled £13,085m and the defined benefit obligation totalled £12,906m. A revised Schedule of Contributions was agreed between the Trustee and the employers following the formal funding valuation. This set out a future service contribution rate of 27.3 per cent for the employers and five per cent for members.

The underlying assets and defined benefit obligation of the TfL Pension Fund cover a number of Group entities and cannot be readily split between each undertaking. No contractual agreement is in place to allocate the total net obligation between the member entities. Thus, in accordance with IAS 19, the Corporation, as the Scheme sponsor, has recognised the total net defined benefit obligation in its own individual accounts.

A separate valuation of the TfL Pension Fund has been prepared, by actuaries at the XPS Pensions Group, for accounting purposes on an IAS 19 basis as at 31 March 2024. The assumptions used by the actuaries are the best estimates chosen from a range of possible actuarial assumptions, while the present value of the schemes' defined benefit obligation is derived from cash flow projections. Due to the timescale covered, neither the assumptions nor the cash flow projections may necessarily be borne out in practice. Management has assessed that TfL has an unconditional right to a refund of surplus assets for accounting purposes under IAS 19 assuming the gradual settlement of plan liabilities after consideration of the Trust Deed and Rules. Therefore, any net surplus is recognised in full.

The defined benefit obligation for the TfL Pension Fund has been calculated using the mortality assumptions adopted for the latest available funding valuation as at 31 March 2021. Standard mortality tables were used, adjusted to reflect the recent mortality experience of the Fund's pensioners at that date. An allowance was made for future mortality improvements based on the CMI 2021 projections with a long-term improvement rate of 1.25 per cent per annum. No weighting has been given to 2020 or 2021 mortality experience, given the exceptional impact of the coronavirus pandemic on these years.

The discounted scheme liabilities have an average duration of 16 years.

34. Pensions (continued)

London Pension Fund Authority Pension Fund (Local Government Pension Fund)

The London Pension Fund Authority Pension Fund is a funded multi-employer defined benefit scheme, administered by the London Pension Fund Authority. The Corporation is able to identify its share of the assets and defined benefit obligation of the scheme and this scheme has therefore been accounted for as a defined benefit scheme under IAS 19. Employer's contributions were payable at the rate of 15.6 per cent for 2023/24 (2022/23 15.6 per cent) of pensionable pay, plus a lump sum deficit reduction payment of £nil (2022/23 £nil). The Corporation's share of the underlying assets and defined benefit obligation resulted in an IAS 19 deficit as at 31 March 2024 of £(7.3)m (2023 £0.5m). The discounted scheme liabilities have an average duration of 17 years.

The last full actuarial valuation available was carried out at 31 March 2022. The report showed a funding surplus of £1.63bn at that date. The annual report and financial statements for the whole scheme can be found on the London Pension Fund Authority's website (www.lpfa.org.uk). A separate valuation as at 31 March 2024 has been prepared for accounting purposes on an IAS 19 basis by Barnett Waddington LLP.

Crossrail Shared Cost Section of the Railways Pension Scheme (Crossrail Section)

Crossrail Limited (CRL) participates in the Crossrail Section of the Railways Pension Scheme which is accounted for in these financial statements as a defined benefit pension scheme under IAS 19.

The latest available full actuarial valuation of the Scheme was carried out at 31 December 2019. The report showed a funding surplus of £5.9m. This was translated into a current employer contribution level of 20.9 per cent. A separate valuation has been prepared for accounting purposes on an IAS 19 basis as at 31 March 2024 by actuaries at the XPS Pensions Group. Assumptions underlying this valuation have been updated from the full actuarial valuation of the scheme carried out at 31 December 2019. The Group's share of the underlying assets and defined benefit obligation resulted in an IAS 19 surplus, as at 31 March 2024, of £3.4m (2023 surplus of £1.4m). The discounted Crossrail Section liabilities have a duration of approximately 19 years. Management has assessed that TfL has an unconditional right to a refund of surplus assets for accounting purposes under IAS 19 assuming the gradual settlement of plan liabilities after consideration of the deed of the established section together with the Adopted Rules. Therefore, any net surplus is recognised in full.

The defined benefit obligation for the Crossrail Section has been calculated using the mortality assumptions adopted for the funding valuation as at 31 December 2019. Standard mortality tables were used, adjusted to reflect the recent mortality experience of the Scheme's pensioners at that date. An allowance was made for future mortality improvements based on the CMI 2021 projections with a long-term improvement rate of 1.25 per cent per annum. No weighting has been given to 2020 or 2021 mortality experience.

34. Pensions (continued)

Unfunded pension costs

The Corporation bears the cost of the augmentation of the pensions of certain employees, who retire early under voluntary severance arrangements.

In addition, the Corporation also bears the cost of:

- Ex-gratia payments, which are made to certain former employees on retirement in respect of service prior to the establishment of pension funds for those employees
- Supplementary pensions, which are made to certain former employees who retired prior to index linking of pensions
- Pensions of London Regional Transport former board members who did not qualify to join the TfL Pension Fund
- Other unfunded defined benefit pensions accruing to certain employees

XPS Pensions Group, consulting actuaries, were instructed to report on the financial position of the unfunded pension defined benefit obligation as at 31 March 2024 for the purpose of IAS 19 only. The report does not constitute a formal actuarial valuation of the unfunded pension defined benefit obligation. The valuation as at 31 March 2024 was £83.9m (2023 £87.6m) and is fully provided for in these financial statements.

34. Pensions (continued)

Assumptions for defined benefit sections

The main actuarial assumptions used for the TfL Pension Fund, the Crossrail Shared Cost Section of the Railways Pension Scheme, the Local Government Pension Scheme (together 'the Schemes') and unfunded schemes were:

	IAS 19 valuation at 31 March 2024 %	IAS 19 valuation at 31 March 2023 %
RPI Inflation	**3.15-3.20**	3.20
CPI Inflation	**2.70-2.90**	2.70-2.95
Rate of increase in salaries	**2.90-3.90**	2.95-3.95
Rate of increase in pensions in payment and deferred pensions	**2.70-3.15**	2.70-3.15
Discount rate	**4.75-4.90**	4.75-4.80

The Group's retirement benefit plans typically expose the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk. Sensitivity analyses for the most significant actuarial assumptions made in relation to these risks are as set out below. The analyses have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate were 0.1 per cent higher/(lower), the defined benefit obligation would decrease by £200.2m/(increase by £204.2m)
- If the expected salary growth were increased/(decreased) by 0.1 per cent, the defined benefit obligation would increase by £54.4m/(decrease by £55.5m)
- If life expectancy were increased/(decreased) by one year, the defined benefit obligation would increase by £406.7m/(decrease by £419.6m)
- If the inflation rate were 0.1 per cent higher/(lower), the defined benefit obligation would increase by £200.8m/(decrease by £151.8m)

The sensitivity analyses presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

34. Pensions (continued)

c) Accounting for defined benefit schemes

The total assets in the schemes were:

At 31 March	Value 2024 £m	Value 2023 £m
Equities and alternatives	**13,555.2**	13,914.3
Bonds	**1,417.7**	254.6
Cash and other	**25.5**	24.3
Total fair value of assets	**14,998.4**	14,193.2

The TfL Pension Fund, the Crossrail Shared Cost Section of the Railways Pension Scheme and the Local Government Pension Scheme assets consist of the following categories, by proportion of the total assets held:

At 31 March	2024 %	2023 %
Equities	**90**	90
Bonds	**10**	10
	100	100

The unfunded pension schemes have no assets to cover their defined benefit obligation.

34. Pensions (continued)

Total pension surplus/(deficit) at 31 March

Group	2024 £m	2023 £m
Fair value of scheme assets	**14,998.2**	14,193.2
Actuarial valuation of defined benefit obligation	**(12,729.4)**	(12,649.9)
Net surplus recognised in the Balance Sheet	**2,268.8**	1,543.3

Group	2024 £m	2023 £m
TfL Pension Fund	**2,342.0**	1,630.0
Local Government Pension Fund	**7.3**	(0.5)
Crossrail Section of the Railways Pension Scheme	**3.4**	1.4
Unfunded schemes provision	**(83.9)**	(87.6)
Net surplus recognised in the Balance Sheet	**2,268.8**	1,543.3

Corporation	2024 £m	2023 £m
Fair value of scheme assets	**14,907.6**	14,101.6
Actuarial valuation of defined benefit obligation	**(12,642.2)**	(12,559.7)
Net surplus recognised in the Balance Sheet	**2,265.4**	1,541.9

Corporation	2024 £m	2023 £m
TfL Pension Fund	**2,342.0**	1,630.0
Local Government Pension Fund	**7.3**	(0.5)
Unfunded schemes provision	**(83.9)**	(87.6)
Net surplus recognised in the Balance Sheet	**2,265.4**	1,541.9

34. Pensions (continued)

Analysis of amounts included in the Comprehensive Income and Expenditure Statement

Analysis of amounts charged to net cost of services

Year ended 31 March	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Current service cost	**272.0**	562.6	**271.7**	561.1
Less contributions paid by subsidiaries	**-**	-	**(236.8)**	(226.8)
Past service cost	**-**	0.4	**-**	0.4
Total included in staff costs	**272.0**	563.0	**34.9**	334.7
Scheme expenses	**19.9**	19.7	**19.7**	19.3
Total amount charged to net cost of services	**291.9**	582.7	**54.6**	354.0

Amounts charged to financing and investment expenditure

Year ended 31 March	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Net interest expense on scheme defined benefit obligation	**(80.4)**	79.3	**(80.4)**	78.2

Amount recognised in other comprehensive income and expenditure

Year ended 31 March	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Net remeasurement losses recognised in the year	**(602.4)**	(5,087.3)	**(600.2)**	(5,040.8)

Analysis of scheme defined benefit obligation into amounts arising from schemes that are wholly or partly funded and wholly unfunded

At 31 March	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Wholly unfunded schemes	**83.9**	87.6	**83.9**	87.6
Wholly or partly funded schemes	**12,645.5**	12,562.3	**12,558.3**	12,472.1
Total scheme defined benefit obligation	**12,729.4**	12,649.9	**12,642.2**	12,559.7

34. Pensions (continued)

Reconciliation of defined benefit obligation

	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Actuarial value of defined benefit obligation at 1 April	**12,649.9**	17,645.0	**12,559.7**	17,506.9
Current service cost	**272.0**	562.6	**271.7**	561.1
Interest cost	**591.8**	454.0	**587.5**	450.4
Employee contributions	**60.3**	56.7	**60.3**	56.5
Remeasurement losses/(gains) on scheme liabilities:				
Net remeasurement - financial	**(346.1)**	(6,679.0)	**(344.5)**	(6,619.3)
Net remeasurement - experience	**(139.2)**	1,058.9	**(136.5)**	1,050.6
Net remeasurement - demographic	**149.2**	(3.6)	**150.2**	(3.6)
Actual benefit payments	**(508.5)**	(445.1)	**(506.2)**	(443.3)
Past service cost	**-**	0.4	**-**	0.4
Actuarial value of defined benefit obligation at 31 March	**12,729.4**	12,649.9	**12,642.2**	12,559.7

Reconciliation of fair value of the scheme assets

	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Fair value of assets at 1 April	**14,193.2**	14,443.5	**14,101.6**	14,348.1
Expected return on assets net of expenses	**672.2**	374.7	**667.9**	372.2
Other actuarial gains and losses	**-**	2.8	**-**	2.8
Scheme expenses	**(19.9)**	(19.7)	**(19.7)**	(19.3)
Return on assets excluding interest income	**266.3**	(539.2)	**269.4**	(534.3)
Actual employer contributions	**328.8**	314.1	**91.7**	86.6
Contributions paid by subsidiaries	**-**	-	**236.8**	226.8
Employee contributions	**60.3**	56.7	**60.3**	56.5
Actual benefits paid	**(502.7)**	(439.7)	**(500.4)**	(437.8)
Fair value of assets at 31 March	**14,998.2**	14,193.2	**14,907.6**	14,101.6

34. Pensions (continued)

The expected return on scheme assets is set equal to the discount rate. The actual return on scheme assets in the year was a gain of £938.5m (2022/23 a loss of £164.5m).

Total contributions of £373.5m are expected to be made to the schemes in the year ending 31 March 2024.

d) Other pension arrangements

Principal Civil Service Pension Scheme and Alpha – Civil Servants and Others Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. From 1 April 2015 most PCSPS members switched to the new Civil Servants and Others Pension Scheme, (also known as Alpha). The Group is unable to identify its share of the underlying assets and defined benefit obligations of these schemes on a consistent and reasonable basis and, as permitted by the multi-employer exemption in IAS 19, the Group treats contributions to the PCSPS and Alpha as if they were contributions to a defined contribution plan. A full actuarial valuation was last carried out at 31 March 2022. Details can be found in the Civil Service Superannuation Resource Accounts (www.civilservicepensionscheme.org.uk/).

During 2023/24 minimum employers' contributions represented an average of 27.3 per cent of pensionable pay (2022/23 27.3 per cent). Employer contributions are reviewed every four years. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Docklands Light Railway Pension Scheme

The Docklands Light Railway Pension Scheme (DLR Scheme) is a defined benefit scheme established under trust in the UK that provides both pensions in retirement and death benefits to members. The Trustees are responsible for the operation and governance of the DLR Scheme, including making decisions regarding funding and investment strategy in conjunction with Docklands Light Railway Limited (DLR), a subsidiary of the TfL Group, as the Principal Employer of the Scheme.

Every three years the Scheme Actuary of the DLR Scheme carries out a valuation to assess the funding position and to determine the future levels of contributions. The most recent available valuation was effective 1 April 2021.

Keolis Amey Docklands Limited (KAD) was awarded the franchise to operate the DLR from 7 December 2014 and is a Participating Employer in the DLR Scheme. The contributions payable by KAD to the DLR Scheme are set out in the franchise agreement between DLR and KAD dated 17 July 2014. These are to pay 35.7 per cent per annum of Pensionable Salaries into the Scheme, the PPF levy and additional contributions if actual pensionable salary increases exceed RPI + 1.5 per cent per annum.

34. Pensions (continued)

DLR, as the Principal Employer of the DLR Scheme, is responsible for meeting any further costs towards the cost of accruing benefits and removing the deficit, over and above the contributions payable by KAD, if necessary. Following the completion of the 2021 valuation, it was agreed that DLR would pay 22.6 per cent per annum of Pensionable Salaries towards future benefit accrual from 1 April 2020 to 31 March 2022, amounting to £3.3m in respect of 2020/21, which was paid on 30 July 2021 and £3.1m, which was paid on 28 July 2022: plus in respect of subsequent Scheme Years, commencing 1 April 2022:

- 21.7 per cent per annum of Pensionable Salaries in respect of the cost of accrual for active members payable within four months of the end of the relevant Scheme Year;
- £957,000 per annum in respect of administration expenses and the cost of death in service benefit for active members payable on or before each 10 April, from 10 April 2023 onwards;
- £800,000 per annum payable on or before each 10 April from 2023 to 2025 inclusive (£800,000 per annum in respect of 2021 and 2022 were paid on 30 April 2021 and 12 April 2022 respectively)

In addition, it was agreed that DLR would pay additional contributions if actual Pensionable Salary growth exceeds RPI inflation + 0.5 per cent per annum (up to a maximum of RPI inflation + 1.5 per cent per annum)..

Over the year beginning 1 April 2024 the contributions payable to the DLR Scheme are expected to be around £5.1m from KAD and £4.8m from DLR, based on the schedule of contributions currently in force. This makes no allowance for additional contributions that may arise if Pensionable Salary growth exceeds RPI inflation + 0.5 per cent per annum or any changes as a result of a new schedule of contributions.

A valuation of the DLR Scheme has been prepared for accounting purposes on an IAS 19 basis as at 31 March 2024. This gave a valuation for the net surplus as at 31 March 2024 of £26.8m (2023 £30.5m surplus). The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions, while the present value of the DLR Scheme's defined benefit obligation is based on future cash flow projections. Neither the assumptions nor the cash flow projections may necessarily be borne out in practice.

The discounted DLR Scheme liabilities have a duration of approximately 18 years.

The scheme's funding arrangements outlined above mean that DLR is currently unable to identify its share of this obligation on a consistent and reasonable basis. The Group has therefore taken the exemption permitted under IAS 19 for multi-employer schemes and treats contributions to the DLR Scheme as if they were contributions to a defined contribution plan. No defined benefit obligation has been recognised in the Balance Sheet in respect of this scheme.

Contributions totalling £4.8m were paid by DLR in 2023/24. These costs are not reflected within staff costs for the TfL Group but are instead reflected elsewhere within the operating expenditure of the Group, as the costs relate to the staff costs of DLR's concessionaire.

Defined contribution schemes

The Group contributes to a number of defined contribution schemes, with total contributions, including contributions to the PCSPS and Alpha schemes as outlined in the paragraphs above, amounting to £9.9m (2022/23 £1.1m).

34. Pensions (continued)

e) Type of pension assets per the TfL Pension Fund accounts

	Group 2024 Quoted	Group 2024 Unquoted	Group 2023 Quoted	Group 2023 Unquoted
Bonds	5%	0%	5%	0%
Equities	15%	3%	19%	3%
Loans	0%	2%	0%	2%
Pooled investment vehicles	25%	40%	27%	38%
Derivatives	0%	0%	1%	0%
Liquidity funds	7%	0%	3%	0%
AVC investments	1%	0%	1%	0%
Cash	1%	0%	1%	0%
Other investment balances	1%	0%	0%	0%
	55%	45%	57%	43%

Quoted assets represent unadjusted quoted prices in an active market and inputs other than quoted prices which are observable.

35. Cash flow notes

a) The cash flows for operating activities include the following items:

	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Interest and other investment income received	**66.4**	78.8	**501.0**	475.6
Interest paid	**(425.2)**	(507.0)	**(341.1)**	(467.1)
	(358.8)	(428.2)	**159.9**	8.5

b) Adjustments to the surplus on the provision of services for non-cash movements

	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Depreciation, amortisation and impairment of property, plant and equipment, intangibles and right-of-use assets	**1,624.2**	1,523.5	**230.4**	205.4
Reversal of movements in the value of investment properties	**189.9**	155.0	**26.4**	14.0
Increase in interest receivable	**(83.5)**	(0.6)	**(82.7)**	(2.7)
Increase in interest payable	**81.6**	87.6	**79.2**	78.1
Movement in pensions liability	**(42.7)**	263.2	**(42.9)**	261.9
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	**30.6**	89.2	**52.6**	7.7
Tax received/(paid)	**2.5**	-	**-**	-
Adjustments to net surplus for non-cash movements before movements in working capital	**1,802.6**	2,117.9	**263.0**	564.4
Increase/(decrease) in creditors	**187.7**	163.7	**(154.4)**	264.2
Decrease/(increase) in debtors	**195.5**	(149.4)	**70.6**	(55.8)
Increase in inventories	**(22.7)**	(20.6)	**-**	-
Increase in provisions	**33.2**	47.8	**53.7**	50.3
Adjustments to net surplus for total non-cash movements	**2,196.3**	2,159.4	**232.9**	823.1

c) Adjustments to the surplus on the provision of services for investing or financing items

	Group 2024 £m	Group 2023 £m	Corporation 2024 £m	Corporation 2023 £m
Proceeds from the sale of property, plant and equipment, intangibles and investment properties	**(46.0)**	(25.2)	**(47.3)**	(18.9)
Reversal of capital grants receivable	**(1,880.1)**	(2,122.7)	**(1,803.9)**	(2,076.6)
Adjustments for items included in the net surplus that are investing or financing activities	**(1,926.1)**	(2,147.9)	**(1,851.2)**	(2,095.5)

35. Cash flow notes (continued)

d) Investing activities

Year ended 31 March	**Group 2024 £m**	Group 2023 £m	**Corporation 2024 £m**	Corporation 2023 £m
Capital grants received	**1,804.0**	2,056.9	**1,724.4**	1,996.8
Purchase of property, plant and equipment and investment property	**(2,273.4)**	(1,846.2)	**(387.9)**	(317.9)
Purchase of intangible assets	**(51.6)**	(40.4)	**(37.7)**	(15.3)
Proceeds from the sale of property, plant and equipment and intangible assets	**24.3**	27.9	**(0.1)**	(0.1)
Net sales/(purchases) of other investments	**9.6**	14.6	**(0.2)**	-
Issue of loans to subsidiaries	**-**	-	**-**	19.1
Repayments of loans to subsidiaries	**-**	-	**77.0**	15.9
Finance leases granted in year	**(1.1)**	(1.3)	**-**	-
Finance leases repaid in year	**5.6**	24.0	**-**	-
Proceeds from sale of investment property	**25.8**	82.5	**47.3**	18.9
Investment in equity of associates and joint ventures	**(4.9)**	(34.3)	**-**	-
Investment in share capital of subsidiaries	**-**	-	**-**	(280.0)
Net cash flows from investing activities	**(461.7)**	283.7	**1,422.8**	1,437.4

e) Financing activities

Year ended 31 March	**Group 2024 £m**	Group 2023 £m	**Corporation 2024 £m**	Corporation 2023 £m
Cash payments for reduction of the outstanding liabilities relating to lease and PFI arrangements	**(275.3)**	(333.5)	**(41.3)**	(37.0)
Cash payments for reduction of other financing liabilities	**(6.5)**	(6.4)	**-**	-
Net proceeds from new borrowing	**187.5**	1,661.0	**187.5**	1,661.0
Repayments of borrowings	**(164.2)**	(1,720.7)	**(164.1)**	(1,720.7)
Net cash flows from financing activities	**(258.5)**	(399.6)	**(17.9)**	(96.7)

36. Unusable reserves

At 31 March	2024 £m	2023 £m
Group		
Capital Adjustment Account	**32,010.4**	30,924.4
Pension Reserve	**2,265.4**	1,541.9
Accumulated Absences Reserve	**(16.7)**	(13.2)
Retained Earnings Reserve in Subsidiaries	**57.4**	1,034.3
Revaluation Reserve	**201.9**	216.2
Hedging Reserve	**(60.2)**	(17.4)
Cost of Hedging Reserve	**(1.9)**	(2.4)
Financial Instruments Adjustment Account	**(100.5)**	(112.3)
Merger reserve	**466.1**	466.1
	34,821.9	34,037.6

At 31 March	2024 £m	2023 £m
Corporation		
Capital Adjustment Account	**17,300.3**	17,263.6
Pension Reserve	**2,265.5**	1,541.9
Accumulated Absences Reserve	**(16.7)**	(13.2)
Revaluation Reserve	**22.2**	22.4
Financial Instruments Adjustment Account	**(100.5)**	(112.3)
	19,470.8	18,702.4

36. Unusable reserves (continued)

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by TfL as finance for the costs of acquisition, construction, and enhancement. The account also contains accumulated gains and losses on investment properties.

In the table below, the Corporation Capital Adjustment Account remains unchanged at Group level. The adjustments for the Group financial statements arise due to an alignment of accounting policies between the Group and its subsidiaries for assets not held in the Corporation. Under the Code, capital grants are recognised in the Comprehensive Income and Expenditure Statement and are then transferred to the Capital Adjustment Account (CAA) when utilised. No amortisation of grants or disposal of grants is recognised in the Comprehensive Income and Expenditure Statement. TfL's subsidiary companies account under full IFRS (rather than the Code) and are required to recognise deferred capital grants on the balance sheet and recognise grant amortisation in arriving at their retained earnings. An accounting policy alignment is performed on consolidation to recognise the grant receipts in the Comprehensive Income and Expenditure Statement (from where they are then transferred to the CAA). Equally, the amortisation and grant disposals are removed from the Comprehensive Income and Expenditure Statement and are shown in the CAA so that the total CAA adjustment is equal to the deferred capital grant carried in the subsidiaries' books.

36. Unusable reserves (continued)

Capital Adjustment Account

	Note	**Group 2024 £m**	Group 2023 £m	**Corporation 2024 £m**	Corporation 2023 £m
Balance at 1 April		**30,924.4**	29,680.3	**17,263.6**	16,787.3
Amounts attributable to the Corporation					
Charges for depreciation and impairment of non-current assets		**(230.5)**	(205.4)	**(230.5)**	(205.4)
Capital proceeds from disposals of investment properties		**47.3**	18.9	**47.3**	18.9
Net book value of disposals of investment properties		**(41.2)**	(7.4)	**(41.2)**	(7.3)
Release of Revaluation Reserve relating to historical revaluation gains recognised in respect of properties disposed during the year		**0.2**	3.2	**0.2**	3.2
Movements in the market value of investment properties recognised in the deficit/surplus on the provision of services after tax		**(26.4)**	(14.3)	**(26.4)**	(14.3)
Capital grants and contributions	10	**1,734.1**	1,974.4	**1,734.1**	1,974.4
REFCUS	10	**(1,484.0)**	(1,342.3)	**(1,484.0)**	(1,342.3)
Minimum Revenue provision		**48.5**	49.3	**48.5**	49.3
Loss on disposal of property, plant and equipment		**(11.4)**	(0.2)	**(11.4)**	(0.2)
Adjustments for the alignment of Group accounting policies for assets not held in the Corporation					
Charges for depreciation, impairment and disposals for assets not held in the Corporation		**(469.6)**	(620.5)	**-**	-
Capital grants and contributions applied to assets not held in the Corporation	10	**1,519.0**	1,388.4	**-**	-
Balance at 31 March		**32,010.4**	30,924.4	**17,300.2**	17,263.6

36. Unusable reserves (continued)

Pension Reserve

The Pension Reserve represents pension and other post-retirement defined benefit obligations shown on the Balance Sheet, excluding those reflected on the balance sheets of the subsidiary companies. The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Group and Corporation account for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the defined benefit obligations recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Group and Corporation make employer's contributions to pension funds or eventually pay any pensions for which they are directly responsible. The debit balance on the pension reserve therefore shows a substantial shortfall in the benefits earned by past and current employees against the resources that have been set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	Group 2024 £m	Group 2023 £m	**Corporation 2024 £m**	Corporation 2023 £m
Balance at 1 April	**1,541.9**	(3,158.8)	**1,541.9**	(3,158.8)
Net remeasurement losses on pension assets and defined benefit obligations	**600.2**	5,040.8	**600.2**	5,040.8
Reversal of charges relating to retirement benefits	**(211.0)**	(659.0)	**25.8**	(432.2)
Employer's pension contributions, contributions from subsidiaries and direct payments to pensioners payable in the year	**334.3**	318.9	**97.5**	92.1
Balance at 31 March	**2,265.4**	1,541.9	**2,265.4**	1,541.9

36. Unusable reserves (continued)

Accumulated Absences Reserve

The Accumulated Absences Reserve absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the reserve.

	Group 2024 £m	Group 2023 £m	**Corporation 2024 £m**	Corporation 2023 £m
Balance at 1 April	**(13.2)**	(14.6)	**(13.2)**	(14.6)
Settlement or cancellation of accrual made at the end of the preceding year	**13.2**	14.6	**13.2**	14.6
Amounts accrued at the end of the current year	**(16.7)**	(13.2)	**(16.7)**	(13.2)
Balance at 31 March	**(16.7)**	(13.2)	**(16.7)**	(13.2)

36. Unusable reserves (continued)

Retained Earnings Reserve in Subsidiaries

The Retained Earnings Reserve in Subsidiaries represents the retained earnings in the Group's subsidiary companies. These are disclosed as unusable reserves unless the subsidiary declares a dividend to the Corporation, and they are able to fund these via their own cash reserves. The majority of assets held in subsidiaries are related to transport infrastructure and are not readily convertible to cash.

	Group 2024 £m	Group 2023 £m
Balance at 1 April	**1,034.3**	1,483.6
Surplus on the provision of services after tax in subsidiaries	**67.7**	242.8
Surplus on valuation of newly created investment properties (net of tax)	**-**	6.0
Transfer of current year capital grants and contributions to the Capital Adjustment Account	**(1,519.0)**	(1,388.4)
Transfer of adjustments between Group and Corporation financial statements to the Capital Adjustment Account	**469.5**	620.5
Remeasurement gains on defined benefit pension plan assets and liabilities	**2.2**	46.5
Release of Revaluation Reserve relating to historical revaluation gains recognised in respect of properties disposed	**-**	22.6
Release of Revaluation Reserve relating to the difference between fair value depreciation and historical cost depreciation	**2.7**	0.7
Balance at 31 March	**57.4**	1,034.3

36. Unusable reserves (continued)

Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation
- Disposed of and the gains are transferred to retained earnings

	Note	**Group 2024 £m**	Group 2023 £m	**Corporation 2024 £m**	Corporation 2023 £m
Balance at 1 April		**216.2**	241.2	**22.4**	26.6
Revaluation of assets	13	**(11.4)**	1.6	**-**	(1.1)
Release of Revaluation Reserve relating to historical revaluation gains recognised in respect of properties disposed		**(0.2)**	(25.8)	**(0.2)**	(3.1)
Release of Revaluation Reserve relating to the difference between fair value depreciation and historical cost depreciation, and to historical revaluation gains recognised in respect of properties disposed during the year		**(2.7)**	(0.8)	**-**	-
Balance at 31 March		**201.9**	216.2	**22.2**	22.4

Hedging Reserve

The Hedging Reserve holds the gain or loss on a hedging instrument that is determined to be an effective hedge. The ineffective portion, if any, is recognised immediately through the Comprehensive Income and Expenditure Statement. The gain or loss deferred in reserves is recognised in the Comprehensive Income and Expenditure Statement in the period(s) during which the hedged forecast transaction affects profit or loss, or recognised as an adjustment to the cost of a capital asset where capital expenditure is hedged.

	Group 2024 £m	Group 2023 £m
Balance at 1 April	**(17.4)**	(57.9)
Net change in fair value of cash flow interest rate hedges	**(37.1)**	11.6
Net change in fair value of cash flow foreign exchange hedges	**(6.8)**	6.0
Reclassification of interest rate fair value losses to profit and loss	**1.1**	9.4
Discontinued hedging relationship	**-**	13.5
Balance at 31 March	**(60.2)**	(17.4)

The Corporation does not have a Hedging Reserve as it has not entered into any derivative transactions, nor does it have legal powers to do so.

36. Unusable reserves (continued)

Cost of Hedging Reserve

The Cost of Hedging Reserve holds the gain or loss on a hedging instrument arising from changes in the fair value of the time value of an option when the intrinsic value of the option has been designated in an effective hedging relationship. The gain or loss deferred in reserves is recognised in the Comprehensive Income and Expenditure Statement in the period(s) during which the hedged forecast transaction affects profit or loss. The ineffective portion, if any, is recognised immediately through the Comprehensive Income and Expenditure Statement.

	Group 2024 £m	Group 2023 £m
Balance at 1 April	**(2.4)**	(3.0)
Reclassification of cashflow foreign exchange hedge losses to the Balance Sheet	**0.5**	0.6
Balance at 31 March	**(1.9)**	(2.4)

The Corporation does not have a Cost of Hedging Reserve as it has not entered into any derivative transactions, nor does it have legal powers to do so.

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account provides a balancing mechanism between the different rates at which gains and losses (such as premium on the early repayment of debt) are recognised under the Code and are required by statute to be met from the General Fund.

	Group 2024 £m	Group 2023 £m	**Corporation 2024 £m**	Corporation 2023 £m
Balance at 1 April	**(112.3)**	(124.0)	**(112.3)**	(124.0)
Release of premium	**11.8**	11.7	**11.8**	11.7
Balance at 31 March	**(100.5)**	(112.3)	**(100.5)**	(112.3)

36. Unusable reserves (continued)

Merger Reserve

The Merger Reserve of £466.1m arose as a result of the transfer of the net assets of London Regional Transport, including the share capital of London Underground Limited (LUL), to TfL in 2003. It represents the share capital of LUL and was taken as a credit to the merger reserve. The Group has taken advantage of the exemption in IFRS 1 not to restate business combinations occurring prior to the transition date of 1 April 2009.

	Group 2024 £m	Group 2023 £m	**Corporation 2024 £m**	Corporation 2023 £m
Balance at 1 April and 31 March	**466.1**	466.1	**-**	-

37. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Corporation in the year in accordance with proper accounting practice in order to determine the resources that are specified by statutory provisions as being available to the Corporation to meet future capital and revenue expenditure. The General Fund reserve represents monies available to finance the day to day activities of TfL.

37. Adjustments between accounting basis and funding basis under regulations (continued)

Corporation

Year ended 31 March 2024	Note	General Fund £m	Capital Adjustment Account £m	Capital receipts reserve £m	Pension Reserve £m	Street Works Reserve £m	Capital Grants Unapplied Account £m	Financial Instruments Adjustment Account £m	Accumulate d Absences Reserve £m
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement									
Charges for depreciation, amortisation and impairment of non-current assets	4	230.5	(230.5)	-	-	-	-	-	-
Net book value of disposals		41.1	(41.1)	-	-	-	-	-	-
Capital proceeds from disposals	38	(47.2)	-	47.2					
Capital receipts applied		-	47.2	(47.2)					
Movements in the market value of investment properties	9	26.4	(26.4)	-	-	-	-	-	-
Capital grants and contributions	10	(250.1)	250.1	-	-	-	-	-	-
Capital grants and contributions applied to REFCUS		(1,484.0)	1,484.0						
REFCUS		1,484.0	(1,484.0)						
Unapplied capital grants	10	(69.8)	-	-	-	-	69.8	-	-

Loss on disposal of non-current assets	7	**11.4**	**(11.4)**	**-**	**-**	**-**	**-**	**-**	**-**
Reversal of items relating to retirement benefits		**(25.8)**	**-**	**-**	**25.8**	**-**	**-**	**-**	**-**
Transfers to/from Street Works Reserve		**(4.8)**	**-**	**-**	**-**	**4.8**	**-**	**-**	**-**
Difference between the remuneration charged on an accruals basis and the remuneration chargeable in accordance with statutory requirements		**3.5**	**-**	**-**	**-**	**-**	**-**	**-**	**(3.5)**
Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement which are required to be charged in accordance with statutory requirements									
Employer's pension contributions and direct payments to pensioners payable in the year		**(97.5)**	**-**	**-**	**97.5**	**-**	**-**	**-**	**-**
Minimum Revenue provision	39	**(48.5)**	**48.5**	**-**	**-**	**-**	**-**	**-**	**-**
Amortisation of premium on financing		**(11.8)**	**-**	**-**	**-**	**-**	**-**	**11.8**	**-**
		(242.6)	**36.4**	**-**	**123.3**	**4.8**	**69.8**	**11.8**	**(3.5)**

37. Adjustments between accounting basis and funding basis under regulations (continued)

Corporation

Year ended 31 March 2023	Note	General fund £m	Capital Adjustment Account £m	Capital receipts reserve £m	Pension Reserve £m	Street Works Reserve £m	Capital Grants Unapplied Account £m	Financial Instruments Adjustment Account £m	Accumulate d Absences Reserve £m
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement									
Charges for depreciation, amortisation and impairment of non-current assets	4	205.4	(205.4)	-	-	-	-	-	-
Net book value of disposals		7.7	(7.7)	-	-	-	-	-	-
Capital proceeds from disposals	38	(18.9)	-	18.9					
Capital receipts applied		-	18.9	(18.9)					
Movements in the market value of investment properties	8	14.0	(14.0)	-	-	-	-	-	-
Capital grants and contributions	10	(632.1)	632.1	-	-	-	-	-	-
Capital grants and contributions applied to REFCUS		(1,342.3)	1,342.3						
REFCUS		1,342.3	(1,342.3)						
Unapplied capital grants	10	(102.2)	-	-	-	-	102.2	-	-
Loss on disposal of non-current assets	7	0.2	(0.2)	-	-	-	-	-	-
Reversal of items relating to retirement benefits		432.2	-	-	(432.2)	-	-	-	-
Transfers to/from Street Works Reserve		(2.0)	-	-	-	2.0	-	-	-
Difference between the remuneration charged on an accruals basis and the remuneration chargeable in accordance with statutory requirements		(1.4)	-	-	-	-	-	-	1.4

Notes to the Financial Statements

Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement which are required to be charged in accordance with statutory requirements									
Employer's pension contributions and direct payments to pensioners payable in the year		(92.1)	-	-	92.1	-	-	-	-
Minimum Revenue provision	39	(49.3)	49.3	-	-	-	-	-	-
Amortisation of premium on financing		(11.7)	-	-	-	-	-	11.7	-
		(250.2)	473.0	-	(340.1)	2.0	102.2	11.7	1.4

38. Sources of finance

Capital expenditure analysed by source of finance:

Year ended 31 March	Note	Corporation 2024 £m	Corporation 2023 £m
Capital expenditure			
Intangible asset additions	12	**37.7**	15.3
Property, plant and equipment additions	13	**350.8**	343.5
Investment property	16	**1.0**	1.7
Investments in year	17	**-**	280.0
Capital grants allocated to subsidiaries in year	10	**1,484.0**	1,342.3
Total capital expenditure		**1,873.5**	1,982.8
Sources of finance			
Business Rates Retention used to fund capital	10	**882.8**	1,613.7
Non ring-fenced grant from DfT	10	**810.0**	-
Community infrastructure levy and other third party contributions	10	**111.1**	191.9
Crossrail specific grant	10	**-**	271.0
Adjusted by amounts transferred to Capital Grants Unapplied Account	10	**(69.8)**	(102.2)
Prudential borrowing		**58.0**	-
Repayment of loans from subsidiaries		**42.0**	-
Capital receipts		**47.2**	18.9
Working capital		**(7.8)**	(10.5)
Total sources of finance		**1,873.5**	1,982.8

Capital Financing Requirement

The Capital Financing Requirement is the amount of cumulative capital expenditure to be financed by means other than grant or asset sales proceeds. As at 31 March 2024 this stood at £12,978.4m (2023 £13,085.6m) for the Corporation.

39. Minimum revenue provision

The Local Government and Housing Act 1989 requires a Minimum Revenue Provision (MRP) to be set aside for the redemption of external debt. As a statutory corporation regulated as if it were a local authority, TfL is required to comply with the Local Authorities Capital Finance Regulations. New regulations were approved by the Secretary of State in February 2008. TfL is required to approve an Annual MRP Statement determining the amount of MRP which it considers to be prudent.

The Ministry of Housing, Communities and Local Government issued guidance setting out four possible methods which are deemed automatically prudent, but also states that 'approaches differing from those exemplified should not be ruled out. The broad aim of prudent provision is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.'

While statutory guidance suggests four potential methods for calculating MRP it also allows for other methods and approaches to be used. Since 2016/17 TfL has applied the principles inherent in the statutory guidance on MRP, to make an annual provision in TfL (the Corporation), that aims to build up a reserve on the Balance Sheet over the average useful economic life of the assets funded by borrowings in the Corporation, such that, at the end of that useful economic life, that reserve may be employed to either repay borrowings or to finance replacement capex for those assets that have reached the end of their lives. An MRP is effectively already made for borrowings passed down to the subsidiaries through TfL's existing processes for funding those entities. The MRP provision for 2023/24, shown as a transfer from the General Fund to the Capital Adjustment Account in the Group and Corporation Movement in Reserves Statements, was a total of £48.5m (2022/23 £49.3m).

40. Financial assistance

TfL may give financial assistance to any body or person in respect of expenditure incurred or to be incurred by that body or person in doing anything which, in the opinion of TfL, is conducive to the provision of safe, integrated, efficient and economic transport facilities or services to, from or within Greater London, and also to London Transport Museum Limited.

Financial assistance given under section 159 of the GLA Act 1999 is outlined below:

Year ended 31 March	**Corporation 2024 £m**	Corporation 2023 £m
Financial assistance to subsidiaries		
Transport Trading Limited	**10.7**	364.2
London Underground Limited	**1,257.9**	967.1
London Bus Services Limited	**845.1**	865.0
London River Services Limited	**6.1**	5.3
London Transport Museum Limited	**-**	3.4
Docklands Light Railway Limited	**199.2**	149.1
Rail for London Limited	**-**	204.1
Crossrail Limited	**41.6**	238.8
Tramtrack Croydon Limited	**54.8**	41.1
Rail for London (Infrastructure) Limited	**93.4**	71.3
	2,508.8	2,909.4

Year ended 31 March	Note	**Corporation 2024 £m**	Corporation 2023 £m
Financial assistance to London Boroughs and other third parties			
Local Implementation Plan		**42.5**	41.2
Taxicard		**7.6**	7.1
London Streetspace		**0.1**	1.1
Cycling		**27.4**	11.3
Bus priority		**10.5**	3.2
Livable neighbourhoods		**2.8**	-
Other		**8.3**	7.4
	4	**99.2**	71.3

41. Related parties

TfL is required by the Code and IAS 24 Related Party Disclosures (IAS 24) to disclose material transactions with related parties. Related parties are entities or individuals who have the potential to control, indirectly control or significantly influence TfL or to be controlled, indirectly controlled or significantly influenced by TfL.

TfL is a statutory corporation established by section 154 of the GLA Act 1999. It is a functional body of the Greater London Authority and is controlled by the Mayor of London. TfL is classified as a government entity in accordance with IAS 24, as it is controlled by the GLA, through the Mayor. The GLA and its other functional bodies are considered to be related parties of TfL and its subsidiaries, as they are all under the control of the Mayor. Other related parties include TfL's Board Members, members of the TfL Executive Committee (including Chief Officers, the Commissioner and General Counsel), the Mayor of London and the TfL Pension Fund. In addition, central Government has the potential to influence TfL by providing the statutory framework within which TfL operates and through the provision of funding in the form of grants and borrowing facilities.

Disclosure of related party transactions allows readers to assess the extent to which the Corporation might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with it.

GLA and functional bodies

Details of amounts received from the Business Rates Retention, and the Council Tax precept paid to TfL by the GLA are shown in note 10.

During 2023/24 TfL had the following other transactions with the GLA and functional bodies:

	Total income during the year £m	Total expenditure during the year £m	Outstanding balance at 31 March 2024 £m
GLA	**15.1**	**(2.5)**	**8.6**
Mayor's Office for Policing and Crime (MOPAC)	**0.4**	**(108.5)**	**(19.3)**
London Legacy Development Corporation (LLDC)	**0.9**	**-**	**-**

41. Related parties (continued)

Board Members and Officers

Board Members, the Mayor of London, and key management (including the Commissioner and the TfL Executive Committee), are required to complete a declaration regarding any related party transactions. During the year, none of the Corporation Board, key management personnel or parties related to them have undertaken any transactions with the Corporation or its subsidiaries (2022/23 none). Details of the remuneration of the Commissioner and all employees earning a base salary of £150,000 or more are disclosed in the Remuneration Report (see note 6).

TfL Pension Fund

The Accounts of the TfL Pension Fund are prepared separately and are subject to a separate audit opinion. Contributions payable to the TfL Pension Fund by TfL as employer are disclosed in note 34.

Central Government

During 2023/24 the DfT contributed grant funding to TfL totalling £998.3m (2022/23 £942.6m) under a series of Extraordinary Funding and Financing Agreements.

In the year to 31 March 2024, the GLA paid grants totalling £nil to TfL in relation to the Crossrail project (2023 £271m). And as at 31 March 2024 £680m of the Crossrail loan facility provided by the DfT in relation to the Crossrail project remained drawn down (2023 £715m).

Other public bodies

TfL provides financial assistance to London Boroughs to support Borough schemes that improve the local travelling environment. Financial assistance provided is disclosed in note 40.

TfL receives income from the London Boroughs for the provision of free travel for older and disabled customers, and students. This income is set out in note 1.

TfL has borrowings outstanding from the PWLB and pays interest to PWLB in respect of those borrowings.

TfL makes payments to the British Transport Police for the provision of policing services on the Underground and London Overground and other overground railways.

TfL makes payments to the Metropolitan Police Service for policing services provided by the Safer Transport Command.

Transactions between the Corporation and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

42. Trust Funds

The Corporation acts as the sole trustee for the TfL Healthcare Trust, a trust established for the purpose of providing certain benefits relating to medical treatment for eligible employees of the Group and their family members. The Trust is administered by AXA PPP Healthcare Administration Services Limited, an independent third party. Under the terms of the Trust deed the funds held by the Trust do not represent the assets of the Corporation or its subsidiaries. Hence the Trust has not been consolidated into these financial statements.

	Income £m	Expenditure £m	Assets £m	Liabilities £m
At 31 March 2024				
TfL Healthcare Trust	-	-	-	-
At 31 March 2023				
TfL Healthcare Trust	1.2	(3.8)	2.5	-

43. Events after the Balance Sheet date

Management do not consider that there has been any post Balance Sheet event that would require an adjustment being made to the carrying values at 31 March 2024 as reported in these financial statements.

Annual Governance Statement

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

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

As a functional body of the Greater London Authority (GLA), TfL is a signatory to the GLA Group Corporate Governance Framework Agreement (the Agreement), which was updated in March 2022. The Agreement is an overarching commitment in relation to the culture and individual behaviours of the GLA Group and contains specific corporate governance commitments. The Board agreed TfL has in place protocols and processes that address all the requirements of the Agreement.

TfL has approved and adopted a Code of Governance (the Code) which is consistent with the Framework and is published online at tfl.gov.uk. This statement explains how TfL complies with the Code and meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

TfL's governance framework has been in place since the year ended 31 March 2001 and remains in place at the date of approval of the 2023/24 Statement of Accounts. The key elements of the governance framework are set out below:

Key Elements of TfL's Governance Framework

Chair, Board, Committees and Panels	The Mayor appoints the Board and is the Chair. The Board provides leadership and determines and agrees TfL's strategic direction and oversees the performance of the Executive Committee to deliver the Mayor's Transport Strategy. The Budget, Business Plan and Capital Strategy set out how the Mayor's Transport Strategy will be delivered and are supported by TfL's Group and individual business area Scorecards. The Board's effectiveness is reviewed annually.
Decision Making	Standing Orders set out TfL's decision making process and are regularly reviewed. The roles of Members and the executive are clearly defined. The Board, its Committees and Panels meet in public and all decisions taken are published. The approval of Financial, Programme and Project, Procurement and Land Authority by the Commissioner and Chief Finance Officer is also reported to Committees along with any Mayoral Directions to TfL.
Audit and Assurance Committee	The Committee reviews the effectiveness of the system of internal controls, including the integrated assurance framework and considers fraud and risk management issues. It also reviews the Annual Accounts prior to submission to the Board and TfL's compliance with the UK Corporate Governance Code (where applicable). The Risk and Assurance Directorate and External Auditors support the work of the Committee.
Risk Management	TfL has an Enterprise Risk management system that sets out TfL's Enterprise and Strategic Risks, supported by local risk registers throughout TfL, which are monitored by the appropriate senior manager. The Audit and Assurance Committee oversees the implementation of the risk management system, with individual Committees and Panels reviewing each Enterprise Risk within their remit as per the 12-month rolling schedule. The Executive Committee also regularly reviews all the Enterprise Risks.

Annual Governance Statement

Scrutiny and Review	The Board, Committees and Panels each receive regular quarterly reports on TfL's performance. These reports cover: performance against the Scorecard; financial performance; customer and operational performance; safety, health and environment; and human resources. The Audit and Assurance Committee reviews TfL's overall audit and assurance arrangements.
The Commissioner and the Executive Committee	The Commissioner and Executive Committee are responsible for the delivery of day-to-day operations. The statutory Chief Finance Officer (TfL's appointed officer under section 127 of the GLA Act 1999) is responsible for safeguarding TfL's financial position. The postholder reports directly to TfL's managing Chief Finance Officer and, while not on the Executive Committee, plays an active part in TfL strategic decision making through involvement in all key decisions with a significant financial implication and has management responsibility to produce the Business Plan and statutory accounts. The General Counsel, along with the Commissioner, is responsible for ensuring compliance with the law and promoting good corporate governance and high standards of public conduct. The Director of Risk and Assurance comments annually on the effectiveness of the Code.

Applying the Framework Principles

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law. TfL's Code of Conduct for Members and staff reinforces a public service ethos and high standards of behaviour. It is supported by more detailed guidance, including TfL's whistleblowing procedures and guidance on conflicts of interest and through the Modern Slavery Statement. The General Counsel and Commissioner have specific responsibilities to ensure that TfL's decisions meet legal requirements. Inductions for new senior staff and the one new Member of the Board appointed in 2023/24 explicitly covered the importance of behaviours and ethical values. Declarations of interests for Members and the most senior staff are published on tfl.gov.uk and declared at meetings.

Principle B: Ensuring openness and comprehensive stakeholder engagement. TfL has a transparency strategy and publishes a substantial amount of information. It engages with stakeholders and partners through consultation and its work with London Councils and individual boroughs. It cooperates with appropriate organisations to ensure there is independent scrutiny of its financial and operational reporting processes. Board, Committee and Panel meetings are held in public and are routinely webcast contemporaneously on TfL's YouTube channel to further enhance transparency in decision making. TfL has an active social media presence including Facebook, X (formerly Twitter) and YouTube. Members of TfL's Youth Panel now attend meetings of the Board's two Panels to provide the perspective of young people.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits. TfL meets this objective through its delivery of the Mayor's Transport Strategy, supported by its Vision and Values, Business Plan and the annual Scorecard process. The Business Plan and Scorecard measures flow through to team and individual staff objectives. The quarterly reports to the Board, Committees and Panels, as well as papers seeking authority for projects, provide commentary on how they support the objective of delivering the Mayor's Transport Strategy.

TfL's Vision and Values, launched in 2021, define TfL's purpose as "To move London forward safely, inclusively and sustainability" and its vision as "We'll be a strong, green heartbeat for London". In 2023, TfL launched "Our Strategy", which built on the Vision, purpose and Values, setting out how TfL would achieve its Vision and explaining how everything fitted together to do that. TfL has established five roadmaps to deliver the Vision and Values and these are reviewed annually. They guide planning and decision making, provide direction while maintaining flexibility for different areas of the business to develop their own plans to contribute and support frequent, open reporting on how we are doing. The roadmaps cover:

- Safety and Security - get everyone home safe and healthy, every day;
- Colleagues - be a great place to work for everyone to thrive;
- Customers - give people more reasons to choose sustainable travel;
- Finance - grow our income and control our costs; and
- Green - tackle the climate and ecological emergency

In 2023, TfL launched “Action on Inclusion” to support a more inclusive workforce. In 2024, TfL launched “Equity in Motion” which set out its plans for creating a fair, accessible and inclusive transport network.

Principle D: Determining the intervention necessary to achieve intended outcomes. The Quarterly Performance Report and other key quarterly reports submitted to Committees and Panels track TfL’s activities in terms of key performance indicators and delivery of the Mayor’s Transport Strategy. These also highlight remedial actions taken where slippage occurs. TfL’s intervention in the governance of the Crossrail project in 2020, enabled the Elizabeth Line Delivery Group and Elizabeth Line Committee to drive the project forward, with the line opening on 24 May 2022, through running and Sunday services introduced on 6 November 2022 and the final integration of the railway on 21 May 2023. Following a period of monitoring performance and the close out of the Crossrail project, the Elizabeth Line Committee was stood down on 25 July 2023. TfL had previously given greater financial independence to its property subsidiary company, now named Places for London Limited, and established a Land and Property Committee to oversee and drive forward schemes that will deliver affordable housing for the Mayor and revenue for TfL. The governance of the Committee has been reviewed, with additional assurance and the Places for London management team is also supported by external experts. Following a review of its safety culture, further consideration is being given to enhancing the Board’s role in the oversight of safety.

Principle E: Developing TfL’s capacity, including the capability of its leadership and individuals within it. The structure of the Executive Committee and the roles and responsibilities of its members were refreshed in February 2022 and revised governance arrangements below this level have been reviewed and implemented. TfL undertakes a wide range of human resources activities to develop the capacity of its colleagues. Regular reports are submitted to the Safety, Sustainability and Human Resources Panel and the Remuneration Committee on this and key initiatives including the Our TfL Programme, leadership programme, succession planning and TfL’s graduate and apprenticeship programmes. During the year, the Remuneration Committee reviewed and supported proposals in relation to resourcing at TfL, including the approach to reward. TfL’s Vision and Values are also intended to develop capacity (see Principle C above). Board Members are developed through induction, briefings and site visits. One new Board Member was appointed and inducted during the year.

Principle F: Managing risks and performance through strong internal control and financial management. TfL’s Enterprise Risk management system sets out TfL’s main strategic risks and mitigations, with more detailed risk registers held throughout TfL. Following a review with the Board and the Executive Committee in May 2022, the Enterprise Risks were updated and the Enterprise Risk Management Framework was changed to reflect TfL’s Vision and Values roadmaps. A 12-month rolling schedule of reviews for the Level 0 Enterprise Risks was established, with risks reviewed and updates provided to the Executive Committee and the relevant Committees and Panels. The Audit and Assurance Committee maintains overall responsibility for scrutinising TfL’s approach to risk and receives reports to each meeting and reports on this to the Board. The Finance Committee scrutinises TfL’s financial performance and reports on this to the Board. It monitors the effectiveness of rigorous cost control and scrutiny measures introduced because of the impact of the coronavirus pandemic on TfL’s funding and saw TfL make an operational surplus for the first time in its history at financial year end 2024. TfL has also continued to embed the TfL Health, Safety and Environment Management System and has continuous improvement plans in place to enhance the system and strengthen the maturity of compliance.

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Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability. TfL follows the Government Communication Service guidance on providing clear and accurate information. It has a published transparency strategy and has developed its website and the format of its reports to improve transparency and accessibility. Minutes of meetings, key decisions taken outside of meetings, the registers of Members and the most senior staff's interests and acceptance of gifts and hospitality, along with details of contracts awarded over £5,000 are published on tfl.gov.uk.

Review of Effectiveness

TfL conducts, at least annually, a review of the effectiveness of its governance framework including the system of internal control, which is reported to the Audit and Assurance Committee. There was also an annual Board Effectiveness Review in 2023 led by an external specialist and reported to the Board in October 2023.

TfL continually reviews the effectiveness of its governance arrangements, including all aspects of TfL's operations including its relationships with its group entities. The Risk and Assurance Annual Report and Assurance Statement includes the opinion of the Head of Internal Audit on the overall framework of TfL's governance, risk management and internal control in the year. The opinion for the year ending 31 March 2024 concluded that the overall framework of TfL's governance, risk management and internal control is generally adequate for TfL's business needs and operated in an effective manner. The opinion did highlight three issues to be addressed following audits: insider threats are a significant risk and this spans new and existing employees, non-permanent labour and consultants; weaknesses in the controls around the provision of labour contracts; and gaps in audit trails and supporting documentation and an inconsistent approach to record keeping, particularly in relation to records management for procurement and contracts. The audit of the safety complaints process also found that, while safety complaints were taken seriously, there were inconsistencies at an operational level in how processes were carried out. Processes to manage and handle safety complaints were not always aligned with the requirements of the safety complaints procedure. Audit recommendations have been agreed and are being implemented to address each of these issues.

The significant impact of the coronavirus pandemic on TfL's operational activities and its finances continues to be felt. A 19-month funding settlement was agreed with Government on 30 August 2022 and lasted until to 31 March 2024 and a subsequent capital funding settlement is now in place. Discussions are ongoing in relation to securing long-term capital funding to enable TfL to plan effectively.

Conclusion

TfL is satisfied that appropriate governance arrangements are in place. It recognises that there is always more that can be done and remains committed to maintaining and where possible improving these arrangements. The key ways of doing this are:

- keeping its governance arrangements under continuous review, including through the Board Effectiveness Review;
- addressing issues identified by Internal Audit as requiring improvement;
- reviewing and enhancing performance reporting to focus on key risks and areas for improvement; and
- listening to feedback from key stakeholders

Signed: …………………………..

Chair of TfL

Signed: …………………………..

Commissioner