



ANNUAL REPORT

2024
/25



TRAFNIDIAETH CYMRU
TRANSPORT FOR WALES



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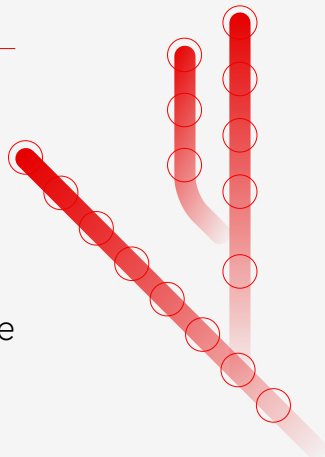
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ELECTRIFICATION

of the Treherbert,
Aberdare and
Merthyr lines.

Since 2020, we've laid
120km of overhead
cables and 70km of
high voltage cable.
25 of our stations now
offer improved accessible
boarding for wheelchair
users and infirm people.

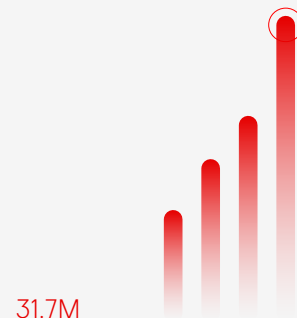


17.8%

increase in rail
revenue to
£174.8 million.

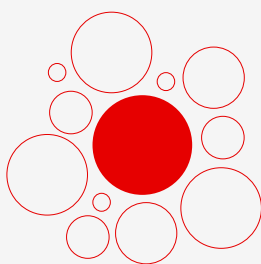
31.7
million train
journeys

up nearly a fifth
on last year.



1.2 MILLION
TrawsCymru
journeys on
contracts we run

up 11.4% on last year.



Distributed
£47 million

in active travel
funding.

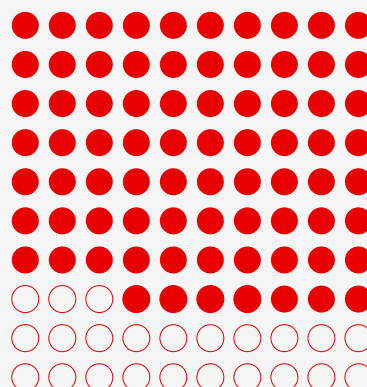


150,000
train journeys using
pay as you go

In the first three months of introduction,
150,000 train journeys were made using
pay as you go.



77.1%
of journeys on
new trains as of
24 May 2025.





CHIEF EXECUTIVE OFFICER'S STATEMENT, JAMES PRICE

All the successes laid out in this report are the result of the hard work of our colleagues. I hope that when reading this report, they take a moment to reflect on all they have achieved over the last year. None of this would be possible without them.



The people of Wales have reaped the benefits of our hard work. Over the last year, we've introduced many new trains and buses and funded projects to make it easier to walk, wheel and cycle. We've increased our passenger numbers with rail revenue growing by 17.8%. We've now electrified over 100km of the Core Valley Lines. Passenger numbers on the TrawsCymru services we hold the contract for are up and we've opened bus interchanges at Porth and Cardiff. We've introduced new ticketing options including pay as you go and we're making it easier for more people to walk, wheel and cycle everyday journeys. These are all key components of the delivery of our vision of the 'T Network', with one network, one timetable, one ticket and one team at the heart of our thinking.

We want to make it easier for people to use public transport more frequently. That means expanding into new markets and growing current ones. We'll do this by continually improving our services and offering new ones where there is demand and opportunity. Projects such as Network North Wales and the South Wales Metro, alongside the continued new fleet deployment, offer the opportunity to grow. We've also moved beyond just transport. This year, we launched TfW Fibre, offering high-speed internet using the fibre cables laid during the electrification of railway lines.

We've also been laying the groundwork for future improvements. The continuing railway line electrification as part of South Wales Metro, the introduction of tram-trains,

plans for the expansion of pay as you go ticketing to North Wales and the development of Cardiff Crossrail will ensure that public transport is the first choice for more people in Wales.

The Comprehensive Spending Review has announced funding for a number of transformative projects in Wales. These projects offer us the ability to change public transport in North and South East Wales that we're starting to see with the South Wales Metro. We're ready for bus franchising which will begin in South West Wales. Bus will become more integral to our work. How well we deliver our T Network mission of one network, one timetable, one ticket, delivered by one team, will be key to our growth.

This year has brought challenges. In the autumn, major storms meant TfW closed railway lines and halted buses. In October 2024, two trains collided at Talerddig. This was a tragic incident and I extend my deepest sympathies to the affected customers, colleagues and their families. We continue to work closely with our partners in Network Rail and others to the improve the resilience of our network overall.

I want to take this opportunity to thank our customers for their support and highlight the importance of the trades unions in supporting and representing our colleagues. My thanks to the Board who continue to offer incisive insight and constructive challenge. I want to especially thank Scott Waddington who, after seven years of service, will this year step down as Chair. His advice and guidance has left us in a strong position to become Wales' favourite way to travel.



CHAIR'S STATEMENT, SCOTT WADDINGTON

As I come to the end of my seven years as Chair of TfW, it is timely to reflect on the enormous progress I have witnessed during my tenure. The Core Valley Lines have been brought under Welsh ownership and the Treherbert, Aberdare and Merthyr lines have all been electrified.

77.1% of passengers are travelling on new trains. Timetable changes have seen more of the country benefit from a good public transport system. That this has been achieved against a background of great uncertainty—from the UK's exit from the EU to the pandemic—makes it all the more impressive. In the day to day running of an organisation, this big picture progress can be lost. Everyone involved in realising this remarkable achievement should feel rightly proud.

The people of Wales are now seeing the benefits of our hard work. We know that the ability to travel opens up more employment and education opportunities for individuals. Access to public transport is a lifeline for many. It is necessary for the growth of the economy and the creation of jobs. TfW's role must always be about building integrated transport and travel networks that support wider society, the economy and work for the people of Wales.

Continuing improvement and consistent, high-quality performance are important for embedding public transport into everyday life. The Metro service across the Core Valley Lines will be largely completed over the next year as will the introduction of our remaining new rolling stock—a massive boost to our customers' travel experiences. Planning for bus reform is well underway. As the T Network is embedded, linking walking, wheeling and cycling routes with public transport will be vital to TfW's future work.

How well TfW can respond when things go wrong remains one of the most immediate ways to judge performance. Going forward, lessons must be swiftly learnt and resilience will be paramount. While it remains somewhat uncertain what the challenges and opportunities will be over the coming years, I believe TfW is now well-placed to effectively respond to such uncertainty.

Just as opening up public transport to more people is important for society, so is opening up career opportunities in the sector. For too long, the transport industry has been dominated by a narrow subsection of society. TfW is looking to change that and I would urge that further change is radical and swift.

Before I step down as Chair, I wish to thank the board members who finished their tenure last year for their support and so willingly committing their time and knowledge to improve TfW. I welcome our new non-executive board members who I know will help grow our expertise in delivering improved future transport for Wales. Thank you to all of our colleagues across the organisation for all your hard work, commitment and supporting the evolving positive culture within TfW. Finally, I thank James Price for his exemplary leadership and support during my tenure.



OUR STRUCTURE AND MEASURING OUR PERFORMANCE

Transport for Wales (TfW) is wholly owned by the Welsh Government. We're a not-for-profit organisation. We have four operating subsidiaries: Transport for Wales Rail Limited, TfW Innovation Services Limited, Pullman Rail Limited and TfW Fibre Limited.

As a publicly funded body, we're committed to demonstrating openness and transparency in the way we operate our business. To measure our progress, we use [key performance indicators](#). We publish the results quarterly and annually. These show our progress in achieving the remit we've been set by the Welsh Government.



Transport for Wales Rail Limited

A Transport for Wales
wholly owned company

TfW Innovation Services

A Transport for Wales,
Keolis and Amey joint venture

Pullman Rail Limited

A Transport for Wales
wholly owned company

TfW Fibre Limited

A Transport for Wales
wholly owned company



INTRODUCING THE T NETWORK

The T Network represents our future strategy: integrated, multimodal and customer first transport for Wales and the borders. It belongs to everyone. The T Network brings our transport systems together in a single, seamless whole.

We employ 4,500 people across Wales and the borders. This year, we launched our new vision, mission, purpose, and values. These guiding principles were developed collaboratively with input from across the organisation, ensuring they reflect who we are and where we're headed. We nurture a culture rooted in inclusivity, growth and learning. Our people should always thrive and contribute to a purpose-driven workplace.

VISION

Wales' favourite way to travel

MISSION

One Network
One Timetable
One Ticket
One Team

PURPOSE

We help people travel in ways that are good for the planet, good for the pocket and good for real life.

VALUES

We do the right thing
We challenge ourselves
We are one

VISION

MISSION

PURPOSE

VALUES



WELL-BEING OBJECTIVES

In June 2024, TfW became a named body under the Well-being of Future Generations (Wales) Act 2015.

Becoming a named body places a new duty to set and publish well-being objectives, designed to maximise our contributions towards the well-being goals.

We've set out four well-being objectives to guide us in shaping a better Wales:

- | | | | |
|---|--|---|--------------------------------------|
| 1 | Enabling people and communities | 2 | Benefiting the environment |
| 3 | Supporting local areas and the economy | 4 | Elevating Welsh language and culture |

These objectives are part of who we are.
They shape our decisions, operations and culture.



CABINET SECRETARY FOREWORD

I am delighted to be celebrating with you the remarkable commitment and progress we've made towards enhancing the quality and reliability of our public transport system in Wales.



Over the past few years, we have embarked on an ambitious journey to transform our transport infrastructure. Our £800 million investment in new trains since TfW was established is enabling us to deliver a modern, efficient, and sustainable transport experience for all passengers.

Since TfW's inception, Welsh Government have allocated TfW more than £1 billion to upgrade our infrastructure, to enhance the safety, reliability, and capacity of our rail and bus networks. From station improvements to track upgrades, these improvements will support the growing demand for public transport and ensure that our services meet the needs of the communities we serve.

I would like to extend my sincere thanks to all colleagues at Transport for Wales (TfW) for their dedication and commitment in delivering exceptional public transport services. Your hard work and perseverance have been instrumental in achieving these milestones and I am confident that together we will continue to drive forward the transformation of our transport system.

Looking ahead, the future of public transport in Wales is bright. Now is the right time for North Wales to get the same level of ambition as the South Wales Metro has seen. Network North Wales will integrate rail and bus in the region, providing opportunities and jobs.

Across Wales, we are exploring innovative solutions such as bus franchising and rail reform to further improve the efficiency and accessibility of our services. These initiatives will pave the way for a more integrated and seamless transport network, benefiting all residents of Wales and beyond.

I want to reaffirm our commitment to working with TfW to build a transport system that is reliable, sustainable, and inclusive, ensuring that our communities are well-connected and supported.



HEATHER CLASH'S REPORT

Chief Officer of Finance, Governance and Corporate Services

Driving up passenger revenue is one of our core priorities and this past year was no exception. As such, I'm pleased to see a large increase in passenger numbers and rail revenue this year. Bus passenger numbers on TrawsCymru services have also seen a steady growth.

We are focused on driving up customer service to increase customer journeys which will in turn grow revenue. We've seen an increase in customer satisfaction scores. As part of our drive we've introduced pay-as-you-go train ticketing in South Wales and the take up is promising.

We're helping make bus journeys more seamless across operators and we are looking at opportunities for the introduction of pay-as-you-go train ticketing in North Wales. We're improving cycling, walking and wheeling routes to railway stations and bus stops to provide more joined-up travel. These improvements will put us in the best possible position for continued revenue growth and raising our high customer satisfaction.

This increase in revenue has run parallel to our significant investment in Welsh railways. We've invested in new trains, built a depot at Taff's Well and electrified much of the Core Valley Lines. We're building a new wheel lathe at Holyhead depot to improve fleet reliability in the north. The result has been and will be a far better service for our customers (shown to date by the increase in customer satisfaction over the past year) and a more sustainable and resilient network.

Any further infrastructure projects must remain highly effective and safe while providing value for money. Such value is particularly important in the current economic climate and the impact of inflation on infrastructure costs. Realising bus reform, improvements to travel in North Wales and completing the Core Valley Lines infrastructure programme must all be achieved under these constraints.

Our aspirations for the T network—linking public transport with walking, wheeling and cycling across Wales—will require TfW to develop our skills and our people. Continued success will depend upon having talented people in the right places. Narrowing the gender pay gap and increasing recruitment from underrepresented groups also underpins our approach.





Performance for the year

The table below sets out the results of the TfW Group for the year. Expenditure is split by type of grant funding. Our spend was in line with our remitted funding and other authorised spend, which was varied during the year.

The results are based on the central government budgeting boundary. The results exclude the performance of Pullman Rail Limited and TfW Fibre Limited which are classified as arm's length public corporations and therefore outside the boundary other than for financing transactions and distributions.

Expenditure	Welsh Government funding (remit and additional)	Total expenditure (excluding commercial projects)	Less external revenue	Total Welsh Government funded outturn
Revenue	£378m	£631m	(£255m)	£376m
Capital	£361m	£358m	-	£358m
Capital IFRS16 Right of Use Assets	£181m	£149m	-	£149m
Total	£920m	£1138m	(£255m)	£884m

The Welsh Government outturn is made up of the following elements:

Expenditure	Rail services grant funding	Bus and active travel grants to Local Authorities & Bus Operators	Other Welsh Government remit grant funding	Total Welsh Government funding	Outturn
Revenue	£308m	£5m	£63m	£376m	£376m
Capital	£44m	£47m	£267m	£358m	£358m
Capital IFRS16 Right of Use Assets	£149m	-	-	£149m	£149m
Total	£501m	£52m	£330m	£884m	



The rail services grant funding received relates to payments made under the grant agreement to operate the Wales and Borders rail franchise which is administered by TfW on behalf of the Welsh Government.

The performance of the rail franchise is below. Rail revenue has grown 17.8% on last year. The Wales & Borders network saw record levels of revenue. This year has set us in good stead to continue to grow rail revenue in Wales and the borders and meet the ambitious target set by the Welsh Government.

Rail franchise revenue subsidy	£m
Total Passenger and other non-Welsh Government revenue	£214.1
Staff costs	(£254.6)
Rolling stock charges	(£116.6)
Performance charges (net of income from Network Rail and other train operating companies for service disruptions)	(£6.3)
Infrastructure charges	(£79.9)
Other operating costs*	(£51.3)
Total operating expenditure	(£508.7)
IFRS16 lease interest and other finance costs	(£13.1)
Pension deficit contributions	(£0.2)
Welsh Government revenue subsidy required (Post IFRS16)	(£307.9)

*Other operating costs are mostly related to safety and security measures, IT and digital projects, marketing and advertising campaigns as well as insurance and industry schemes

Our financial statements

The consolidated income statement shows a loss for the year of £32 million (2023/24: £33 million).

This accounting loss is generated because TfW applies a revaluation policy to its rail network assets, which results in the annual depreciation of £64 million (2023/24: £57 million) for the rail network being significantly higher than the related grant funding amortised through the income statement of £37 million (2023/24: £23 million).

This will therefore result in an ongoing annual loss in the income statement alone. This loss is offset through a transfer within the Statement of Changes in Equity from the revaluation reserve to retained surplus of £27 million (2023/24: £34 million).

The retained surplus/(loss) after these adjustments is set out below:

	2024/25 £m	2023/24 £m
Underlying retained surplus		
Surplus/(loss) before reserves transfer	(£32.3)	(£33.3)
Reserves transfer	£26.5	£34.4
Other movements in comprehensive income	£0.2	£0.3
Retained surplus/(loss) for the year	(£5.5)	£1.5



As TfW and TfWRL are not for profit, the retained surplus is made up mainly of timing differences between costs and income in relation to lease and pensions, as well as performance in our arm's length trading subsidiaries Pullman Rail Limited and TfW Fibre, and a small amount of grant funding to acquire land relating for the South Wales Metro project using capital grant funding (which in accordance with IFRS, is recognised as income in the year of acquisition).

Total expenses for the year were £827 million (2023/24: £741 million). This growth is driven by staffing increases, depreciation and other costs related to new rail rolling stock and increased services, alongside increased maintenance and depreciation costs resulting from the Core Valley Lines network enhancements.

We also facilitated direct grant payments of £47 million of active travel grant payments to local authorities and £5 million of TrawsCymru bus grant payments to local authorities and bus operators (2023/24: £46 million and £5 million). While these grant payments are included in our remit and outturn reporting on [page 11](#), the funding and payments are not shown as income and costs within TfW's Statement of Comprehensive Income on [page 69](#). This is because TfW acts as the administering agent to Welsh Government for these grants, not the grantor.

At the end of the year, the capital assets we hold were valued at £4.1 billion (2023/24: £3.9 billion). We incurred £430 million of capital additions during the year (2023/24: £724 million) as well as £23 million of capital grant-funded expenditure (2023/24: £23 million) in relation to spend which is eligible for capital grant funding but does not meet the criteria for capitalisation on our balance sheet; this is included within administrative expenses in the income statement.

We assess the worth of the Core Valley Lines rail network through a valuation process, which is set out in note 8 to the accounts. The valuation is based on a modern equivalent depreciated replacement cost. The value as at March 2025 is £2.7 billion. The value continues to increase year-on-year as elements of our South Wales Metro development are completed and enter into use - £599m was brought into use this year, with a remaining balance of £510m in assets under construction to be completed in the next two years.

While most of our property, plant and equipment assets are rail infrastructure-related, we also hold £703 million of other in-use capital assets. The majority of this balance relates to leased rolling stock (right of use assets and attributable spend). Our other assets include owned and leased property and related improvements, plant and machinery, IT equipment and software.

We have £641 million of assets under construction as at March 2025, which includes the remaining works being carried out to support the development of the South Wales Metro that have not yet entered into use, and capital costs in relation to the introduction of new fleet.

We have £190 million of current assets, mostly trade receivables and £240 million of current liabilities, mainly accrued trade payables. Invoiced trade payables are relatively low (£29 million) as we aim to pay all suppliers promptly.

We have non-current liabilities of £2.6 billion. The majority of this balance is deferred capital grant funding, which is released over the useful economic life of the related capital assets. There is also a lease liabilities balance which continues to increase as we bring more new rolling stock units into use.

Forward look

The Welsh Government issued a five-year remit letter to TfW in 2023 and provides a separate annual funding letter for the budget allocated to carry out specific activities for that financial year. TfW is held accountable against delivery of milestones from the business plan and we track performance through measures such as [key performance indicators](#), reported four times a year. This enables us to be transparent and held accountable for the spending of public money. These measures guide our investment, help improve services, show potential efficiencies and drive increased revenue over the coming years.

Above all, we want to continue to sustain a high level of customer satisfaction, increase revenue and ensure value for money in regard to the public subsidy of passengers. The more revenue we can generate, the less we will rely on the subsidy from Welsh Government.



CAPITAL | £508M

£508M

£225M

Design and build works to transform the Core Valley Lines rail assets

£197M

Investment for rail passenger services, including new rolling stock, depot and station improvements

£14M

Infrastructure management renewals and other rail asset management related spend

£8M

Bus development and mobilisation projects

£47M

Active travel grants to local authorities

£17M

Other projects, including regional transport, active travel programmes, roads and electric vehicles

REVENUE | £377M

£377M

£323M

Rail passenger services and transport interchanges

£44M

Other rail related spend including infrastructure owner costs and pre-capital works on station improvements

£4M

Bus, road and multimodal revenue funded services

£5M

Grants to support bus services



WHAT WE'VE ACHIEVED THIS YEAR



INCREASING RAIL PASSENGER NUMBERS AND REVENUE

19.1%

annual increase
in passenger
journeys.



Passenger journeys increased 19.1% on last year. We've seen a corresponding increase in ticket sales from £148.4 million in 2023/24 to £174.8 million in 2024/25. The Wales & Borders network saw record levels of revenue.

There have been changes to how passengers travel. The number of journeys under 20 miles has increased substantially.

We've also seen an increase in people travelling on Sundays. By including Sunday in the working week, we have been able to provide a more reliable service.

To grow demand for public transport and increase revenue, we run marketing campaigns. These campaigns provided a strong return on investment, allowing us to increase passenger journeys and reinvest the income.



TIMETABLE CHANGES

In December 2024, we introduced changes to the railway timetable across Wales. This was one of the largest changes for a generation.

The benefits included more trains per hour on Swanline, Milford Haven and Fishguard services. New trains were introduced on the Core Valley Lines. Later trains now run between Swansea and Cardiff, and Cardiff and Maesteg.

It did mean that there were reductions in services on the Cambrian and Heart of Wales line. We made these changes after extensive consultation with the local communities and are looking into ways to mitigate the impact by, for example, running bus services to cover the route. We are looking again at the impact of this reduction in services and will release more information in December 2025.



A THIRD MORE

station stops than last year
due to timetable changes



NEW



TRAINS

As of May 2025, 77.1% of journeys
were undertaken on new trains.



CYCLE TRAVEL TRAIN

In February 2025, we launched our first cycle carriages on the Heart of Wales line.

The trains offer 10 cycle spaces and can transfer tandems. These cycle trains provide 108 seats, an increase of 42 compared with the single carriage trains.



PAY AS YOU GO

We've introduced credit and debit card pay-as-you-go train ticketing at 95 of our stations across South Wales.

In the first three months, 150,000 journeys were made using pay as you go. It offers greater ease of use and savings to customers. We'll be looking at how this can be expanded to other parts of our network including North Wales.



INCREASING CONNECTIONS

We now provide cycle parking at 145 of our 246 stations.

124,133

assisted journeys for disabled and infirm passengers





IMPROVING CUSTOMER EXPERIENCE

Customers travelling First Class increased by a third last year, with a corresponding rise of more than a third in First Class revenue.



A RISE OF MORE THAN A THIRD

in First Class revenue



To improve our First Class food options, we've built a new preparation kitchen in Newport.

Our chefs have been working with Michelin star Welsh chef James Sommerin to produce a new menu to be rolled out in 2025/26.

Partnering with Seatfrog, we've introduced First Class upgrades on the Welsh Marches line. This gives customers a new way to purchase an upgrade.

Working with JurnyOn, we've introduced a subscription-based loyalty and rewards mechanism to passengers travelling on our network.



TRAWS CYMRU



The number of passenger journeys on the TrawsCymru contracts we manage grew 11.4% last year with 1.2 million journeys made.

Service improvements included increased frequencies on Sundays and adjusted summer timetables to respond to demand. Our complaints and cancellations remained low.

We already provide integrated train and bus ticketing on the T1 (Aberystwyth to Carmarthen) service and this will be rolled out to further TrawsCymru routes in 2025.



TAP ON



TAP OFF

This year, over two fifths of all bus tickets in North Wales were paid for by Tap on, Tap off contactless payment system.



ELECTRIFICATION OF LINES

The electrification of the Treherbert, Aberdare and Merthyr lines has been completed. New trains are now running on them.

We've continued work to improve and electrify the Bay Line.

Since 2020, we've laid 120km of overhead cables and 70km of high voltage cable. 25 of our stations now offer improved accessible boarding for wheelchair users and infirm people.

Installed

120KM

of overhead cables

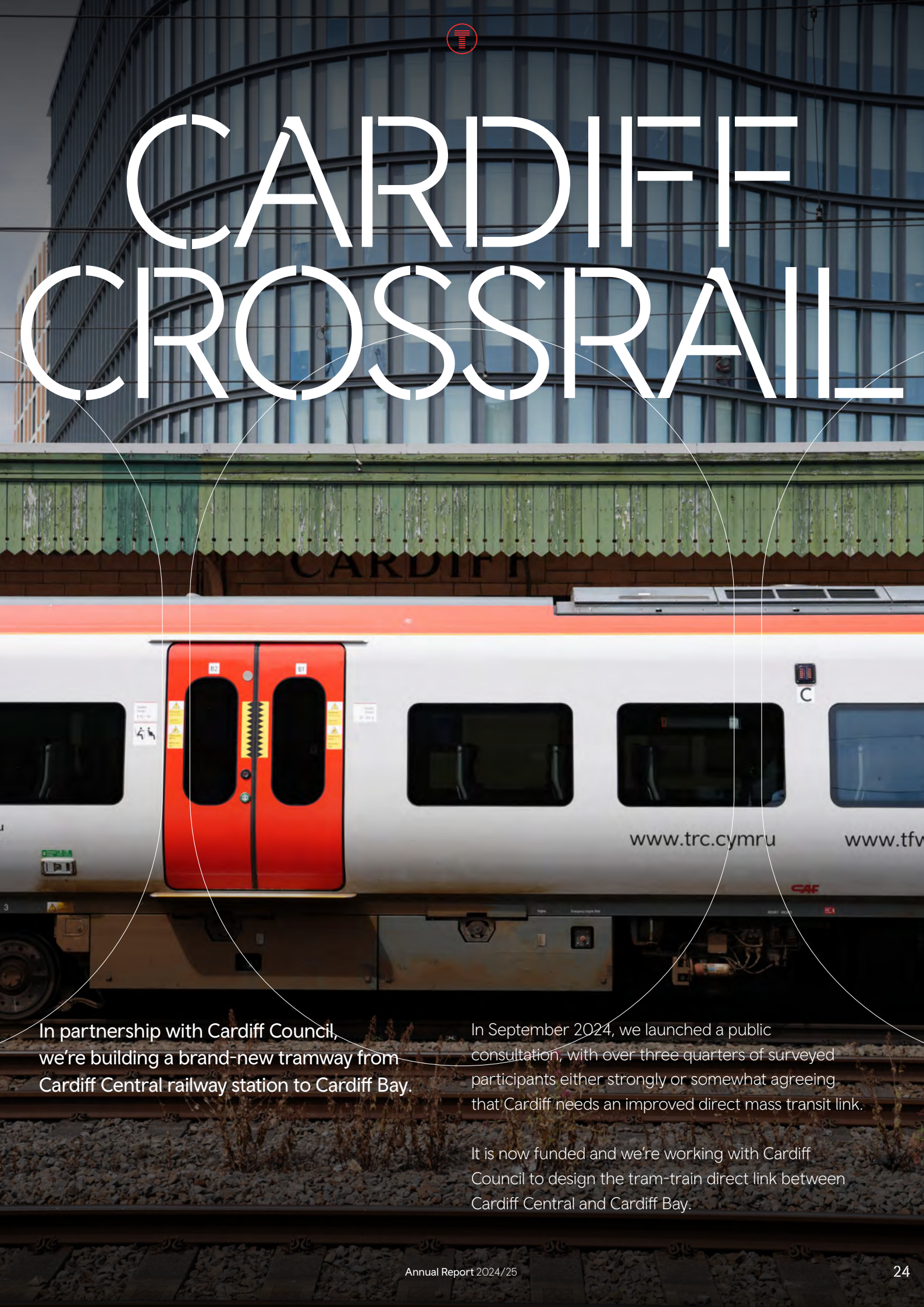


OPERATING FROM TAFFS WELL DEPOT

We began operating from Taffs Well Depot in July 2024.

The depot houses our new tram-trains which will run across Cardiff and up the valleys. It has brought employment opportunities, creating over 200 new roles.





CARDIFF CROSSRAIL

In partnership with Cardiff Council, we're building a brand-new tramway from Cardiff Central railway station to Cardiff Bay.

In September 2024, we launched a public consultation, with over three quarters of surveyed participants either strongly or somewhat agreeing that Cardiff needs an improved direct mass transit link.

It is now funded and we're working with Cardiff Council to design the tram-train direct link between Cardiff Central and Cardiff Bay.



BUS FRANCHISING

The bridge to franchising initiative has seen Powys, Ceredigion and TfW collaborating to improve local bus services and the broader transport system between now and 2030.

This is in advance of the Bus Services (Wales) Bill which, if passed, will allow us (in close collaboration with local authorities and Corporate Joint Committees) to plan and coordinate bus services at a national level.



3,500

bus services a
week operating
from Cardiff Bus
Interchange



CARDIFF BUS INTERCHANGE

The Cardiff Bus Interchange opened in June 2024. The number of bus services operating from the interchange has increased to just under 3,500 a week.

The interchange provides easier connections and integrated travel information between bus and train travel. It has tactile flooring, an accessibility map, and has new retail and advertising spaces.



PORTH BUS INTERCHANGE

Porth Bus Interchange
opened in February 2025.



Porth Bus Interchange opened in February 2025. We worked closely with Rhondda Cynon Taf Council—who secured the funding—to ensure that the interchange works for the local community. The interchange brings together bus and train travel.

We've also worked with Stagecoach to provide integrated bus and train tickets between Cardiff and Maerdy on a single ticket.



HOLYHEAD WHEEL LATHE

We're building a new wheel lathe at Holyhead depot.

This will allow faster repairs of damaged train wheels and improve fleet reliability in the north. It will allow us to better manage the impact of bad weather.



CARDIFF CENTRAL ENHANCEMENTS

We're improving Wales' busiest railway station to alleviate overcrowding and accommodate long-term passenger growth.

It will be funded by up to £140 million from the Department for Transport, Cardiff Capital Region and the Welsh Government. This year, we submitted planning permission for the enhancements. The delivery of the scheme is subject to planning permission and full business case approval.



CYCLE HANGARS

We have developed a pilot scheme to provide secure cycle hangar units for residents of housing associations.

Initially, we will be providing 40 cycle hangar units with five housing associations at twelve different locations across Wales.





RELIABILITY

85.7%

of trains on the
Core Valley Lines
were on time



Over the course of the year, we've worked hard to keep our cancellations rates low. The number of on time trains on the Wales and Cross Borders lines has increased over five percentage points this year to 75.0%. On the Core Valley Lines, 85.7% of trains ran to time.

The train service between Wrexham and Bidston improved due to our introduction of a new timetable. In July 2024, 87.7% trains arrived on time compared with 48.4% in July 2023.

The number of three or more carriage trains on the Welsh Marches line increased steadily over the year and, by March 2025, accounted for over three quarters of the trains running on the line.

Some lines performed better than others. Stations on the Coryton line received poor service. We recognised this and put in place plans to mitigate it in the short term and, long term, we'll look to fix the issue with new trains.

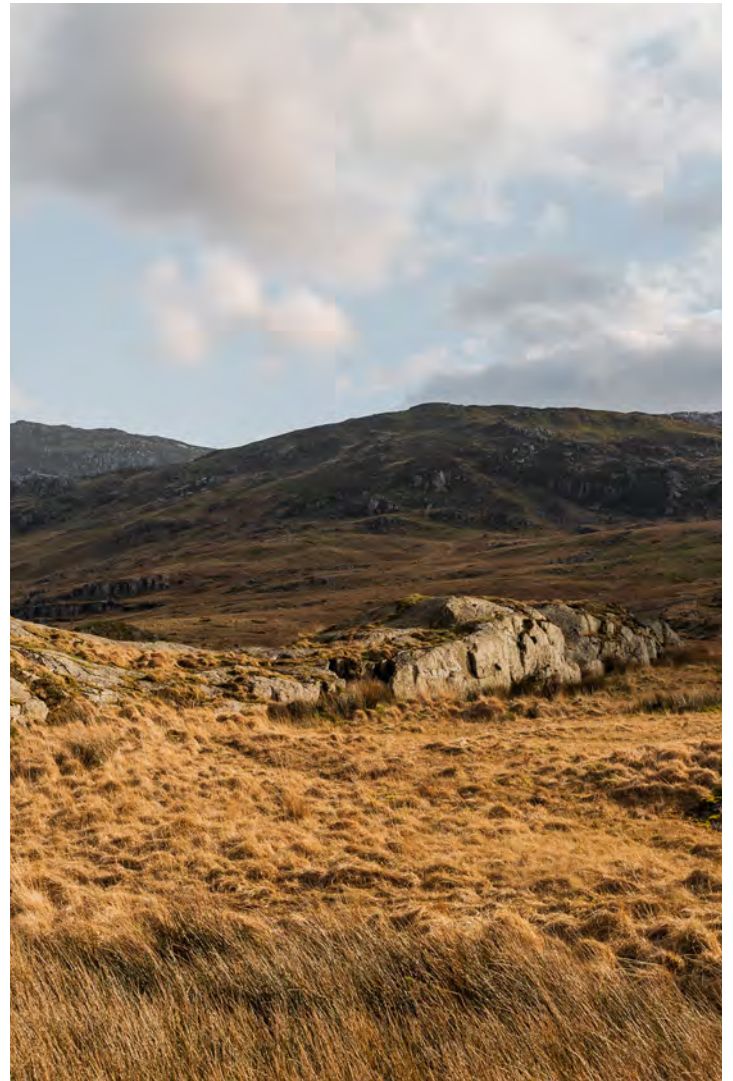


TRAIN COLLISION AT TALERDDIG

On 21 October 2024, two TfW trains collided at Talerddig on the Cambrian line.

It was a slow speed collision. 15 people were injured, four seriously. Tragically, one passenger died.

Rail Accident Investigation Branch visited the accident site that evening and began a statutory investigation. TfW is fully co-operating with this investigation. We will follow any recommendations and learn from any issues raised by this investigation.



THE IMPACT OF EXTREME WEATHER

Storms Ashley, Bert, Darragh and Éowyn all impacted our ability to run rail and bus services.

We're working to develop ways to improve our resilience to extreme weather including contracting rail replacement services, working closer with Network Rail and improving the immediacy of our reporting services.



NETWORK NORTH WALES

Network North Wales is a multibillion-pound proposal that will improve travel across North Wales. By improving infrastructure, we want to link communities, business parks, towns and city centres.

It will seek to better connect North Wales to Liverpool City region and Greater Manchester region, forging closer connections.



Rhwydwaith
Gogledd Cymru
Network
North Wales



WALES NATIONAL TRAVEL SURVEY

We launched the Wales National Travel Survey in March 2025.

The survey collects data on travel attitudes and information on how, why, when and where people travel. Almost 15,000 households will be invited to take part over the year, with an expectation of 5,000 responses. It is the first time we will have a reliable, Wales-specific travel survey data since 2012 and will provide us and the Welsh Government with reliable data to monitor progress.



REGIONAL TRANSPORT

Developing public transport and active travel.

We supported Corporate Joint Committees to produce region-specific plans for developing public transport and active travel. This includes plans to improve Cardiff Central and Wrexham Gateway. TfW also supports transport reviews such as those led by Lord Burns in North Wales and South East Wales.



4

Corporate Joint Committees supported to develop their Regional Transport Plans.



EQUALITY AT TFW

It's important that we reflect the communities we serve. We've got a way to go with racial and gender equality.



This year, we launched our anti-racism plan, setting out how we'll encourage more people from minoritised ethnic backgrounds to apply to and succeed at TfW.

Our overall median gender pay gap widened this year. To close it, we're looking to employ more women as train drivers and conductors. We're also creating bespoke development plans for women identified for succession and launching our Returners Programme (supporting people who have had a career break due to childcare, caring responsibilities or illness).



EVENT ORGANISING

In 2024, thousands of events happened in places served by our network.



250,000

passengers transported in and out of Cardiff Central for major events this year.

This included high-profile music events such as Taylor Swift, Bruce Springsteen and Pink.

We supported sporting events including Six Nations Rugby, international football, Chester races and Wrexham football fixtures. We put on extra services for the Cardiff Half Marathon.



100,000

passengers carried
to the Eisteddfod over
eight days.



NATIONAL EISTEDDFOD

In August 2024, the Eisteddfod was held in Pontypridd. Our role was to promote public transport and active travel to visitors.

We carried 100,000 passengers over eight days. Our team spoke with thousands of attendees each day about our services and future plans. Our staff spoke Welsh and met customers from all over Wales.



RAILWAY 200

Railway 200 celebrates the 200th anniversary of the world's first passenger railway journey under steam power.

Working with industry, communities, academia and museums, TfW is running a range of activities and events across Wales and borders.



SUSTAINABLE



IMPACT

We completed six new community projects and ten legacy projects focused on biodiversity, heritage and supporting social impact initiatives across Wales.

We began our sustainability exemplar project at Barry Depot with the installation of a well-being garden and wildlife boxes. It gained a Level 3 Green Dragon award.



WALKING, WHEELING AND CYCLING

We're providing technical design input to 34 local authority projects.

Our design hub was created to raise the quality of active travel delivery in Wales.

Our toolkit has been extensively used by local authorities, Welsh Government and Public Health Wales to promote walking, wheeling and cycling.



NEW TRAINS

With the introduction of new trains, carbon dioxide emission per train passenger kilometre has fallen 3.6 grams over the last year to 80.5.

34

local authority projects
received technical design
input from us.





ELECTRIC VEHICLES

We installed 19 fast chargers across 10 Core Valley Lines stations for public use.

In partnership with local authorities and other landowners, we supported the continued roll out of rapid charging infrastructure across Wales. We assisted the Welsh Government in assessing, and monitoring.



FIT OUT BUS ELECTRIC

We're always looking to make transport more sustainable.

This year, we've converted two vehicles from diesel to battery-powered electric. We are now awaiting the certification to make sure they are roadworthy before we evaluate the capabilities of these buses in service.



Installed

19

fast chargers across 10
Core Valley Lines stations



RISK

TfW recognises the vital importance of risk management in all aspects of our business. We continue to innovate and evolve our risk management processes, embedding a culture of risk awareness throughout the organisation. As TfW becomes responsible for multiple modes of travel, it is crucial that our risk management processes continue to be equipped to deal with emerging risks, while also capitalising on opportunities.

Our strength comes from strategic planning and deployment. Annually, we develop and deploy a risk strategy, which continues to drive forward our evolution of risk management. Successes this year include:

- Over the last year since Core Valley Lines (CVL) risk management was transferred to TfW, programme risk governance has been strengthened by implementing and enhancing risk management processes to ensure risks are being systematically identified, assessed and managed, and integrated into decision-making processes.
- A deep dive risk review of the Bus Franchising Programme has been undertaken to provide assurance that TfW's risk governance continues to be integrated across the programme.
- TfW's enhanced risk identification guidance has been rolled out across the business to support horizon scanning over the short, medium and long term. This has been communicated through innovative bitesize videos that capture the key messages.
- Producing Quantified Cost Risk Assessments for TfW's programmes and projects to understand risk exposure and establish appropriate levels of contingency.
- Integrating the National Risk Register Risks into TfW's Risk Management System to assess and manage those risks that may impact the organisation.
- Developing risk dashboards that have provided the Executive Leadership Team, Board and the Audit and Risk Committee with additional data visualisation tools that allows live risks, issues and opportunities to be interrogated quickly and easily making it an efficient, visual and interactive process.

Our principal risks and issues (those which potentially could have a significant impact on strategy, reputation, operations or finance) in the main, like most organisations, have remained static. Specifically, these risks are the continued challenge with safety, funding, risks to finance, efficiency, environment and climate change and the success of major projects and our core operations.

This year we have seen the most pressing risks escalated to the Executive Leadership Team, Board and Audit and Risk Committee for awareness and to gain support for our response. The following are some examples of Principal Risks that have been escalated and later de-escalated following effective mitigation:

- Short term or rolling power outage associated with winter climate and energy resilience.
- Successful delivery of the Eisteddfod that was held in Pontypridd during August 2024.
- Mobilisation of the TfW Fibre project.
- Preparing for compliance with the new Public Procurement Regulations.



Risks

This table sets out the Principal Risks that could affect TfW in this year, overseen by the Executive Leadership Team and the Audit and Risk Committee, and considered and approved by the Board. The content of the table is not intended to be an exhaustive list of the risks and uncertainties that may arise.

1. Failure of the infrastructure management partner to operate

Risk Description

Failure of the infrastructure management partner to meet its authorisation to act as the CVL Infrastructure Manager as agreed by the Office of Rail and Road (ORR), resulting in the loss of ability to manage and maintain the CVL Infrastructure.

Mitigation actions

- Senior level governance and key performance monitoring.
- Regular monitoring of supply chain health to understand supplier health.
- Audits, inspections and assurance reviews.
- ORR feedback and engagement.
- Infrastructure of last resort process as part of the business continuity plan.

Progress

- Clear governance and performance management in place and in use.
- Procurement key supplier management.
- TfW audit and assurance programmes linked to governance.
- Regular interactions with ORR.
- Business continuity management.

Speed of potential impact:

Less than six months.

2. Failure of Transport for Wales Rail Limited to operate

Risk Description

Failure of Transport for Wales Rail Limited to meet its authorisation to act as Train Operator as agreed by the ORR resulting in the loss of ability to operate services leading to a delay or disruption of transformation programme.

Mitigation actions

- Senior level governance and key performance monitoring.
- Integrated programmes, processes and systems.
- Audits, inspections and assurance reviews.
- ORR feedback and engagement.
- Board governance and business continuity plans.

Progress

- Senior level governance and key performance monitoring.
- Integrated programmes, processes and systems.
- Audits, inspections and assurance reviews.
- ORR feedback and engagement.
- Board governance and business continuity plans.

Speed of potential impact:

Less than six months.



3. Delivery of the Core Valley Lines transformation

Risk Description

Risk that the CVL transformation programme is not delivered to time and budget and that the system is not properly integrated.

Mitigation actions

- Robust programme and project management and management controls.
- Regular programme reviews Implementing improved governance and scrutiny.
- In-house risk management.
- Increase in TfW skills and capability integration.

Progress

- Regular programme reviews and re-baselining has been undertaken.
- Board sub-committee in place to monitor and support major projects.

Speed of potential impact:

Less than three months.

4. Extreme weather events

Risk Description

Continued risk of major disruption to the network caused by extreme weather events such as flooding, heavy snowfall, sustained high temperatures and storm force winds.

Mitigation actions

- Joint seasonal disruption programmes and strategies.
- Monitor weather warnings and forecasting.
- Vegetation management and assessment of dead, dying and diseased trees.
- Review of flood sites and remediation programmes.
- Allowing season rail tickets to be used on other nearby lines and maintaining agreements with bus operators.
- Climate change risk assessments and adaptation plan.

Progress

- Seasonal change and preparation meetings in place with Train Operations and Infrastructure Managers.
- Rail replacement services have been contracted.
- Development of the TfW climate resilience and adaptation plan.

Speed of potential impact:

Less than three months.



5. Bus franchising programme

Risk Description

Risk of TfW not achieving bus franchising and the wider bus policy aspirations and outcomes in Wales as a result of:

- If the legislation to enable change of franchising model is not made law.
- Insufficient funding to enable change and meet expected service delivery.
- Lack of resources and capability to deliver programme.

Mitigation actions

- Joint TfW and Welsh Government governance.
- Roadmap strategy for stakeholder engagement.
- Recruitment and organisational design.

Progress

- Roadmap document published and being used to engage stakeholders.
- Governance in place and in use with escalation process for decisions.
- Several small and medium-sized enterprises workstreams in place developing specific plans.
- Working with local authorities to prioritise services that best meet the needs of people and communities.

Speed of potential impact:

Less than six months.

6. T Network

Risk Description

Risk that TfW is unable to operate transport services in an integrated manner resulting in a lack of physical infrastructure to support multimodal travel delivery.

Mitigation actions

- Work regionally and nationally to create an integrated travel network in Wales and the borders.
- Develop the technology to enable seamless journey planning and ticket purchasing.
- Build the internal governance and our ways of working.
- Deliver internal culture change to deliver our mission of one network, one timetable, one ticket and one team.
- Develop a brand that is customer focused and synonymous with integrated sustainable travel in Wales.

Progress

- We're delivering services and working on projects that will transform travel in Wales to benefit the communities we serve.

Speed of potential impact:

Less than six months.



SECTION 172 STATEMENT

How the Board fulfils its duties under s172

TfW's Directors, and the Board collectively, are bound by the duties set out under s172 of the Companies Act 2006, to promote the success of TfW for the benefit of the Welsh Government, customers and other key stakeholders. Understanding the requirements, concerns and ambitions of our stakeholders is key to informing the Board's creation of an effective and sustainable business strategy. Ongoing consideration of these matters is integral to Board discussions and decisions to ensure the progression of TfW's corporate plan, strategic objectives and promotion of TfW's long-term success. The Board understands the importance of TfW maintaining its reputation for the highest standards of business conduct. The Board ensures that different stakeholder groups are considered and treated fairly in its deliberations. All decisions are taken in accordance with our purpose, culture and values.

We've integrated our reporting across this annual report to make it clear how we've had regard to the long-term consequences of our decisions. Particularly, we have regard to our legal responsibilities under the Well-being of Future Generations (Wales) Act 2015, the interests of employees, customers and suppliers, the environment, our communities and the Welsh Government.

The Board promotes TfW's long-term success by ensuring it adheres to the highest standards of conduct. This includes its own actions and those of its employees and understanding the long-term implications of its decisions. It does this through:

Defining TfW's purpose, culture, values and strategy

This year, we have created a new vision, mission, purpose and values which will guide everything we do at TfW. At the heart of this transformation is the T Network which represents our future strategy for an integrated, multimodal transport system in Wales. Our purpose, culture and values (alongside engagement with, and an understanding of, the requirements of our stakeholders) assist the Board in guiding the strategic direction and TfW's long-term interests.

Ensuring high-quality Board information

Board agenda planners set out matters to be considered by the Board and Board Committees during the year. These are reviewed regularly and updated during the year to ensure that Board meetings are of the highest standard and that the Board continues to meet the evolving demands of the business and its stakeholders. Board papers are subjected to a robust review process to ensure they are focused, clear, accurate and of the highest quality.

Open Board discussion and decision-making processes

TfW's Board environment encourages an open, honest and accountable discussion and decision-making culture, which is subject to rigorous challenge to ensure those stakeholder interests are understood and considered. Therefore, decisions are made that support overall long-term sustainable success.

Understanding the required Board skills, knowledge and experience

Collectively, the Board has wide ranging, relevant expertise and experience. This informs and guides decision making to ensure it is of the highest quality and in TfW's long-term interests, while ensuring a balanced and fair consideration of the expectations of relevant stakeholders. Individually, Directors focus their varying expertise on different areas of the business to provide balance and robust oversight.



Considering stakeholder interests and impact

To assist the Board in fulfilling its obligations under s172, each Board paper is accompanied by a covering document outlining; i) which stakeholders could potentially be impacted by a decision taken by the Board on the matter in question, ii) an explanation of how those stakeholder interests have been considered, iii) the impact of Board decisions.

Our customers: how we engage

We are committed to ensuring that the interests of our customers are a core part of our decision-making processes. We regularly invite feedback from our customer and advisory groups which helps us improve our customer experience. Customers can contact us by phone, letter and online to register complaints and provide us with highly valuable feedback. On our website, we provide as much information as possible about our services and any changes, especially any planned and unplanned disruption. We ensure information is available about how to book accessible travel assistance.

The communities we serve

Our services impact communities across Wales and the borders. Through our Community Rail and Stakeholder Engagement teams, we build links and promote community needs via local projects and events ahead of major infrastructure work. While we can't always prevent disruption, feedback is regularly reviewed and incorporated in a lessons learned approach. Our quarterly Advisory Panel (including representatives from customer groups, government, industry, and marginalised communities) offers feedback and advice on various topics to guide our decisions. We've also introduced a quarterly All-Wales and Borders stakeholder forum, divided into four regional forums, to inform and gather feedback on public transport issues.

Our people

We recognise that our colleagues are crucial to our success. They regularly provide feedback, suggestions, and concerns during our 'All Company Exchanges' and through our internal Viva Engage network. Through our Colleague Communications and Engagement Charter, colleagues at all levels understand our expectations for communication and engagement, in line with our corporate values. We also have a Core Brief, which is a roundup of important and relevant updates across the organization. These initiatives ensure that our internal communications support TfW's vision and values and are both efficient and sustainable. In addition, conduct engagement surveys are periodically issued to gather structured feedback from colleagues with the next engagement survey scheduled for summer 2025.

Our suppliers

Our supplier partnerships are crucial to our long-term plans and services. We continually improve our supply chain through close engagement with suppliers. The TfW Board regularly reviews and provides feedback on supply chain matters through reports and risk assessments. The Audit and Risk Committee also receives updates and can challenge procurement decisions.

Sustainable decision making

Our Board recognises the long-term impact of its decisions on future generations—including the communities we serve, the environment, the economy, and public health. We have a legal responsibility to align our actions with the Well-being of Future Generations (Wales) Act 2015, the five ways of working towards sustainable development, and the Welsh Socio-economic Duty.

We aim to consider the consequences of our decisions early, addressing any negative impacts promptly to make better choices. Our Board is dedicated to reducing our contribution to climate change, enhancing biodiversity, and leading efforts in decarbonisation and sustainable travel.

Moving forwards

In the coming year, our Board is committed to further developing our existing work to enhance the way they make decisions and have due regard for the matters under s172 of the Companies Act 2006.



Board Committees

Audit and Risk Committee

The Audit and Risk Committee provides oversight over TfW's risk management and internal control system, financial and non-financial reporting, and the Welsh language within and outside of TfW.

Customer and Communications Committee

The Customer and Communications Committee oversees TfW's customer strategy and delivery plans. The committee reviews non-financial operational performance metrics (such as punctuality) along with customer and stakeholder feedback. The committee ensures our customers are placed at the heart of everything we do and that there is a clear plan in place to achieve the service delivery and transformation that our customers expect.

Health, Safety, Well-being and Sustainability

This Committee provides assurance to the Board that its interests and accountabilities for health, safety, well-being, sustainability, climate adaptation, resilience, security and business continuity are appropriately managed. It ensures robust measures are in place in relation to the activities of the company as they affect the general public (including customers), direct and indirect employees, contractors and suppliers. It reviews a range of key performance indicators. It makes recommendations, creates challenge, and reinforces positive activities to promote continuous improvement and the sharing of best practice across the company's interests.

The Major Projects Committee

The Major Projects Committee ensures a rigorous focus by the executive on major project safety, delivery, controls and risk management. The committee also monitors the pipeline of potential new projects. The committee takes regular reports on project delivery on behalf of TfW's Board. It monitors and challenges risk mitigation and the control environment put in place by the executive.

People and Remuneration Committee

The People Committee assist the Board to review the TfW People Strategy. It ensures that the Board and Executive Leadership Team retain an appropriate structure, size and balance. It reviews the annual development plans of leadership teams. The committee monitors key metrics and dashboards to support assessment of current performance and future goals of TfW. This includes oversight of the diversity and inclusion programme.



CLIMATE

The Board is fully committed to ensuring that Welsh Government's ambitions on climate change are met including decarbonisation targets, responding to the climate emergency and adapting to the changing climate.

Non-Financial and Sustainability Information Statement

We have assessed climate to be a principal risk to the organisation, primarily because of the risk of disruption due to an increase in extreme weather events. Accordingly, in accordance with the Companies Act 2006, as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, this section of our Strategic Report includes our climate-related financial disclosures, aligned with the recommendations of the Task Force on Climate-related Financial Disclosures and guidance provided by His Majesty's Treasury in December 2024.

Governance

The Board has the ultimate responsibility for setting the organisation's strategy which incorporates climate risks and opportunities. Strategic risks are owned, managed and monitored by TfW's Board, Executive Leadership Team and Audit and Risk Committee. Risks and opportunities may be identified from a range of sources, for example through project risk assessments or through workshops on particular themes. They are logged and assessed against our risk appetite profile, supporting prioritisation and mitigation effort. Monthly Strategic Risk Reports are presented to TfW Board and Executive Leadership Team for ongoing monitoring and management, strategic risks have an assigned responsible Executive Leadership Team Member who provides ownership of the risk, and mitigations.

The Board oversees and monitors progress against goals and targets both directly and via its sub-committees. Our Audit and Risk Committee monitors our internal controls for managing climate change risks and opportunities, including transition risks and those impacting the delivery of objectives outlined in the Climate Adaptation and Resilience Plan and those that will be outlined in our Energy Strategy and Carbon Management Plan. This enables the TfW Board to oversee and provide scrutiny of decisions that may impact the corporate risk appetite.

To maintain and develop climate related expertise the Climate Change Team provides briefings on climate science, regulatory requirements and sector specific risks to educate senior leaders and the wider organisation. The team supports senior leadership in reviewing climate metrics, targets and reporting.

More detail is provided in our [Climate Change Report 2025](#).



Strategy

Our [Corporate Strategy](#) outlines key priorities and objectives to challenge and overturn longstanding transport behaviours by changing the perceptions of public transport and enabling modal shift.

We recognise the importance of identifying and managing climate-related risks and opportunities to ensure the long-term sustainability of our operations. We've developed a [Climate Adaptation and Resilience Plan \(CARP\)](#).

In October 2023, members of the UK Rail Industry CCAWG met to develop an implementation plan for a roadmap developed through the Climate Change 'Adaptive Capacity' Maturity Assessment project. The Rail Industry CCAWG has chosen Representative Concentration Pathway (RCP) 6.0 as the high warming default scenario. RCP8.5 will be used to stress test assessments and determine if greater resilience is needed for long-term assets in a very high global warming scenario.

These scenarios were chosen to: ensure consistency across the rail sector; and reflect both realistic and worst-case climate futures, supporting robust adaptation planning.

In August 2024, we commissioned a Rapid Adaptation Pathways Assessment (RAPA) to assess the range of climate risks our CVL infrastructure may be subject to, and highlight potential adaptation pathways to mitigate these risks.

The RAPA identified key risks under RCP6.0 and RCP8.5, including:

- Increased frequency of extreme rainfall events, leading to flooding and landslips.
- Higher summer temperatures, increasing the risk of track buckling and overhead line failures.
- Vegetation growth and soil instability affecting embankments and cuttings.

Adaptation pathways were prioritised based on risk severity, cost-effectiveness, and implementation feasibility.

In April 2025, we completed the Adaptive Capacity Maturity Matrix to determine our current adaptation maturity level. We currently sit at a level of 2-3 out of 5; suggesting we are strong in governance and strategy for climate resilience and adaptation. Our next steps to improve our maturity level and adaptive capacity involve embedding and implementation of our strategy across the organisation.

The outcomes of the RAPA and maturity assessment have directly informed our strategic planning:

- Operational Planning: Climate scenarios are now embedded in asset management plans and design standards.
- Investment Planning: Adaptation measures such as improved drainage systems, heat-resilient materials, and vegetation management are being incorporated into investment programmes.
- Organisational Development: Training and awareness programmes are being developed to embed climate resilience across all functions.

Climate-related risks and adaptation costs are being integrated into our long-term financial planning and capital allocation processes. Where relevant, provisions for climate adaptation are disclosed in our financial statements, and scenario analysis informs asset valuation and impairment testing. Future investment decisions will be assessed against both RCP6.0 and RCP8.5 scenarios to ensure financial resilience under a range of climate outcomes.

In relation to direct emissions during the transition period as we decarbonise our fleet, increasing services and passengers means that our carbon dioxide emissions are likely to rise.

More detail is provided in our [Climate Change Report 2025](#).



Financial Impact

We're working to establish a robust approach to assessing the financial materiality of climate-related risks and opportunities. While this work is still in its early stages, it forms a critical component of our long-term climate strategy.

Our current focus is on building the internal capacity, data infrastructure, and analytical tools needed to quantify both acute physical risks (for example, storm-related service disruptions) and chronic risks (for example, long-term asset degradation due to climate change). We also aim to assess transition risks, such as policy shifts, supply chain volatility, and the financial implications of decarbonisation.

Significant CVL disruption caused by extreme weather events can result in a loss of revenue, depending on the level of disruption, with typical losses of £100,000-£500,000 per day. The impact on customers and local businesses in terms of socio-economic impacts can be far greater.

For Wales and Borders, Network Rail has a financial mechanism that compensates us for unplanned service disruptions caused by factors outside of our control (including storms).

To strengthen our financial materiality assessment, we're taking the following steps:

- Integrating climate risk scenarios into financial planning and investment appraisals.
- Developing internal metrics and KPIs to track climate-related financial exposure and resilience outcomes.
- Collaborating with partners to improve data sharing and modelling of climate impacts.
- Embedding climate risk into commercial risk management, ensuring alignment with our Risk Appetite Matrix and Active Risk Manager (ARM) system.

Over time, this approach will enable us to better understand the full financial implications of climate change, support more informed decision-making, and enhance transparency.

Risk management

Our most significant climate-related risk and the most material is weather related and more detail is provided in the Risk section of this Annual Report on page 40.

Climate-related risks are integrated into our overall risk management framework. We identify, assess, and manage these risks through scenario analysis, stress testing, and regular monitoring. We've adopted a structured Climate Change Risk Assessment (CCRA) Framework to systematically evaluate and manage climate-related risks across our operations.

Our Risk Management team plays a central role in embedding climate-related risks and opportunities into day-to-day operations. The ARM system is used to record and monitor any climate risks and opportunities identified from CCRA's. Such risks may include potential knock-on effects to other business areas such as financial performance, transport planning, assets, and customer experience. The risk management team communicate these risks to other teams/departments as necessary, including assigning action owners for monitoring the risks, and implementation of mitigations.

These risks are scored using both qualitative and quantitative assessment criteria, such as likelihood, potential cost of impacts, and similar examples of previous materialisation. The latter may include financial impacts, service disruption and asset damage resulting from extreme weather events that have occurred in the past. The CCRA's consider the severity, likelihood and frequency of potential consequences, informing how we prioritise the highest risks to be managed first. This is especially true for safety-critical assets and key services routes on our network. A summary table of some of our other strategic climate risks and associated mitigation controls is provided below.



Risk Term	Risk	Impact	Mitigation Control
Short Term	Extreme weather events (flooding, extreme heat, ice, snow) may cause disruption to infrastructure which could have operational and cost implications.	Inability for TfW to maintain service provision and deliver on Welsh Government's (WG's) Remit requirements, with cost implications / financial implications due to incidents, asset damage and service disruption.	<p>Future-proof mitigation (e.g. construction) and pre-work environmental assessments.</p> <p>Continue to conduct risk assessments across the network to ensure climate change risks are captured and appropriate mitigations are in place for future occurrences.</p> <p>Set up governance channels for monitoring our progress to enhance our adaptive capacity to climate change-induced extreme weather events.</p>
Short Term	The decarbonisation target of net zero by 2030 may not be met if diesel trains are unable to be refurbished or repurposed.	This could have reputational, legal, and cost implications and mean that commitments are not met.	This will be managed through the Rolling Stock Decarbonisation Strategy.
Short Term	Failure to deliver on 2030 net zero target due to supply chain emissions.	This could affect TfW's ability to reduce its corporate emissions and WG's Remit requirements.	In collaboration with Procurement and Finance the Climate Change Team will conduct an in-depth analysis of supply chain emissions to obtain more accurate representation and add this to offset higher level reporting and collaborate with Welsh Government to develop a hybrid approach to carbon accounting for this activity.
Medium Term	Failure to deliver on net zero target due to development on greenfield land assets.	Our transformation programme could result in development of our greenfield assets, which could reduce the sequestration potential of the land we own. This could reduce the offset potential of our land assets, as they could become an overall net source of emissions, rather than a sink. We may then have to buy other offsets to compensate.	Work with our land management, engineering and projects teams to ensure that due diligence is done when considering development of any TfW land assets. Develop governance structure for stakeholder consultation on land purchases/ assets.



Risk Term	Risk	Impact	Mitigation Control
Medium and Long Term	Risks to assets, health and safety, reputation and costs due to absence of impact assessments, appropriate response plans and policies associated with extreme/adverse weather.	Potential damage and premature failure of assets. Increased disruption to services and financial impacts of asset repair, delay compensation and other losses.	Work collaboratively with infrastructure owner team to develop impact assessments for extreme/adverse weather events and share learning. Set up extreme weather working group to coordinate development of appropriate extreme weather response plans and policies. Publish TfW extreme weather guidance for staff and customers to reduce the risk of weather-related impacts on health, journeys, assets, and ways of working. Coordinate the development of contingency plans with the asset management team. This includes implementing asset protection measures and renewals on CVL infrastructure.

Metrics and targets

TfW's Annual Business Plan reaffirms our commitment to delivering the objectives set out in our Climate Adaptation and Resilience Plan (CARP). This includes strengthening the resilience of our network and services and ensuring that climate considerations are embedded in all major programmes and investments.

While we have made progress in establishing initial targets and indicators, we acknowledge the need to develop a more comprehensive suite of quantitative and qualitative metrics. These will align with the evolving nature of climate risks and opportunities and support transparent reporting.

Our current focus is on:

- Refining methodologies for assessing climate impacts and adaptation effectiveness.
- Enhancing data collection to support evidence-based decision-making.
- Developing KPIs that reflect both physical and transition risks, as well as resilience outcomes.
- Establishing monitoring and evaluation routines to track progress against baselines and inform future investment.

A key deliverable in this area is the development of our Weather Resilience and Climate Change Adaptation Plan, which will provide a structured approach to tracking performance and aligning with both national and international climate disclosure standards. Our Vegetation Management Plan (VMP) was published in autumn 2024.



	Risk Term	Commitment	Our objectives, targets and KPIs
Welsh Government targets and commitments	Short Term	By 2030, choosing zero carbon will be routine, culturally embedded and self-regulating across the Welsh public sector.	100% renewable energy on CVL Scope 1 emissions (traction) CVL: make significant reductions of Scope 1 emissions by 2024, with a focus on attaining a 100% reduction.
	Medium term	Increase trip mode share of public transport from a current estimated proportion of 5% to 7% by 2030 and 13% by 2040.	In our 2022-27 Sustainable Development Plan we have committed to promoting sustainable travel and reducing the need for private car use. The full objectives to support us deliver on this aim are outlined in this plan .
Industry targets	Medium term	Phasing out of diesel-only trains by 2040.	Scope 1 emissions (traction) CVL: make significant reductions of Scope 1 emissions by 2024, with a focus on attaining a 100% reduction.

We measure Scope 1,2 and 3 emissions in line with our reporting requirements and report these periodically to our Rail Delivery Steering Group and Annually to Welsh Government.

Carbon Targets

In 2019, we published our Low Carbon Impact Strategy which, includes the following targets for our carbon emissions, we were delayed in our achievement of these targets due to COVID19.

This year we will publish new targets in our Carbon Management Plan. our progress against current targets is below.

Scope	Target	Status
Scope 1 (CVL traction)	100% reduction by end of 2023.	In progress – delays in delivery of the Metro due to the impacts of coronavirus pandemic.
Scope 1 (Wales & Cross-Border traction)	30% reduction by end of 2023.	In progress – 70% of all services are now operated on new trains.
Scope 2	100% reduction by end of 2023.	Achieved via 100% renewable electricity contract in 2023/24, 100% of our renewable energy was generated in Wales

Our Scope 1, 2 and 3 emissions for financial year 2024/25 have reduced by 7%. 34% of our emissions were Scope 1, less than 1% from Scope 2 and 65% from Scope 3. We measure our annual year-on-year change in carbon emissions within our annual carbon report against our 2020/21 baseline. Our operational carbon emissions have increased by 18% against this baseline. The uplift in our operational emissions during the last five years is attributed to our increased service provision and progressive spend on transforming public transport services in Wales. Further detail is provided in the [Climate Change Report 2025](#).



CORPORATE GOVERNANCE STATEMENT

As TfW's Chief Executive and Accounting Officer, I'm personally responsible for the overall management and governance of the TfW group of companies including its four subsidiaries (TfW Rail, TfW Innovation Services, TfW Fibre and Pullman Rail).

As Accounting Officer, I'm accountable to the TfW Board and the Welsh Government's Permanent Secretary. This Governance Statement outlines how I've discharged my responsibility to manage and control TfW's resources this year.

TfW is committed to the highest standards of governance, accountability and transparency. These values are vitally important to the success of all aspects of the TfW group.

TfW is governed by:

- the Cabinet Secretary for Transport and North Wales who has overall responsibility for the company.
- the Welsh Government Permanent Secretary's responsibility (to the Cabinet Secretary for Transport and North Wales) and directly to Senedd Cymru) as the Principal Accounting Officer for the TfW's expenditure and management.
- my responsibility as TfW's Accounting Officer.
- TfW's Board which, supported by its sub-committees and Executive Leadership Team, has collective responsibility for overseeing the work of the company and providing oversight, scrutiny and assurance to ensure that TfW is achieving its aims and objectives with an appropriate level of internal control.
- TfW's subsidiary company boards: Transport for Wales Rail, Transport for Wales Innovation Services, TfW Fibre, and Pullman Rail Ltd.

Our governance framework is underpinned by our Articles of Association and a Management Agreement between TfW and the Welsh ministers. For TfW, good corporate governance is about ensuring that the TfW group of companies are aligned with the Welsh ministers' objectives as set out in these two documents, our Corporate Governance Framework, the Welsh Government's Managing Welsh Public Money and our schedule of delegations. As TfW is not a listed company, we do not have to comply with the Corporate Governance Code. However, the Board has determined that the company will voluntarily comply with the Wates Corporate Governance Principles.



The TfW Board

TfW's Board oversees all our activities providing leadership and strategic vision. It ensures that high standards of corporate governance and ways of working are maintained. It operates collectively with a focus on:

- ensuring effective arrangements are in place to provide oversight and governance on all the company's activities including the stewardship of public funds entrusted to it.
- strategic and significant issues affecting the operations of the Transport for Wales group of companies in delivering its remit.
- the implementation of the Board's strategy. It steers, scrutinises and challenges the effectiveness and efficiency of TfW's performance, with a view to ensuring its future and the vision of creating a transport network of which Wales is proud.

The Board may delegate responsibility for the administration of day-to-day management issues to the Executive Leadership Team, but they remain ultimately responsible and accountable for all matters. Our Non-Executive Directors and Associate Non-Executive Director scrutinise the performance of the executive in meeting agreed objectives. Members of TfW's Executive Team, regularly attend TfW Board meetings to present papers with recommendations and to provide up-to-date information.

An observer from the trades unions, the Welsh Government observer and a representative from the local government sector join the Board for part of the strategic session. The observers are not a full members of the Board and do not have voting rights but are able to take part in discussions. Observers are not company directors as recorded on Companies House.

Our Directors have each signed a Declarations of Interest statement and complete a quarterly declarations of interest update. Declared interests are available on TfW's website. Declarations of interest as they relate to specific agenda items are also made at the start of each meeting.

All Directors are expected to act in accordance with the seven principles of public life and have each signed the terms of TfW's Corporate Governance Framework which includes the Cabinet Office's Code of Conduct for Board Members of Public Bodies.

This year, our Board met eleven times. The minutes of all Board meetings are [published](#).

Directors' attendance at TfW Board meetings for the year ending 31 March 2025.

Alun Bowen	11/11
Louise Cheeseman (appointed November 2024)	6/7
Heather Clash	11/11
Vernon Everitt	10/11
Sarah Howells (resigned October 2024)	6/6
Nicola Kemmery (resigned July 2024)	6/6
Rhian Langham (appointed September 2024)	6/7
Alison Noon-Jones (resigned October 2024)	5/6
Vinay Parmar (appointed September 2024)	6/7
James Price	11/11
Scott Waddington	11/11



Our Board combines the knowledge and skills of six non-executive, one associate non-executive (not a full Board member) and two executive members to provide insight and experience that help to shape our strategic direction. The full biographies of all Board members can be found [here](#). Our non-executive directors bring a wide range of skills and experience to the Board and each are leading professionals in their own fields. They provide independent judgement on issues of strategy, performance and risk. They are well placed to constructively challenge and scrutinise the performance of management.

Board committees

Our Board has delegated certain powers to five sub-committees which operate to assist it in fulfilling its overall duties and responsibilities:

- The **Audit and Risk** sub-committee provides assurance to the Board regarding risk management, internal control and financial reporting.
- The **Customer and Communications** sub-committee assists the Board in reviewing, monitoring and providing direction on topics related to customers.
- The **Health, Safety and Wellbeing** sub-committee assists the Board in recommending health and safety policy, monitoring and assessing compliance, developing and delivering continuous improvement and reviewing and investigating health and safety incidents.
- The **Major Projects** sub-committee assists the Board to review and scrutinise major projects and recommend decisions associated with major projects in the TfW portfolio. The Committee's main focus is on projects and programmes related to the development and delivery of TfW's capital infrastructure investment programme.
- The **People, Remuneration and Nominations** sub-committee assists the Board in all issues relating to organisation structure, compliance with policy, pay frameworks and policy, training and development, the principles and parameters of remuneration policy, benefit plan administration and Board nominations.

Each committee is chaired by a non-executive director and meets at least quarterly. Each sub-committee has delegated authority from the Board to carry out the duties defined in its terms of reference. The Chair of each sub-committee updates the Board on the sub-committee's activities carried out during the previous month and (where necessary) makes recommendations on behalf of the sub-committee to the Board for approval.

Governance framework

Our Board is accountable to the Welsh ministers who are the sole member of the company. The Welsh ministers are responsible for strategic policy relating to all devolved transport matters. For 2024/25, the First Minister allocated primary responsibility for the oversight of TfW to the Cabinet Secretary for Transport and North Wales was allocated primary responsibility for the oversight of TfW.

The relationship in terms of financial management and corporate governance between TfW and the Welsh Government is outlined in the Management Agreement. This document sets out the terms of agreement between TfW and the Welsh Government to support constructive and clear relations between them.

The Executive Leadership Team

Our Executive Leadership Team comprises the Chief Executive Officer (myself) and ten other members who are focused on TfW's day-to-day management. The Executive Leadership Team meets weekly to discuss and take decisions on operational and strategic issues. The team has responsibility for finance, health and safety, people, risk management, governance, and the performance and progress of projects and programmes.



Transport for Wales Rail Ltd Board

The Transport for Wales Rail Ltd Board is responsible for all obligations set out in the Operator of Last Resort Grant Agreement relating to the Wales and Borders rail franchise. As TfW's Accounting Officer, I chair the Board which enables me to hold to account TfW Chief Operating Officer who has executive responsibility for operational matters relating to TfW Rail Ltd. In turn, the TfW Board holds me to account for TfW Rail Ltd's performance. Other members of the TfW Board include the Chief Finance, Governance and Corporate Services Officer, the Chief Commercial Officer, the Chief Operating Officer, the Strategic Projects Director, one independent Non-Executive Director, and an Associate Non-Executive Director specialising in finance.

TfW Innovation Services Ltd Board

The TfW Innovation Services Ltd Board oversees the joint venture in place between TfW, Keolis and Amey. The Board oversees the company's remit supporting the delivery of an integrated transport system for Wales and the borders.

The Board is chaired by TfW's Chief Transport Planning and Development Officer and comprises of three other TfW Executive Directors, a director from Amey and a director from Keolis.

TfW Fibre Ltd

TfW Fibre was established in early 2024 to make commercial use of the spare fibre capacity primarily installed to carry our operational signals and communications needed to run the railway. The fibre was installed during the upgrading and modernisation of the Core Valley Lines. This spare capacity can now be used to support communication services in the area.

The Board is chaired by a non-executive director and also comprises an additional non-executive director, myself, our Chief Finance, Governance and Corporate Services Officer, and the Chief Commercial Officer.

Pullman Rail Ltd

Pullman Rail operates as a stand-alone company, delivering services under its own brand. Operating from its depot in Canton, Cardiff, Pullman Rail provides technical rail expertise; specialised rolling stock upgrades; repair, refurbishment and maintenance of all passenger and freight rail vehicles; and engineering rail solutions.

The Board is chaired by a TfW non-executive director and also comprises two other TfW Executive Directors, a senior manager from TfW and Pullman's General Manager.

The TfW Board receives updates following the meeting of each of its subsidiary company boards.

Framework of internal control

All bodies funded by public money in Wales are subject to internal and external controls to ensure compliance with frameworks from the Welsh Government such as Managing Welsh Public Money. Through the work of the Audit and Risk Committee, TfW has implemented internal control arrangements to provide assurance to the Board that public money and resources are used properly and efficiently. The Audit and Risk Committee monitors and evaluates the effectiveness of internal control systems with assurance obtained using the "three lines of defence" model.

Our schedule of delegations sets out where authority rests within the company for particular decisions made in the name or on behalf of TfW and where the Board has delegated any such decision to the Executive or one of the Board's sub-committees. The schedule sets out matters reserved solely for the Board and covers both corporate decision-making and spending authorities. The Board reviews the schedule of delegations twice per year.



During 2025/26 we continued to embed and make further progress in the development and implementation of our internal controls environment. We conducted a review of controls across TfW to understand the level of progress and priority during 2025/26. This continues to help safeguard and protect our assets, ensure accuracy in our financial statements, adherence to policies, regulations, laws and promote efficiencies in our processes.

Financial governance, management and control

TfW's business planning is determined by the budget set by the Welsh Government as set out in its annual funding letter and five-year remit letter. The actual results are compared with forecasts and reviewed each month to ensure that spend is managed in line with approved budgets and to provide assurance and advice to the Board.

Counter fraud, counter bribery and whistleblowing

TfW takes a zero tolerance approach to fraud, bribery and corruption. During 2024/25, we reviewed our counter fraud policy and related procedures in response to the Economic Crime and Transparency Act (2023), placing an even greater focus on fraud prevention. The new legislation has also prompted a review and update of our Counter-Fraud strategy.

Any suspected cases of fraud, bribery or corruption are fully investigated. Disciplinary and/or legal action is taken where appropriate in line with our policy. In 2024/25, we investigated several reported cases of fraud, corruption or bribery in TfW, two of which were reported to the authorities.

Any suspected money laundering activities must be reported without delay to the National Crime Agency. No reports were made in 2024/25.

All TfW new starters are required to undertake a Corporate Governance induction which includes modules on counter-fraud, conflicts of interest, gifts and hospitality, whistleblowing and anti-money laundering.

Our whistleblowing procedure is designed to ensure a culture of confidence and a safe environment should a concern be raised in TfW. Several concerns were raised through our whistleblowing procedure during the year and investigated.

Openness and transparency

We are committed to openness and transparency in the way TfW operates as a business and have adopted the Model Publication Scheme prepared and approved by the Information Commissioner. The Scheme commits TfW to making certain information routinely available to the public.

In 2024/25, TfW received 374 requests for information and met the statutory deadlines for over 99% of requests.

Risk Management

Our Board is responsible for the management of the risks relating to the operations of TfW. We regularly undertake assessments of the risks we face. Key risks are recorded in the Strategic Risk Register which the Board reviews at each meeting. The Executive Leadership Team considers both the Operational and Strategic Risk Registers at its meetings.

Our risk registers identify potential risks and prioritise them according to impact and likelihood of the risk occurring. Mitigating action is presented alongside each risk to manage and reduce the identified risks. During the year, our Executive Leadership Team formally reviewed and made changes to our risk management processes.



Assurance

TfW's prime source of assurance comes from identifying how well its objectives are being met and risks managed. As well as TfW's internal audit arrangements, assurance is also obtained through monthly reports to the Board, Board sub-committees, the executive leadership team, risk registers and other management information. We have also provided reports to the Welsh Government at Steering Board meetings.

During 2024/25 internal audit activities have continued across the TfW Group. The audit team has been strengthened as we continue to improve our ways of working to cover new areas of business and risk. This has enabled the team to further support the business with recommendations for continuous improvement.

The audit plan approved in March 2024 has been delivered over the year including reviews in the areas of on-train sales, agency staff management of stations, safety training for operational staff, HR and general KPIs, gender pay gap reporting, payroll, purchase to pay, project banking, data protection, procurement, decarbonisation, electric vehicle and bus programmes, grants, stock control, insurance, business continuity, risk management and CVL governance.

The Audit and Risk Committee approved the internal audit plan for 2025/26 in March 2025 with a risk-based programme covering all business entities and a variety of financial and non-financial areas.

I am satisfied that for the financial year 2024/25 there were no significant weaknesses in TfW's governance framework and systems of internal control. TfW's governance framework and systems of internal control supported the achievement of TfW's policies, aims and objectives, facilitated effective exercise of the Company's functions and safeguarded public funds and assets for which I, as the Accounting Officer, am personally responsible.

James Price

Chief Executive and Accounting Officer



AUDIT AND RISK COMMITTEE REPORT

Chair – Alun Bowen

The Audit and Risk Committee provides oversight over TfW's risk management and internal control system, financial and non-financial reporting, and the Welsh language within and outside of TfW.



Highlights of 2024/25

The Audit and Risk Committee published its second Audit and Assurance Policy in February, which sets out some of the plans for the Audit and Risk Committee for the three years ending 31 March 2028 is available [here](#). Last year, the Audit and Risk Committee issued its first Annual Implementation Report which sets out changes that have been made to the Audit and Assurance Policy and how the assurance activity set out in the Audit and Assurance Policy is working in practice. The third Annual Implementation Report for the year ended 31 March 2025 is available [here](#) and sets out the progress on a number of areas during the year, this includes:

- the continuing progress being made on enhancing internal controls over financial and non-financial reporting
- continuing developing counter fraud measures
- the committee's commentary on how it believes the assurance activity within TfW is working in practice.

During the year a lot of work has been done to improve TfW's defences against a cybersecurity attack and the recovery plans in the event of an attack. This will be a constant focus in the future.

A major responsibility of the committee is to ensure that TfW's financial and non-financial information and the contents of this annual report are fair, balanced, and understandable. The committee challenges the assumptions and estimates made by management in preparing the financial statements and in preparing the non-financial information included in this report. As in previous years, the most material matter in the financial statements is the valuation of TfW's infrastructure assets.

2025/26 priorities

The Audit and Risk Committee is committed in the next twelve months to ensuring that the following aspects of the matters on which it has oversight are satisfactorily completed or progressed:

- the work on enhancing the internal controls over financial and non-financial reporting
- TfW's resilience, recovery plans and cybersecurity defences.



REMUNERATION REPORT

The following sections provide details of the remuneration of Board members. This includes salary and pension entitlements.

Single total figure of remuneration

	Salary 2024/25 £000	Salary 2023/24 £000	Pension benefits 2024/25 £000	Pension benefits 2023/24 £000	Total 2024/25 £000	Total 2023/24
James Price Chief Executive Officer	240-245	230-235	-	-	240-245	230-235
Heather Clash Executive Director of Finance	165-170	145-150	10-15	10-15	175-180	160-165
Scott Waddington Non-Executive Director – Chair	35-40	35-40	-	-	35-40	35-40
Alun Bowen Non-Executive Director	20-25	20-25	-	-	20-25	20-25
Vernon Everitt Non-Executive Director	20-25	20-25	-	-	20-25	20-25
Nicola Kemmery (to 07/07/2024) Non-Executive Director	5-10	20-25	-	-	5-10	20-25
Sarah Howells (to 17/10/2024) Non-Executive Director	15-20	20-25	-	-	15-20	20-25
Alison Noon-Jones (to 17/10/2024) Non-Executive Director	15-20	20-25	-	-	15-20	20-25
Vinay Parmar (from 16/09/2024) Non-Executive Director	10-15	-	-	-	10-15	-
Rhian Langham (from 16/09/2024) Non-Executive Director	10-15	-	-	-	10-15	-
Louise Cheeseman (from 18/11/2024) Non-Executive Director	5-10	-	-	-	5-10	-

Salary

'Salary' includes gross salary and overtime. No benefits in kind or bonuses have been paid by TfW to Board members.

Pensions

TfW employees are members of a defined contribution pension scheme. The pension benefits figure for this scheme represents the employer contribution (8% default). Non-executive directors are not members of the TfW pension scheme.



Fair Pay Disclosures

The following Fair Pay Disclosures are calculated as required by HM Treasury Government Financial Reporting Manual (FReM). Total remuneration used in the calculations includes salary and excludes employer pension contributions.

The banded remuneration of the highest paid director of TfW in the financial year 2024/25 was £240,000-245,000 (in 2023/24, it was £230,000-235,000). No employee received remuneration in excess of the highest paid director.

The pay multiple ratio between the highest paid director's remuneration and the pay and benefits of the employee at various percentiles of pay and benefits of the group's employees as at 31 March is set out below:

	2024/25		2023/24	
	Pay and benefits	Ratio	Pay and benefits	Ratio
25th Percentile	£41,057	5.9 times	£35,193	6.6 times
50th Percentile (Median)	£54,195	4.5 times	£48,384	4.8 times
75th Percentile	£68,758	3.5 times	£64,498	3.6 times

Annual basic salaries for the group ranged from £21,649 to £240-245,000 (2023/24: £20,319 to £230-235,000).

The average change from the previous financial year in respect of salary and allowances for all group employees (calculated by dividing total annualised salaries by the number of employees) is 7.9%. This average pay percentage increase includes many factors in terms of the annual pay increases across TfW. This involves various pay deals under different pay models. Several of the pay increases include productivity payments for front-line rail colleagues to allow for changes to terms and conditions. These changes provide improvements for our rail service such as operational management of Metro and including Sundays in the working week.

While salary increases within the TfW Group reflect the performance of individuals, there is a very limited amount of specific performance pay and bonuses above base salaries paid across the TfW Group to certain groups of employees (for example, commission for front-line staff). The total performance related pay paid across the group during the year ended 2024/25 was £1,037,921, which, when applied as an average across all employees in accordance with the FReM calculation requirements, has increased by 60% compared to 2023/24 (£616,120). The increase is primarily as result of increased passenger travel and an increased focus on conductor scanning aligned to revenue protection strategy and the introduction of PAYG.

There are no senior management bonus schemes.



Exit Packages

There were no early retirement or severance schemes during 2024/25 or 2023/24 and only individual exit packages were in place. The majority of exits were ill-health retirements. This reflects the age profile of our workforce and is in line with contractual payments for ill health.

The table below shows the total cost of exit packages agreed and accounted for during the year (with last year as a comparative). The costs included in the table represent the cost to TFW of any exit including National Insurance and pensions contributions, but excluding standard contractual pay elements such as payment in lieu of notice and accrued annual leave balance.

	Number of compulsory redundancies	Number of other departures agreed	Total number 2024/25	Total number 2023/24
<£10,000	-	16	16	16
£10,000 – £25,000	-	2	2	2
£25,000 – £50,000	-	5	5	1
£50,000 – £100,000	-	-	-	3
£100,000 – £150,000	-	-	-	-
£150,000 – £200,000	-	-	-	-
£200,000 +	-	-	-	-
Total number of exit packages	-	23	23	22
Total cost £			261,344	352,999



DIRECTORS' REPORT

Our Directors present their report for the year ended 31 March 2025.

Directors

The Directors who held office during the year to the date of this report were as follows:

Name	Role
J S Waddington	Chair/Non-Executive Director
D A Bowen	Non-Executive Director
V J Everitt	Non-Executive Director
VKD Parmar	Non-Executive Director (Appointed 16 September 2024)
R L Langham	Non-Executive Director (Appointed 16 September 2024)
L M Cheeseman	Non-Executive Director (Appointed 18 November 2024)
N J Kemmery	Non-Executive Director (Resigned 7 July 2024)
S Howells	Non-Executive Director (Resigned 17 October 2024)
A J Noon-Jones	Non-Executive Director (Resigned 17 October 2024)
J R Price	Executive Director
H J Clash	Executive Director

Financial instruments

Liquidity and cash flow risk

We monitor our working capital on a regular basis to ensure that sufficient funds have been drawn down from the Welsh Government to meet our liabilities as they fall due.

The Group has a fuel price hedge to mitigate exposure to the fluctuations in the price of fuel that would otherwise import uncertainty to the financial performance of the business. The Group's current hedge arrangement lasts from 1st April 2023 to 31st March 2026.

Credit risk

We do not have significant credit risk exposure as the majority of the Group's activity is either funded through the Welsh Government grants received in advance, through trading with other public sector organisations or through cash sales to the public. Our credit risk is monitored on an ongoing basis.



Proposed dividend

The directors do not recommend the payment of a dividend. The retained surplus is to be used to fund our future activities.

Employees

Information on diversity and inclusion is detailed on [page 32](#). Further information on employee engagement is included within the Section 172 statement on [page 42](#).

Engagement with suppliers, customers and others in a business relationship with the company

Information on how we engage with our suppliers, customers and other stakeholders is included in our Section 172 statement on [page 42](#). We aim to pay all our suppliers as soon as the spend is approved and comply with the Government's Prompt Payment Code.

Energy and carbon reporting

Information on our energy consumption and actions is included in the transport decarbonisation statement on [page 45](#).

Political contributions

As a wholly owned subsidiary of the Welsh Government, TfW is not allowed to be involved in political activity and accordingly we have made no political donations or incurred any political expenditure during the year.

Whistleblowing procedures

We're committed to achieving and maintaining high standards of behaviour at work, service to the public and in all our working practices. Our employees are expected to conduct themselves with integrity, impartiality and honesty and we seek to develop a culture where we challenge inappropriate behaviour at all levels. To achieve this we encourage the reporting of genuine concerns about malpractice, illegal acts or failures to comply with recognised standards of work without fear of reprisal or victimisation.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which TfW's auditor is unaware and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that our auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

J R Price | Director

25 June 2025

Company registered number: 9476013



Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



FINANCIAL STATEMENTS



Independent auditor's report to the members of Transport for Wales

Opinion

We have audited the financial statements of Transport for Wales ("the Company") for the year ended 31 March 2025 which comprise the Consolidated Income Statement, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Company Statement of Financial Position, Company Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2025 and of the Group's deficit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to other entities of public interest. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analyzed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group and Company's available financial resources over this period was the continued availability of funding from Welsh Government.

Since the Group and Company are reliant on continued funding from Welsh Government, we assessed the risk that this support would not be available. We inspected letters received by the directors indicating Welsh Government's intention to provide this support, examined financial statements to assess its ability to provide this support over the period of the audited entity's going concern assessment, and assessed the business reasons why the group may or may not choose to provide this support.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and, dependencies.



Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the Audit and Risk committee, and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Audit and Risk Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements] such as revaluation of assets. On this audit we do not believe there is a fraud risk related to revenue recognition due to the non-complex revenue recognition criteria, which limits the opportunity to fraudulently manipulate revenue.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those unusual postings to cash accounts and unusual postings to assets under construction accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.



Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and others management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, and taxation legislation, and pension legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, regulations applicable to public sector bodies in Wales, transport related legislation, and certain aspects of company legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Other Information

The directors are responsible for the other information, which comprises the Strategic report, Director report and Governance reports. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion thereon.

Our responsibility is to read the other information and in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Strategic report and the Director report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.



Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 63, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Rees Batley (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

66 Queens Square

Bristol

BS1 4BE

27 June 2025



Consolidated income statement

For the year ended 31 March 2025

	Note	2025 £000	2024 £000
Revenue	2	807,557	717,879
Administrative expenses		(827,456)	(741,687)
Operating surplus/(deficit)		(19,899)	(23,808)
Finance income	6	13	-
Finance expense	6	(13,947)	(6,886)
Net financing income/(expense)		(13,934)	(6,886)
Surplus/(deficit) before tax		(33,833)	(30,694)
Taxation credit/(charge)	7	1,571	(2,604)
Surplus/(deficit) for the year		(32,262)	(33,298)
Statement of Other Comprehensive Income			
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of property, plant and equipment	8	(42,621)	(108,502)
Remeasurements of defined benefit liability/asset	18	245	432
Related tax	7	-	(78)
Total items that will not be reclassified to profit or loss		(42,376)	(108,148)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Effective portion of changes in fair value of cash flow hedges	19	(3,813)	238
Related tax	7	68	(68)
Total items that may be reclassified subsequently to profit or loss		(3,745)	170
Other comprehensive income for the year, net of tax		(46,121)	(107,978)
Total comprehensive income for the year		(78,383)	(141,276)

All comprehensive income is attributable to the equity holder of Transport for Wales.

The notes on [pages 75 to 107](#) form an integral part of these financial statements.



Consolidated Statement of financial position

At 31 March 2025

	Note	2025 £000	2024 £000
Non-current assets			
Property, plant and equipment	8	4,088,180	3,851,840
Intangible assets	9	3,768	7,047
Goodwill	9	3,546	3,546
Employee benefits	18	202	-
		4,095,696	3,862,433
Current assets			
Inventories	11	12,409	14,032
Trade and other receivables	12	138,154	180,085
Cash and cash equivalents	13	39,634	42,117
Total current assets		190,197	236,234
Total assets		4,285,893	4,098,667
Current liabilities			
Trade and other payables	14	178,133	224,118
Lease liabilities	20	61,178	44,895
Provisions	15	341	240
Total current liabilities		239,652	269,253
Non-current liabilities			
Trade and other payables	14	7,700	-
Lease liabilities	20	459,419	391,714
Deferred capital grants	17	2,176,769	1,957,602
Employee benefits	18	-	113
Provisions	15	2,850	2,099
Total non-current liabilities		2,646,738	2,351,528
Total liabilities		2,886,390	2,620,781
Net assets		1,399,503	1,477,886
Equity			
Retained surplus		4,383	9,872
Capital contribution reserve		11,097	11,097
Revaluation reserve		1,387,598	1,456,747
Hedging reserve		(3,575)	170
Total equity		1,399,503	1,477,886

These financial statements were approved by the Board of Directors on 25 June 2025 and were signed on its behalf by:

J R Price | Director

Company registered number: 9476013



Consolidated Statement of changes in equity

For the year ended 31 March 2025

	Retained surplus £000	Capital contribution reserve £000	Revaluation reserve £000	Hedging reserve £000	Total equity £000
Balance at 1 April 2023	8,393	11,097	1,599,672	-	1,619,162
Total comprehensive income for the period					
Deficit	(33,298)	-	-	-	(33,298)
Other comprehensive income					
Revaluation of property, plant and equipment	-	-	(108,502)	-	(108,502)
Remeasurements of defined benefit liability/asset	432	-	-	-	432
Effective portion of changes in fair value of cash flow hedges	-	-	-	238	238
Tax on other comprehensive income	(78)	-	-	(68)	(146)
Total comprehensive income for the period	(32,944)	-	(108,502)	170	(141,276)
Transfer from Revaluation reserve to Retained surplus	34,423	-	(34,423)	-	-
Balance at 31 March 2024	9,872	11,097	1,456,747	170	1,477,886
Balance at 1 April 2024	9,872	11,097	1,456,747	170	1,477,886
Total comprehensive income for the period					
Deficit	(32,262)	-	-	-	(32,262)
Other comprehensive income					
Revaluation of property, plant and equipment	-	-	(42,621)	-	(42,621)
Remeasurements of defined benefit liability/asset	245	-	-	-	245
Effective portion of changes in fair value of cash flow hedges	-	-	-	(3,813)	(3,813)
Tax on other comprehensive income	-	-	-	68	68
Total comprehensive income for the period	(32,017)	-	(42,621)	(3,745)	(78,383)
Transfer from Revaluation reserve to Retained surplus	26,528	-	(26,528)	-	-
Balance at 31 March 2025	4,383	11,097	1,387,598	(3,575)	1,399,503

All equity is attributable to the equity holder of Transport for Wales.



Consolidated Statement of cash flows

For the year ended 31 March 2025

	Note	2025 £000	2024 £000
Cash flows from operating activities			
Surplus/(deficit) for the year		(32,262)	(33,298)
<i>Adjustments for:</i>			
Depreciation, amortisation, impairment and profit/loss on disposal	8 and 9	154,223	127,881
Release of deferred government grants		(61,042)	(45,748)
Net finance expense		13,934	6,886
Taxation	7	(1,571)	2,604
(Increase)/decrease in inventory	11	2,449	(2,067)
(Increase)/decrease in trade and other receivables	12	(17,417)	(40,879)
Increase/(decrease) in trade and other payables	14	(30,312)	391
Increase/(decrease) in provisions and employee benefits	15	627	(454)
Tax received/(paid)	7	79	(27)
Net cash from operating activities		28,708	15,289
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	(296,565)	(491,969)
Proceeds from the disposal of property, plant and equipment	8	22	31
Acquisition of intangibles		7	(1,407)
Proceeds from the receipt of capital government grants	17	321,455	493,023
Proceeds from the receipt of third party grants		1,090	-
Interest received		13	-
Net cash from investing activities		26,022	(322)
Cash flows from financing activities			
Receipt of loan from parent		7,700	-
Interest paid		(423)	(591)
Payment of lease liabilities		(64,490)	(39,094)
Net cash from financing activities		(57,213)	(39,685)
Net increase/(decrease) in cash and cash equivalents		(2,483)	(24,718)
Cash and cash equivalents at 1 April		42,117	66,835
Cash and cash equivalents at 31 March		39,634	42,117



Company Statement of financial position

At 31 March 2025

	Note	2025 £000	2024 £000
Non-current assets			
Property, plant and equipment	8	3,287,994	3,162,888
Intangible assets	9	1,919	2,762
Investments	10	11,097	11,097
Employee benefits	18	202	-
Total non-current assets		3,301,212	3,176,747
Current assets			
Inventories	11	41	31
Trade and other receivables	12	95,899	140,072
Cash and cash equivalents	13	14,566	26,776
Total current assets		110,506	166,879
Total assets		3,411,718	3,343,626
Current liabilities			
Trade and other payables	14	104,242	161,340
Lease liabilities	20	1,017	1,010
Provisions	15	341	240
Total current liabilities		105,600	162,590
Non-current liabilities			
Lease liabilities	20	9,596	10,617
Deferred capital grants	17	1,887,860	1,693,701
Employee benefits	18	-	55
Provisions	15	2,850	2,099
Total non-current liabilities		1,900,306	1,706,472
Total liabilities		2,005,906	1,869,062
Net assets		1,405,812	1,474,564
Equity			
Retained surplus		7,117	6,720
Capital contribution reserve		11,097	11,097
Revaluation reserve		1,387,598	1,456,747
Total equity		1,405,812	1,474,564

These financial statements were approved by the Board of Directors on 25 June 2025 and were signed on its behalf by:

J R Price | Director

Company registered number: 9476013



Company Statement of changes in equity

For the year ended 31 March 2025

	Retained surplus £000	Capital contribution reserve £000	Revaluation reserve £000	Total equity £000
Balance at 1 April 2023	1,406	11,097	1,599,672	1,612,175
Total comprehensive income for the period				
Deficit	(29,228)	-	-	(29,228)
Other comprehensive income				
Revaluation of property, plant and equipment	-	-	(108,502)	(108,502)
Remeasurements of defined benefit liability/asset	119	-	-	119
Total comprehensive income for the period	(29,109)	-	(108,502)	(137,611)
Transfer from Revaluation reserve to Retained surplus	34,423	-	(34,423)	-
Balance at 31 March 2024	6,720	11,097	1,456,747	1,474,564
Balance at 1 April 2024	6,720	11,097	1,456,747	1,474,564
Total comprehensive income for the period				
Deficit	(26,376)	-	-	(26,376)
Other comprehensive income				
Revaluation of property, plant and equipment	-	-	(42,621)	(42,621)
Remeasurements of defined benefit liability/asset	245	-	-	245
Total comprehensive income for the period	(26,131)	-	(42,621)	(68,752)
Transfer from Revaluation reserve to Retained surplus	26,528	-	(26,528)	-
Balance at 31 March 2025	7,117	11,097	1,387,598	1,405,812



NOTES

Forming part of the financial statements

Transport for Wales ("the Company") is a private company limited by guarantee incorporated, domiciled and registered in England and Wales in the UK. The registered number is 09476013 and the registered address is 3 Llys Cadwyn, Taff Street, Pontypridd CF37 4TH. The Company is a wholly controlled subsidiary of the Welsh Ministers (a body defined in the Welsh Government Act 2006) and therefore the Welsh Government is regarded as a related party.

① ACCOUNTING POLICIES

Basis of preparation

The consolidated financial statements for Transport for Wales and its subsidiaries (together "the group" or "TfW") have been prepared and approved by the directors in accordance with UK-adopted international accounting standards ("IFRS").

The parent company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The Parent Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes
- Certain disclosures regarding revenue
- Disclosures in respect of transactions with wholly owned subsidiaries
- Disclosures in respect of capital management
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The financial statements are prepared on the historical cost basis except for the Core Valley Lines (CVL) rail network asset and certain financial assets and liabilities (including derivatives) measured at fair value.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Newly adopted IFRSs and IFRSs issued but not yet applied

A small number of amendments to IFRS have been adopted in these financial statements for the first time. None of these have a material impact on the Group's financial statements.

In addition, a number of Adopted IFRSs have been issued but have not been applied by the Group in these consolidated financial statements as their effective dates will apply to future financial statements. None of these are expected to have a material effect on the financial statements.



Going concern

The Company's directors have at the time of approving the financial statements, a reasonable expectation (based on assurance as set out below) that TfW will have adequate funding allocated from the Welsh Government to fulfil its operational remit and to continue in operational existence for the going concern period for at least 12 months from the signing date of these financial statements.

The Welsh Government has issued TfW with a remit letter, which set out the priorities for TfW over the current term of government to 2026. TfW also receives an annual funding letter, the most recent of which covers the financial year ending 31 March 2026.

In addition, the Welsh Government has provided a letter of support setting out its intention to continue to provide funding (including continuing funding for Transport for Wales Rail Limited) for at least 12 months from the signing date of these accounts. This support would be expected to continue even in a downside scenario.

Therefore, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Critical accounting judgements

The key judgements TfW makes in applying its accounting policies are in relation to the valuation of the CVL rail network valuation, in particular in relation to the depreciation period (see depreciation policy), and the assumptions used to arrive at the estimates for remaining useful lives, land compensation costs and risk. Further detail on these assumptions and their sensitivity is set out in note 8.

Key sources of estimation uncertainty

TfW makes estimates and assumptions based on historical experience and other factors that are considered to be relevant. These estimates and assumptions are reviewed on an ongoing basis and revisions are recognised in the period in which the estimate is revised.

The main estimate impacting on the current financial year is the valuation of the CVL rail network asset (see note 8).

Revenue

TfW has six income categories:

- Government grants (resource and capital grants from the Welsh Government and other government bodies)
- Other projects with the Welsh Government
- Franchise subsidy income
- Passenger revenue
- Rail maintenance revenue
- Other revenue



Government grants

- Welsh Government resource grant

The resource grant TfW receives from the Welsh Government is for the reimbursement of operating costs that TfW has incurred or will incur. The grant in relation to reimbursement of operating costs will be recognised as income in the period when the relevant expenses are incurred, with the remaining balance due to/from Welsh Government being recognised as deferred or accrued income in the statement of financial position.

- Welsh Government capital grant

TfW receives grants from the Welsh Government in relation to capital expenditure within its remit, as well as expensed costs which are eligible for capital budget funding under HMT Consolidated Budgeting Guidance. For grant funding in relation to TfW capitalised spend, TfW has chosen to present the grant as deferred income rather than deduct the grant from the carrying amount of the asset. The income is recognised in the income statement to match with the relevant costs. For a capital grant, this means recognising the income over the useful life of the asset so that the grant is matched with the depreciation charge (i.e. the relevant cost). Capital grant funding in relation to expensed costs is recognised as income in the period when relevant expenses are incurred. Any difference between grant funded spend and grant received is recognised as a balance due to/from Welsh Government in the statement of financial position.

- Other government grants

In addition to grants received from the Welsh Government, TfW receives grants from the European Regional Development Fund (ERDF) in relation to the CVL transformation project (previously received by Welsh Government but now paid directly to TfW as the lead beneficiary role has transferred to TfW). These grants are accounted for in the same manner as Welsh Government grants. As ERDF funding is paid in arrears, accrued funding is recognised to the value of the works expected to be funded by ERDF but the grant has not yet been received. This is presented as accrued other government grant funding within receivables. TfW also receives a number of smaller grants from other government bodies as contributions for specific projects.

Other projects with the Welsh Government

The Welsh Government can commission TfW to perform other works/services which result in a direct provision of services to the Welsh Government.

The amount of revenue recognised over time is measured by the progress towards complete satisfaction of the performance obligation (the scope of works identified within the project). TfW has elected to base the measurement of revenue on an input method on the basis of costs incurred.

Franchise subsidy income

Franchise subsidy income represents amounts due to Transport for Wales Rail Limited from the Welsh Government under the Operator of Last Resort (OLR) grant agreement to subsidise the net operating loss of the company (after passenger and other revenue), as well as funding certain capital asset spend.

The release of franchise subsidy income to the income statement is aligned to the relevant spend (or asset depreciation in respect of capital funding).



Passenger revenue

Passenger income represents amounts agreed as attributed to Transport for Wales Rail Limited by the income allocation systems of the Rail Settlement Plan Limited ("RSP"), mainly in respect of passenger receipts. RSP administers the income allocation system within the UK rail industry and allocates revenue to operators principally on agreed models of route usage. Income is principally attributed based on models of certain aspects of passengers' travel patterns and, to a lesser extent, from allocations agreed for specific revenue flows. The attributed share of season ticket income can involve some estimation - for example revenue is deferred within creditors and released to the Income Statement over the year of the relevant season ticket.

Revenue is deferred when passengers purchase tickets for travel in future financial periods or season tickets. This is then released in the same financial period as the length of the travel or season ticket.

Rail maintenance revenue

Rail maintenance income represents revenue generated by Pullman Rail Limited from the provision of rolling stock repair and maintenance services to the rail industry. Revenue is recognised over time, with the amount recognised measured by the progress towards complete satisfaction of the the scope of works identified within each contract. The Company has elected to base the measurement of revenue on an input method on the basis of costs incurred, as it is unable to accurately measure the outcome of contracts in progress but expects to recover the costs incurred.

Contract costs

The costs incurred in fulfilling third-party contracts are recognised as an asset as long as the costs relate directly to a contract or to an anticipated contract, the costs generate or enhance resources that will be used to satisfy performance obligations in the future; and the costs are expected to be recovered. General and administrative costs or costs that relate to satisfied performance obligations in the contract are expensed when incurred. A contract asset is amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates.

Financial instruments

The Group holds two different types of financial asset, which are categorised according to the business model for managing the financial asset and the contractual cash flow characteristics of the financial asset:

- Trade, intergroup and other receivables which are categorised as held at amortised cost. These are non-derivative financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. These assets are subsequently measured at nominal value. At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.
- Derivative fuel hedge financial instruments which are categorised at fair value through profit and loss with the effective part of the hedge recognised in the hedging reserve - see Derivatives below.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements. The Group's financial liabilities constitute trade payables which are subsequently measured at amortised cost, using the effective interest rate method, and any derivative financial instruments classed as liabilities at the balance sheet date.

Derivatives and hedging activities

The Group accounts for one derivative item, a fixed cash flow hedge for rolling stock fuel, which is used to hedge its exposure to fuel price fluctuation. This is recognised at fair value. The effective part of the gain or loss on the fuel hedge is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.



Property, plant and equipment

Assets are recognised initially at cost, which comprises purchase price or construction cost, as well as any costs attributable to bringing the assets to the location and condition necessary for it to be capable of operating (e.g. directly attributable employee costs, cost of site preparation and clearance, initial delivery and handling costs, installation and assembly costs and professional fees).

The Rail Network Assets category is subsequently measured at its fair value – see below. In addition, other operational rail infrastructure and property assets which do not form part of the CVL rail network are also revalued. Other categories of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Rail Network and other rail infrastructure

On 28 March 2020, TfW acquired certain Rail Network Assets known as the Core Valley Lines (CVL) from Network Rail. This acquisition comprised the Aberdare, Coryton, Merthyr Tydfil, Rhymney and Treherbert lines.

These railway infrastructure, stations, bridges and other assets are part of a specialised integrated network servicing a geographical area and therefore have been treated equivalently to the guidance under HMT's Government Financial Reporting Manual ("FReM") for networked assets (which TfW's parent, the Welsh Government, applies in its consolidated accounts). We consider that this approach is reasonable under IFRS given that IAS 16 is less prescriptive in its valuation, and the FReM provides additional interpretations.

Other TfW-owned rail-related property assets which are part of the Network Rail-owned route and not part of CVL are included as other rail infrastructure and revalued separately to the CVL rail network.

The CVL network fair value is based on Depreciated Replacement Cost ("DRC"), because it is a specialised asset used to deliver a service to the public. To produce this valuation requires the use of assumptions, estimates and professional judgement.

The DRC is calculated by first determining a gross replacement cost for the CVL network. The gross replacement cost is then adjusted (or "depreciated") to reflect management's best estimate of the condition and capacity of the CVL network; this adjusted gross replacement cost is the depreciated replacement cost.

The gross replacement cost is determined in line with guidelines issued by the Royal Institute of Chartered Surveyors. The guidelines require specific assumptions including:

- a modern equivalent asset which is treated as being a network identical in function, scale and connectivity, but constructed using modern specifications and methods; and
- instantaneous build on a green-field site.

To arrive at the final DRC valuation, the gross replacement value is adjusted to reflect management's best estimate of the remaining useful lives of the assets, taking into account the condition and capacity of the network. A full valuation takes place at least every five years, with inflation indices applied to a standard price list of the network's components in interim periods. Judgement is required to determine the nature of a modern equivalent asset and the current condition of the assets.

Modern Equivalent Asset valuation uses repeatable 'components' which are aggregated to form the network. These components are:

- Earthworks
- Structures
- Signalling
- Electrification and plant
- Operational property
- Track
- Telecoms



All renewals that maintain the service potential of the rail network are capitalised. Subsequent expenditure that adds to the services or life of the CVL network is capitalised.

Enhancements and renewals of the CVL asset are included as a single amount at cost as assets under construction, until they are brought into use, at which point the asset is transferred into the Rail Network category and valued at DRC.

Upwards movements in value are taken to the revaluation reserve. Downwards movements in value are set off against any credit held in the revaluation reserve until the credit is exhausted and thereafter expensed in the Income Statement.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives for assets held at cost are as follows:

- | | | | |
|---------------------------|--------------|----------------------|-----------|
| • Fixtures and fittings | 5 - 7 years | • Computer equipment | 3-5 years |
| • Plant and machinery | 5 - 10 years | • Motor vehicles | 3 years |
| • Buildings | ≤25 years | • Rolling stock | ≤35 years |
| • Improvement to property | 2 years | • Bus vehicles | 15 years |

The components of the railway network are depreciated over their estimated remaining useful economic lives; these are typically weighted averages for a range of components, given the complexity of these structures. These weighted averages are summarised below:

- | | | | |
|-----------------------------|----------|------------------------|----------|
| • Earthworks | 92 years | • Operational Property | 30 years |
| • Structures | 26 years | • Track | 14 years |
| • Signalling | 12 years | • Telecoms | 20 years |
| • Electrification and Plant | 44 years | | |

This is a critical judgement based on the data available to TfW, and careful judgement is required in some cases, especially for components that are rarely replaced, such as structures and earthworks. Some components are capable of very long lives, however for the annual depreciation calculation, remaining lives are capped at 100 years due to inherent uncertainty beyond that period.

Depreciation methods, useful lives and residual values are reviewed at each statement of financial position date.

Intangible assets and goodwill

Intangible assets largely comprise software, data models intellectual property licences which are amortised over 5-10 years and customer relationship assets resulting from the acquisition of Pullman Rail Limited which are amortised over 5 years. In addition the Group holds goodwill related to the acquisition of Pullman Rail in 2021/22 that is not amortised but is tested annually for impairment.

Employee benefits

Pension plans

The Group sponsors two defined benefit pension plans as well as defined contribution plans expensed in the income statement. The defined benefit plans are:

- TfW's section of the Railways Pension Scheme (RPS) in respect of staff who transferred to TfW from Network Rail as part of the CVL assets acquisition.
- Transport for Wales Rail Limited's section of the Railways Pension Scheme in respect of staff transferring from Keolis Amey under the Operator of Last Resort arrangements



RPS is a pension scheme which covers the whole of the UK rail industry. In contrast to the pension schemes operated by most businesses, RPS is a shared cost scheme which means that costs are formally shared 60% employer and 40% employee. The Group only recognises amounts in relation to its share of costs in the income statement. The accounting for each section of the scheme differs as set out below:

TfW section

The Group's net obligation in respect of the TfW Section is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted, with a final adjustment to recognise the employer's share of the net liability as set out above.

The Group determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset). The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

TfWRL section

The Group is only obligated to fund the TfWRL section of the scheme over the duration of the Operator of Last Resort Grant Agreement. At the end of the contract term, responsibility for funding the relevant section of the scheme, and consequentially any deficit or surplus existing at that date, is passed to the next operator or back to the Welsh Government. As there is no requirement to make contributions to fund the current deficit, it is assumed that all of the current deficit will be funded by the next operator or the Welsh Government. Therefore, at each balance sheet date, a 'franchise adjustment' is recognised to offset the amount of the net pension asset or liability. The contract adjustment franchise adjustment is measured at the amount expected to be passed on to the next operator or the Welsh Government at the end of the Operator of Last Resort Grant Agreement.

When service costs are recognised in the income statement, a 'franchise adjustment' offsets an element of the service costs that would otherwise remain after reflecting the cost sharing with the members. This reflects the company's understanding of the legal position that some of the service costs in the current year will be funded in future years beyond the term of the current franchise and committed contributions. In the absence of specific guidance on this matter, the Directors believe that recognising a 'franchise adjustment' in the income statement to offset the excess service costs is the most appropriate reflection of the value of services attributable to the Company, and more accurately reflects the expense incurred by the Company in respect of operating the franchise contract.

Under circumstances where contributions are renegotiated, such as following a statutory valuation, an adjustment will be recognised in the income statement, whilst changes in actuarial assumptions continue to be recognised through other comprehensive income.



The Directors consider this to be the most appropriate interpretation of IAS 19 to reflect the specific circumstances of the franchise agreement with the Welsh Government where the contract commitment is only to pay contributions during the duration of the Operator of Last Resort Grant Agreement.

An alternative approach would involve not limiting the measurement of the service cost through the recognition of an income statement 'contract franchise adjustment' but recognising all changes in the 'contract franchise adjustment' in Other Comprehensive Income.

Provisions

The Group's provisions relate to dilapidations for certain property leases and self-insurance claims relating to the CVL infrastructure.

A dilapidations provision is capitalised as part of the cost of the asset at the inception of property leases when, as a result of leasehold improvements made at the inception of the leases, significant expenditure will be required to return the property to its condition at commencement of the lease. The value of the provision is based on the net present value of future cash flows expected to settle the liability at the end of the lease and is reviewed at each balance sheet date. The discount is unwound through the income statement until the end of the lease period.

The self-insurance provision is expected to fully unwind in the next period and as such no discounting is required. The provision represents the best estimate of the expenditure required to settle the claims at the balance sheet date.

Leases

As a lessee

The Group holds a number of leases, primarily in relation to rail rolling stock as well as certain property assets.

At the lease commencement date (generally when the asset is made available for use), the Group recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to restore the underlying asset (e.g. dilapidation costs), less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term (or the life of the underlying asset/asset component if shorter).

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. It is remeasured when there is a change in future lease payments.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Track, depot and station access charges

Transport for Wales Rail Limited incurs track, station and depot access charges from Amey (in respect of CVL) and Network Rail (in respect of the rest of the rail network) which do not meet the definition of a lease under IFRS 16. This reflects the fact that either no identified asset exists or that the Group does not have the right to obtain substantially all of the economic benefits from the use of the assets throughout the period of use, or that Network Rail / Amey, not the Group, direct how and for what purpose the assets are used.



② REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of revenue

In the following table, revenue is disaggregated by major products/service lines and timing of revenue recognition.

	2025 £000	2024 £000
Major products/service lines		
Core Welsh Government revenue grant	61,480	42,581
Capital Welsh Government grant release in line with depreciation	59,824	45,748
Core Welsh Government capital grant (expensed)	23,483	22,840
Other Welsh Government consultancy projects	11,453	15,805
Other capital grants release in line with depreciation	1,218	-
Franchise subsidy	370,381	345,620
Passenger receipts	174,795	148,397
Rail maintenance revenue	26,931	30,572
Transport consultancy and development	17,570	1,533
Rental income	8,710	7,504
Other income	51,712	57,279
Total	807,557	717,879
Timing of transfer of goods or services		
Grant income accounted under IAS 20	499,801	442,885
Products and services transferred at a point in time	246,359	214,532
Products and services transferred over time	53,074	52,958
Rental income accounted for under IFRS 16	8,323	7,504
Total	807,557	717,879

Other revenue includes contact centre services provided to third parties, station access charges, fuel sales, maintenance income, on-train catering sales and recharges.

Contract balances

The following table provides information about opening and closing receivables, contract assets and contract liabilities from contracts with customers excluding grant income.

		2025 £000	Group 2024 £000	2025 £000	Company 2024 £000
Receivables (trade and due from other group companies)	12	51,929	34,761	27,140	24,559
Contract assets (accrued income)	12	6,595	16,845	951	7,157
Contract liabilities (deferred income)	14	(4,019)	(20,687)	(3,078)	(15,977)
Total		54,505	30,919	25,013	15,739



The contract assets relate to TfW's rights to consideration for work completed but not billed at the reporting date on services provided to the Welsh Government and third-party customers (accrued income). The contract assets are transferred to receivables when the rights become unconditional. All contract assets are expected to be invoiced during 2025/26.

The contract liabilities relate to advance consideration received from customers for services. The balance at the end of the year will be recognised as revenue when the performance obligations are performed which is expected to be during 2025/26.

Assets recognised from costs to fulfil contracts

TfW recognises the costs incurred in fulfilling third party contracts with customers as an asset if these costs are expected to be recoverable. At the statement of financial position date this asset amounted to £1,990,000 (2024: £11,199,000).

Transaction price allocated to the remaining performance obligations

All remaining performance obligations that are unsatisfied at the statement of financial position date have original expected durations of one year or less. At the statement of financial position date, the deferred income balance relating to unsatisfied performance obligations is £4,019,000 (2024: £20,687,000).

③ EXPENSES AND AUDITOR'S REMUNERATION

Included in profit/loss are the following

	Note	2025 £000	2024 £000
Depreciation of property, plant and equipment	8	148,985	123,879
Impairment of property, plant and equipment	8	1,925	1
Amortisation of intangible assets	9	3,272	3,999

	Note	2025 £000	2024 £000
Audit of these financial statements		120	111
Audit of subsidiary financial statements		271	244
Audit-related assurance services		7	6
Total		398	361



④ EMPLOYEE NUMBERS AND COSTS

	Number of Employees	
	2025	2024
Rail and bus operations	3,884	3,517
Multi-modal central services	295	258
Rail maintenance	206	224
Consultancy services	121	120
Customer engagement centre	68	71
Total	4,574	4,190

The average number of full-time equivalents during the year was 4,456 (4,148 during 2023/24).

The aggregate payroll costs of these persons were as follows:

	2025 £000	2024 £000
Wages and salaries	252,453	225,293
Social security costs	24,924	21,548
Contributions to defined contribution plans	2,615	2,401
Current service cost	14,671	12,159
Settlement cost	-	117
Total	294,663	261,518



⑤ DIRECTORS' REMUNERATION

	2025 £000	2024 £000
TfW Directors' remuneration through payroll	576	540
TfW Company contributions to money purchase pension plans	13	12
Total	589	552

Retirement benefits are accruing to one director under a money purchase scheme (2024:one).

⑥ FINANCE INCOME AND EXPENSE

	2025 £000	2024 £000
Finance income		
Bank interest receivable	6	-
Other interest receivable	7	-
Total finance income	13	-

	2025 £000	2024 £000
Finance expense		
Interest on loan from parent company	390	571
Interest expense on lease liabilities	13,300	6,193
Unwind of discount on provisions	210	81
Net interest on net defined benefit pension plan liability/asset	2	23
Other interest payable	45	18
Total finance expense	13,947	6,886



⑦ TAXATION

Recognised in the income statement

	2025 £000	2024 £000
Current tax expense		
Current year	-	-
Adjustment for prior years	(26)	43
Total current tax expense/(credit)	(26)	43
Deferred tax expense		
Origination and reversal of temporary differences	(1,563)	2,561
Adjustments in respect of prior periods	18	-
Total deferred tax expense/(credit)	(1,545)	2,561
Total tax expense/(credit)	(1,571)	2,604

Recognised in other comprehensive income

	2025 £000	2024 £000
Remeasurements of defined benefit liability/asset	-	78
Effective portion of changes in fair value of cash flow hedges	(68)	68
Total	(68)	146

The current UK tax rate that has been used for the year is 25% (2024: 25%).

Reconciliation of effective tax rate

	2025 £000	2024 £000
Surplus/(deficit) for the year	(32,262)	(33,298)
Total tax expense/(credit)	(1,571)	2,604
Surplus/(deficit) excluding tax	(33,833)	(30,694)
Tax using the current UK corporation tax rate of 25% (2024: 25%)	(8,458)	(7,674)
Expenses or income not deductible	7,238	7,963
Movement in deferred tax not recognised	(429)	2,315
Adjustments in respect of previous periods	78	-
Tax charge / (credit) for the year	(1,571)	2,604



⑧ PROPERTY, PLANT AND EQUIPMENT

Group

	Rail Network & other rail infrastructure £000	Other land, buildings & leasehold improvement £000	Plant & equipment fixtures & fittings £000	Rolling stock & bus vehicles £000	Assets under construction (AUC) £000	Total £000
Cost						
Balance at 1 April 2023	2,135,200	32,539	40,194	325,116	959,012	3,492,061
Additions	-	78	123	270,602	452,475	723,278
Transfers from AUC	282,773	14	15,202	39,131	(337,120)	-
Transfers between categories	-	6,585	107	(6,692)	-	-
Adjustments to capital provisions	-	(269)	-	-	-	(269)
Disposals	(20)	(676)	(43)	-	-	(739)
Revaluations	(165,538)	-	-	-	-	(165,538)
Impairment losses	-	-	(1)	-	-	(1)
Balance at 31 March 2024	2,252,415	38,271	55,582	628,157	1,074,367	4,048,792
Balance at 1 April 2024	2,252,415	38,271	55,582	628,157	1,074,367	4,048,792
Additions	742	307	223	148,726	279,914	429,912
Transfers from AUC	576,854	76,556	22,799	37,445	(713,654)	-
Disposals	-	(41)	(98)	(39,210)	-	(39,349)
Revaluations	(106,123)	-	-	-	-	(106,123)
Impairment losses	-	(1,901)	-	-	-	(1,901)
Balance at 31 March 2025	2,723,888	113,192	78,506	775,118	640,627	4,331,331
Depreciation & impairment						
Balance at 1 April 2023	473	5,630	11,825	112,183	-	130,111
Depreciation charge	57,280	2,442	10,178	53,979	-	123,879
Revaluations	(57,036)	-	-	-	-	(57,036)
Disposals	-	-	(2)	-	-	(2)
Balance at 31 March 2024	717	8,072	22,001	166,162	-	196,952
Balance at 1 April 2024	717	8,072	22,001	166,162	-	196,952
Depreciation charge	63,561	4,805	11,148	69,471	-	148,985
Revaluations	(63,502)	-	-	-	-	(63,502)
Disposals	-	(41)	(34)	(39,209)	-	(39,284)
Balance at 31 March 2025	776	12,836	33,115	196,424	-	243,151
Net book value						
Balance at 1 April 2023	2,134,727	26,909	28,369	212,933	959,012	3,361,950
At 31 March 2024 and 1 April 2024	2,251,698	30,199	33,581	461,995	1,074,367	3,851,840
Balance at 31 March 2025	2,723,112	100,356	45,391	578,694	640,627	4,088,180



Company

	Rail Network & other rail infrastructure £000	Land, buildings & leasehold improvement £000	Plant & equipment fixtures & fittings £000	Rolling stock & bus vehicles £000	Assets under construction £000	Total £000
Cost						
Balance at 1 April 2023	2,135,200	21,648	4,103	-	774,662	2,935,613
Additions	-	7	-	-	402,285	402,292
Transfers out of AUC	282,773	-	812	-	(283,585)	-
Adjustments to capital provisions	-	(269)	-	-	-	(269)
Disposals	(20)	(676)	(11)	-	-	(707)
Revaluations	(165,538)	-	-	-	-	(165,538)
Balance at 31 March 2024	2,252,415	20,710	4,904	-	893,362	3,171,391
Balance at 1 April 2024	2,252,415	20,710	4,904	-	893,362	3,171,391
Additions	742	-	-	-	234,142	234,884
Transfers out of AUC	576,854	33,047	1,723	1,887	(613,511)	-
Revaluations	(106,123)	-	-	-	-	(106,123)
Disposals	-	-	(30)	-	-	(30)
Balance at 31 March 2025	2,723,888	53,757	6,597	1,887	513,993	3,300,122
Depreciation & impairment						
Balance at 1 April 2023	473	3,782	1,549	-	-	5,804
Depreciation charge	57,280	1,486	971	-	-	59,737
Revaluations	(57,036)	-	-	-	-	(57,036)
Disposals	-	-	(2)	-	-	(2)
Balance at 31 March 2024	717	5,268	2,518	-	-	8,503
Balance at 1 April 2024	717	5,268	2,518	-	-	8,503
Depreciation charge	63,561	2,423	1,066	100	-	67,150
Revaluations	(63,502)	-	-	-	-	(63,502)
Disposals	-	-	(23)	-	-	(23)
Balance at 31 March 2025	776	7,691	3,561	100	-	12,128
Net book value						
Balance at 1 April 2023	2,134,727	17,866	2,554	-	774,662	2,929,809
At 31 March 2024 and 1 April 2024	2,251,698	15,442	2,386	-	893,362	3,162,888
Balance at 31 March 2025	2,723,112	46,066	3,036	1,787	513,993	3,287,994



Property, plant and equipment under construction

Assets under the course of construction comprise the programme of capital works being carried out by TfW to support development and renewal of the South Wales Metro and other infrastructure projects. The wider group balance also includes capital costs in relation to the introduction of new fleet, refurbishment of existing fleet, the Station Improvement Programme and new or upgraded retail and IT equipment.

CVL revaluation

The CVL network fair value is based on Depreciated Replacement Cost (DRC), because it is a specialised asset used to deliver a service to the public. The valuation of the CVL is revised each year based on the latest available information from asset condition surveys and construction costs. This valuation is performed by TfW, with support from Atkins Limited (professional valuers) using data provided by TfW.

To produce this valuation requires the use of assumptions, estimates and professional judgement (see note 1 for a description of the process to produce the valuation).

The key assumptions within the valuation are considered to be:

- Asset lives and remaining asset lives of the network components – the valuation applies an adjustment to the gross replacement cost to reflect the estimated level of accumulated depreciation based on management's judgement of the remaining useful lives of the existing network components as a proportion of the estimated useful lives of the components if new. Different methodologies are applied to each component using the data available at the time of preparing the estimates. These estimates are complex and require the use of judgement and estimation, which results in a degree of estimation uncertainty. TfW relies on industry expertise and gathers renewed data on the assets (e.g. asset condition) via on an ongoing basis via rolling inspection plans, and the assumptions are being adjusted where the latest data suggests this is appropriate.
- Land compensation adjustment – a 45% uplift is applied to the land market value to reflect the estimated cost of Compulsory Purchase Orders and potential compensation payments to adjacent landowners. As TfW does not purchase large parcels of land, this estimate reflects the experience of Welsh Government and is also used for trunk road network valuations. This figure was last revised in 2022 following a review of recent compensation costs paid by Welsh Government. Management considers the 45% is an appropriate figure to use, but there is a degree of estimation uncertainty.
- Risk factor – after allowing for known costs in constructing assets, there remain unknown and localised costs that are captured using a risk factor of 37.8%. This is arrived at using a build up of the various types of risk that can arise (for example technology, weather, physical access, skills and resource availability, supply chain) weighted based on their level of applicability to a project to construct a modern equivalent CVL network (which is assumed to be at a stage where asset requirement is known but detailed design development is ongoing). Given that the project is conceptual in nature, and the scale of the build project, this risk factor is inherently judgemental and thus has a degree of estimation uncertainty.



The following sensitivity analysis reflects the key sources of estimation uncertainty in the valuation, showing the impact of changes in assumptions on the overall value of the rail network asset (excluding other rail infrastructure).

- Scenario 1 shows the impact of increasing or decreasing the remaining asset lives of the components of the modern equivalent railway network by 10%.
- Scenario 2 shows the impact if the land compensation adjustment (normally 45%) were to increase or decrease by 10%; i.e. a compensation adjustment of 35% or 55% respectively.
- Scenario 3 shows the impact of an adjustment to the risk factor applied to the overall DRC valuations, currently 37.8%, by an increase or decrease of 10%, effectively showing risk factors of 47.8% and 27.8%.

Type	Depreciated Replacement cost (-) £M	Depreciated Replacement cost £M	Depreciated Replacement cost (+) £M
Base value	-	2,715	-
Scenario 1	(209)	-	209
Scenario 2	(43)	-	43
Scenario 3	(152)	-	152

The model applies indexation to unit rates in years inbetween full unit rate reassessment. The index used is CPI-H for land and CPI for all other asset categories.

Lease right-of-use assets

At 31 March 2025 property, plant and equipment includes lease right-of-use assets recognised under IFRS 16 as follows:

	Land and Buildings £000	Rolling Stock £000	Other £000	Total £000
Group	35,742	488,399	500	524,641
Company	30,414	-	-	30,414

Reconciliation to group statement of cash flows

	2025 £000	2024 £000
Tangible additions (note 8)	429,912	723,278
Movement in capital creditors	15,327	39,609
Recognition of dilapidations provision	541	(271)
Capitalised lease right-of-use assets	(149,214)	(270,685)
Payments to acquire capital assets per statement of cash flows	296,565	491,931



⑨ INTANGIBLE ASSETS

Group

	Goodwill £000	Customer Relationships £000	Data Models £000	Software and IP Licences £000	Assets under construction (AUC) £000	Total £000
Cost						
Balance at 1 April 2023	3,546	2,367	3,137	12,742	417	22,209
Additions	-	-	-	1	406	407
Transfers from AUC	-	-	-	738	(738)	-
Balance at 31 March 2024	3,546	2,367	3,137	13,481	85	22,616
Balance at 1 April 2024	3,546	2,367	3,137	13,481	85	22,616
Additions	-	-	-	-	(7)	(7)
Transfers from AUC	-	-	-	78	(78)	-
Balance at 31 March 2025	3,546	2,367	3,137	13,559	-	22,609
Amortisation & impairment						
Balance at 1 April 2023	-	1,273	1,046	5,705	-	8,024
Amortisation for the year	-	595	523	2,881	-	3,999
Balance at 31 March 2024	-	1,868	1,569	8,586	-	12,023
Balance at 1 April 2024	-	1,868	1,569	8,586	-	12,023
Amortisation for the year	-	365	523	2,384	-	3,272
Balance at 31 March 2025	-	2,233	2,092	10,970	-	15,295
Net book value						
Balance at 1 April 2023	3,546	1,094	2,091	7,037	417	14,185
At 31 March 2024 and 1 April 2024	3,546	499	1,568	4,895	85	10,593
Balance at 31 March 2025	3,546	134	1,045	2,589	-	7,314



Company

	Data Models £000	Software and IP Licences £000	Assets under construction £000	Total £000
Cost				
Balance at 1 April 2023	3,137	798	417	4,352
Additions	-	1	406	407
Impairments	-	-	-	-
Transfers from AUC	-	738	(738)	-
Balance at 31 March 2024	3,137	1,537	85	4,759
Balance at 1 April 2024	3,137	1,537	85	4,759
Additions	-	-	(7)	(7)
Impairments	-	-	-	-
Transfers from AUC	-	78	(78)	-
Balance at 31 March 2025	3,137	1,615	-	4,752
Amortisation and impairment				
Balance at 1 April 2023	1,046	147	-	1,193
Amortisation for the year	523	281	-	804
Balance at 31 March 2024	1,569	428	-	1,997
Balance at 1 April 2024	1,569	428	-	1,997
Amortisation for the year	523	313	-	836
Balance at 31 March 2025	2,092	741	-	2,833
Net book value				
Balance at 1 April 2023	2,091	651	417	3,159
At 31 March 2024 and 1 April 2024	1,568	1,109	85	2,762
Balance at 31 March 2025	1,045	874	-	1,919

The goodwill and customer relationships balances relate to the acquisition of Pullman Rail Limited in 2021/22.

The Group tests goodwill annually for indicators of impairment - there are no indicators of impairment as at the balance sheet date.

Other intangible assets are made up of external data purchases and internal development relating to the North Wales and Mid & West Wales transport data models, as well as software, data model development relating to bus reform projects and a range of intellectual properties licences in relation to rail and other public transport delivery. The wider group balance also includes the licences for access to software and other intellectual property related to public transport service and infrastructure delivery.



10 INVESTMENTS

The Company is a 100% shareholder in the following companies:

- Transport for Wales Rail Limited. This company was incorporated on 26 May 2020 with an investment of £1.
- Pullman Rail Limited. This company was acquired on 8 August 2021 for a consideration of £11,097,000.
- Wales Infrastructure Manager of Last Resort Limited. This company was incorporated on 18 September 2019 with an investment of £1. The company is currently dormant.
- TfW Fibre Ltd. This company was incorporated on 7 February 2024 with an investment of £1.

The Company is also a 51% shareholder in TfW Innovation Services Limited.

All the above companies are registered in England and Wales and have the same registered address as Transport for Wales and all are consolidated in this set of financial statements.

TfW also holds 33% of the shares in Cardiff Interchange Manco Limited for consideration of £33. This company is dormant with net assets of £99 and has no post-acquisition profit or loss.

For all shareholdings above, TfW holds the stated percentage in all classes of shares and voting rights.

Company

	Investments in Subsidiaries £000
Cost and net book value	
Balance at 1 April 2023	11,097
Additions	-
Balance at 31 March 2024	11,097
Balance at 1 April 2024	11,097
Additions	-
Balance at 31 March 2025	11,097



11 INVENTORIES

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Raw materials and consumables	12,368	14,001	-	-
Finished goods	41	31	41	31
Total	12,409	14,032	41	31

12 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Trade receivables	48,947	29,761	5,635	2,643
Receivables due from parent and other group companies	2,982	5,000	21,505	21,916
Contract assets (accrued income)	6,595	16,845	951	7,157
Accrued funding – core WG capital grant	37,876	7,555	37,876	7,555
Accrued funding – other government grants	-	60,610	-	60,610
Other receivables	18,675	36,416	26,922	28,736
Prepayments	23,077	23,241	3,010	11,455
Derivative financial Instrument assets (Note 19)	2	657	-	-
Total	138,154	180,085	95,899	140,072

13 CASH AND CASH EQUIVALENTS

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Cash and cash equivalents per statement of financial position	39,634	42,117	14,566	26,776
Cash and cash equivalents per statement of cash flows	39,634	42,117		



14 TRADE AND OTHER PAYABLES

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Amounts falling due within one year				
Trade payables	28,945	32,568	7,093	1,615
Payables due to parent and other group companies	9,096	6,900	7,953	6,944
Other trade payables	2,974	5,819	792	1,711
Accrued expenses	120,970	139,954	82,834	124,070
Deferred income – core revenue grant	578	10,164	578	10,164
Deferred income – third party	4,019	20,687	3,078	15,977
Social security and other taxation	7,944	5,952	1,914	859
Deferred tax (Note 16)	30	1,643	-	-
Derivative financial instrument liabilities (Note 19)	3,577	431	-	-
Total amounts falling due within one year	178,133	224,118	104,242	161,340
Amounts falling due after more than one year				
Payables due to parent and other group companies	7,700	-	-	-
Total amounts falling due after more than one year	7,700	-	-	-
Total trade and other payables	185,833	224,118	104,242	161,340

At the balance sheet date, the Company has an intercompany loan of £6.9m (2024: £6.9m) from Welsh Government in relation to the acquisition of Pullman Rail Limited in August 2021. The agreement stipulates an interest rate of “the Bank of England base rate plus 4%” and repayment terms to “as agreed between the parties from time to time”. As the loan is technically repayable on demand, the loan has been classed as short-term.

In addition, TfW Fibre has entered into a loan of £7.7m from Welsh Government to provide working capital and to support the mobilisation of the Company. The agreement stipulates an interest rate of 7% per annum and repayments to be made on an annual basis between 2033 and 2038. This loan is therefore classified as long-term.

15 PROVISIONS

	Group and Company		
	CVL self-insurance £000	Dilapidations £000	Total £000
Opening balance	240	2,099	2,339
Change in estimate	663	541	1,204
Use of provision	(562)	-	(562)
Unwind of discount on provisions	-	210	210
Closing balance	341	2,850	3,191

Expected timing of cash flows

	Group and Company		
	CVL self-insurance £000	Dilapidations £000	Total £000
Less than one year	341	-	341
Later than five years	-	2,850	2,850
	341	2,850	3,191



16 DEFERRED TAX - GROUP

The deferred tax liability/(asset) is made up of the balances below. The comparative in this note has been adjusted to present IFRS 16 right of use assets and liabilities separately in accordance with IAS 12 amendments on deferred tax.

	Balance at 1 April 2023 £000	Movement in other comprehensive income £000	Movement in income statement £000	Balance at 31 March 2024 £000
Non-current assets				
Property, plant and equipment	57,936	-	9,075	67,011
IFRS 16 lease right of use assets	64,165	-	61,620	125,785
Current assets				
Fuel hedge	-	68	-	68
Non-current liabilities				
Short-term provisions	(273)	-	273	-
Deferred capital grants	(57,389)	-	(7,902)	(65,291)
Pension liabilities	27	78	(112)	(7)
IFRS 16 lease right of use liabilities	(64,165)	-	(61,620)	(125,785)
Tax losses	(1,365)	-	1,227	(138)
Total	(1,064)	146	2,561	1,643

	Balance at 1 April 2024 £000	Movement in other comprehensive income £000	Movement in income statement £000	Balance at 31 March 2025 £000
Non-current assets				
Property, plant and equipment	67,011	-	(450)	66,561
IFRS 16 lease right of use assets	125,785	-	32	125,817
Current assets				
Fuel hedge	68	(68)	-	-
Non-current liabilities				
Short-term provisions	-	-	(32)	(32)
Deferred capital grants	(65,291)	-	-	(65,291)
Pension liabilities	(7)	-	2	(5)
IFRS 16 lease right of use liabilities	(125,785)	-	(32)	(125,817)
Tax losses	(138)	-	(1,065)	(1,203)
Total	1,643	(68)	(1,545)	30



17 DEFERRED CAPITAL GRANTS

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Balance at 1 April	1,957,602	1,551,277	1,693,701	1,321,722
Additions	280,209	452,073	234,812	402,418
Release in line with asset depreciation / impairment	(61,042)	(45,748)	(40,653)	(30,439)
Balance at 31 March	2,176,769	1,957,602	1,887,860	1,693,701

£86.1m is expected to be released within 12 months in line with the depreciation charge on the grant-funded assets - this has been included as a non-current liability aligned to the presentation of the corresponding non-current assets.

18 EMPLOYEE BENEFITS

Defined contribution pension schemes

The total expense relating to defined contribution plans is as follows:

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Total expense	2,615	2,401	2,445	2,178

Defined benefit pension schemes

The Group operates two sections of the Railways Pension Scheme (RPS). The first is within Transport for Wales in respect of staff transferring to TfW from Network Rail as part of the CVL assets acquisition. The second is within Transport for Wales Rail Limited in respect of staff transferring as part of the OLR transition. The disclosures for each of these sections are set out below.

The directors believe that separate consideration should be given to the Transport for Wales Rail Limited section under IAS 19 "Employee benefits" as the company has no rights or obligations in respect of the scheme following expiry of the OLR Agreement.

Despite remaining open to new entrants and future accrual, the risks posed by the Transport for Wales Rail Limited RPS are limited as, under the OLR Agreement, the company is not responsible for any residual deficit at the end of the contract. As such, there is only short-term cash-flow risk within the business.

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
TfW Section liability / (asset)	(202)	55	(202)	55
TfW Rail Section liability / (asset)	-	58	-	-
Total	(202)	113	(202)	55



TfW Section

Movement in net defined benefit liability/(asset)

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability / (asset)	
	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000
Balance at 1 April	4,584	2,229	(4,492)	(2,202)	92	27
Included in profit or loss						
Current service cost	275	229	-	-	275	229
Settlement cost	-	2,191	-	(1,896)	-	295
Administration costs	-	-	19	31	19	31
Interest cost/(income)	218	102	(220)	(106)	(2)	(4)
Included in OCI						
Remeasurements loss/(gain):						
Actuarial loss/(gain) arising from						
• Changes in demographic assumptions	(10)	(15)	-	-	(10)	(15)
• Change in financial assumptions	(693)	(63)	-	-	(693)	(63)
• Experience adjustment	9	65	-	-	9	65
Return on plan assets excluding interest income	-	-	240	(228)	240	(228)
Other						
Contributions paid by the employer	-	-	(189)	(175)	(189)	(175)
Contributions paid by the employee	-	-	(78)	(70)	(78)	(70)
Benefits paid	(167)	(154)	167	154	-	-
Scheme deficit	4,216	4,584	(4,553)	(4,492)	(337)	92
Adjustment for the members share of assets / liabilities					135	(37)
Balance at 31 March					(202)	55

Plan assets

	2025 £000	2024 £000
Growth assets	4,028	4,197
Bonds	292	269
Other assets	233	26
Total	4,553	4,492



	2025	2024
Discount rate at 31 March	5.75%	4.85%
Price inflation	3.15%	3.20%
Future salary increases	3.15%	3.20%
Future pension increases	2.90%	2.90%

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Sensitivity analysis

	2025 £000	2024 £000
Discount rate decrease	175	207
Discount rate increase	(165)	(194)
Price inflation decrease	(166)	(195)
Price inflation increase	173	207
Future salary increase	30	80

The above sensitivities are based on the actuarial valuation of the scheme carried out as at 31 December 2022. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

Funding

100



Transport for Wales Rail Limited section

Movement in net defined benefit liability/(asset)

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability / (asset)	
	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000
Balance at 1 April	594,554	562,447	(541,852)	(494,522)	52,702	67,925
Included in profit or loss						
Current service cost	22,657	19,589	-	-	22,657	19,589
Franchise adjustment to service cost	(8,921)	(8,617)	-	-	(8,921)	(8,617)
Administration costs	-	-	757	761	757	761
Interest cost/(income)	17,023	15,831	(15,823)	(14,170)	1,200	1,661
Interest on franchise adjustment	(1,197)	(1,636)	-	-	(1,197)	(1,636)
Included in OCI						
Remeasurements loss/(gain):						
Actuarial loss/(gain) arising from						
• Changes in demographic assumptions	(939)	(5,824)	-	-	(939)	(5,824)
• Change in financial assumptions	(88,175)	(22,464)	-	-	(88,175)	(22,464)
• Experience adjustment	26,740	43,967	-	-	26,740	43,967
Return on plan assets excluding interest income	-	-	18,757	(30,739)	18,757	(30,739)
Other						
Contributions paid by the employer	-	-	(14,553)	(11,921)	(14,553)	(11,921)
Contributions paid by the employee	9,670	8,328	(9,670)	(8,328)	-	-
Benefits paid	(19,235)	(17,067)	19,235	17,067	-	-
Scheme deficit	552,177	594,554	(543,149)	(541,852)	9,028	52,702
Adjustment for the members share of assets / liabilities	-	-	-	-	(3,611)	(21,081)
Rail franchise adjustment					(5,417)	(31,563)
Balance at 31 March					-	58

Plan assets

	2025 £000	2024 £000
Equity	440,135	536,129
Interest-bearing securities	97,783	-
Infrastructure	89	164
Other assets	5,142	5,559
Total	543,149	541,852



Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages)

	2025	2024
Discount rate at 31 March	5.75%	4.85%
Price inflation	2.90%	2.90%
Future salary increases	3.15%	3.20%
Future pension increases	2.90%	2.90%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year-old to live for a number of years as follows:

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the gross defined benefit obligation (before member and franchise adjustments) at the end of the reporting period would have increased/(decreased) as a result of a change in the respective assumptions by 1 percent, or 0.5 percent where stated.

	2025 £000	2024 £000
Discount rate decrease	100,398	117,872
Discount rate increase	(78,300)	(90,613)
Price inflation decrease	(78,851)	(90,703)
Price inflation increase	99,683	116,102
Future salary increase (+0.5%)	15,841	18,690

In valuing the liabilities of the pension fund, mortality assumptions have been made as indicated above. If life expectancy had been changed to assume that all members of the fund lived for one year longer, the gross value of the reported liabilities prior to member and franchise adjustments at 31 March 2025 would have increased by £14,081,000 (2024: £24,852,000).

The above sensitivities are based on the results of the full actuarial valuation carried out by the RPS Trustee actuarial advisory team as at 31 December 2022.

Funding

Transport for Wales Rail Ltd expects to pay £15,565,000 in employer contributions to its defined benefit plan in the year ending 31 March 2026. The weighted average duration of the defined benefit obligation at the end of the reporting period is 17 years.



19 FINANCIAL INSTRUMENTS

Fair values of financial instruments

There are no differences between the fair values for each class of financial asset and financial liabilities and their carrying amounts shown in the statement of financial position.

Credit risk

TfW does not have significant credit risk exposure as the majority of its activity is funded by the Welsh Government grant received in advance, with the remainder of activity being with other public sector organisations. Credit risk is monitored on an ongoing basis.

The carrying amount of trade receivables represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the statement of financial position date is as follows:

	2025 £000	2024 £000
Group	51,929	34,761
Company	27,140	24,559

There were no receivables past due at either reporting date.

Due to the nature of the receivables, no expected credit loss provision is considered necessary.

Liquidity risk

TfW monitors its working capital on a regular basis to ensure that sufficient funds have been drawn down from the Welsh Government to meet its liabilities as they fall due.

Fuel price risk

TfW uses a cash flow hedge to reduce price fluctuations attributable to fuel sources. The risk being hedged is changing fuel prices and the hedging instruments being used are fuel swaps. The Group's existing hedges commenced on 1 April 2023 and end between 31 March 2026 and 31 March 2027.

The fair value and change in market value of cash flow hedges is shown below:

	2025 £000	2024 £000
Balance at 1 April		
Receivables	657	-
Payables	(431)	-
Total	226	-
Movement through other comprehensive Income	(3,813)	238
Movement through profit and loss (inefficiency)	12	(12)
Total	(3,801)	226
Balance at 1 April		
Receivables	2	657
Payables	(3,577)	(431)
Total	(3,575)	226



20 LEASES

20 (a) Leases as a lessor

TfW has a lease to Amey Infrastructure Wales Limited in respect of the CVL assets. This lease commenced on 28 March 2020. This has been classified as an operating lease as the lease length is significantly less than the useful economic lives of the assets. The lease expires in February 2028 (following an amendment to the term as part of the Operator of Last Resort transition). The Company also has a small number of other property leases (e.g. station concessions).

During the year £3,688,000 (2024: £3,201,000) was recognised as rental income by the Company.

The Group also has leases with a number of companies in respect of station concessions and fleet. These have been classed as operating leases. During the year, £5,022,000 (2024: £4,503,000) was recognised of rental income in respect of these leases.

20 (b) Leases as a lessee

The Company holds four property leases - including the lease on its head office in Pontypridd, which commenced in October 2020 and ends in 2035, as well as property leases lasting between one and five years for its other offices in Wrexham and Penrhyndeudraeth. The Company also holds two leases for the Cardiff Bus Interchange. Both leases are 990 year leases with £10 per annum peppercorn rentals.

The Company's subsidiary Transport for Wales Rail Limited also holds a number of rolling stock leases averaging nine years in length and a number of property leases for depots and offices.

The discount rate applied to these assets is the government borrowing rate for the relevant calendar year (the discount rate for leases starting during the year ended 31 March 2025 is 4.72% for leases commencing in 2025 and 4.81% for leases commencing in 2025).

In addition, the Group also holds a number of low value or short-term leases in relation to office equipment.

Right-of-use assets

Right-of-use assets related to lease properties are presented as property, plant and equipment:

Group

	2025				2024			
	Land and buildings £000	Rolling stock £000	Other £000	Total £000	Land and buildings £000	Rolling stock £000	Other £000	Total £000
Balance at 1 April	15,562	398,046	465	414,073	17,713	173,289	567	191,569
Additions/amendments	22,102	148,607	222	170,931	(642)	270,602	56	270,016
Depreciation charge	(1,922)	(58,254)	(187)	(60,363)	(1,509)	(45,845)	(158)	(47,512)
Balance at 31 March	35,742	488,399	500	524,641	15,562	398,046	465	414,073



Company

	2025		2024	
	Land and buildings £000	Total £000	Land and buildings £000	Total £000
Balance at 1 April	9,927	9,927	11,473	11,473
Additions/amendments	21,717	21,717	(669)	(669)
Depreciation charge	(1,230)	(1,230)	(877)	(877)
Balance at 31 March	30,414	30,414	9,927	9,927

The majority of new leases relate to new rolling stock within TfW Rail, which are depreciated over the life of the leases. In addition, TfW has brought into use two leases relating to the Cardiff bus interchange. These leases are 990 year leases with lease premiums of £21,717,000 and a peppercorn rental. The lease premiums were paid in 2022/23, and brought into use in June 2024, when the interchange opened for use. They are depreciated over the useful economic life of the underlying assets.

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Group is a lessee:

	2025 £000	Group 2024 £000
Interest expense on lease liabilities	13,300	6,193
Expenses relating to short-term leases (excluding short-term leases of low-value assets)	49	56
Expenses relating to leases of low-value assets	75	91
Total	13,424	6,340

At 31 March 2025, the Group was committed to short term and low value leases with a total gross commitment of £128,000 (2024: £163,000) and has agreements to lease with the leases not yet commenced with total future payments of £40,639,000 (2024: £151,386,000) all of which relates to future rolling stock leases. At 31 March 2025, the Company was committed to short term and low value leases with a total gross commitment of £1,000 (2024: £17,000) and had no agreements (2024: no agreements) to lease with the leases not yet commenced.

Lease liabilities

Current/non-current split

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Current portion of lease liabilities	61,178	44,895	1,017	1,010
Non-current portion of lease liabilities	459,419	391,714	9,596	10,617
Total	520,597	436,609	10,613	11,627

Split by asset type

	Group		Company	
	2025 £000	2024 £000	2025 £000	2024 £000
Land and buildings	16,023	17,240	10,613	11,627
Rolling Stock	504,109	418,902	-	-
Other	465	467	-	-
Total	520,597	436,609	10,613	11,627



21 CAPITAL COMMITMENTS

As at 31 March 2025, the Group had entered into contracts to purchase property, plant and equipment for £141,380,000 (2024: £225,765,000). At the same date, the capital commitments of Transport for Wales as a standalone company were £142,554,000 (2024: £202,165,000).

22 RELATED PARTIES

Identity of related parties with which TfW has transacted

During the year, TfW and its subsidiary TfW Rail Limited received revenue and lease grant/subsidy cash payments from the Welsh Government of £422,381,000 (2024: £386,585,000), as well as revenue grants to be paid to local authorities of £5,569,000 (2024: £6,126,000). TfW group also received cash capital grant and rail subsidy funding of £276,628,000 (2024: £496,538,000) as well as capital grants to be paid to local authorities and other third parties of £42,634,000 (2024: £45,695,000).

Included within creditors as at 31 March 2025 is a balance due to the Welsh Government relating to revenue and lease grant funding received but costs not yet incurred of £2,190,000 (2024: £11,939,000) and a similar creditor for capital grant funding of £9,128,000 (2024: £17,125,000). There are also debtor balances with Welsh Government relating to grants & subsidies to paid to local authorities and other third parties, made up of revenue £1,612,000 (2024: £1,775,000) and capital £28,747,000 (2024: £24,681,000).

In addition, TfW recognised income from the Welsh Government (including Cadw, a division of Welsh Government) relating to non-grant funded consultancy and other projects of £12,665,000 (2024: £16,129,000). At 31 March 2025, TfW was owed £2,963,000 (2024: £5,000,000) for services invoiced to the Welsh Government, and had accrued income for services provided to the Welsh Government but not yet invoiced of £3,000 (2024: £1,846,000).

TfW made purchases from the Welsh Government totalling £152,000 (2024: £140,000) in relation to recharged services (primarily secondee costs and access licences). It has a payables balance due to the Welsh Government as at 31 March 2025 of £120,000 (2024: £nil).

The Group also has two loans with Welsh Government - a working capital loan to TfW and a further funding loan with TfW Fibre. As at 31 March 2025, the balance with TfW is £6,900,000 (2024: £6,900,000) and the balance with TfW Fibre was £7,700,000 (2024: £nil). Interest payable during the year was £390,000 (2024: £571,000) on the TfW loan and £17,000 (2024: £nil) on the TfW Fibre loan.

TfW also trades with GCRE Limited, a company also owned by Welsh Ministers. TfW recognised revenue of £176,000 (2024: £163,000) and had a debtor balance at 31 March 2025 of £19,000 (2024: £3,000).

The parent Company's subsidiary TfW Innovation Services Limited has a minority interest shareholder, and as such, related party disclosures for the parent company are required in accordance with FRS 101. During the year, TfW made purchases of £222,000 from TfW Innovation Services Limited (2024: £246,000), and there are trade debtors and accrued income due to TfW Innovation Services Limited from TfW at 31 March 2025 of £21,000 (2024: £85,000) as well as a working capital loan from TfW to TfW Innovation Services Limited of £100,000 (2024: £100,000).



Transactions with key management personnel

Key management personnel is deemed to include company statutory directors (whose remuneration is disclosed in note 4) and other members of the executive team. The compensation of key management personnel is as follows:

	2025 £000	2024 £000
Key management emoluments including social security costs	2,091	2,121
Company contributions to money purchase pension plans	103	108
Total	2,194	2,229

23 LOSSES AND SPECIAL PAYMENTS

The following is the statement of losses and special payments as required by the Government Financial Reporting Manual, with individual disclosures where the total amounts incurred are over the limits prescribed in Managing Welsh Public Money of £300,000.

	2025	2024
Total number of losses and special payments	151	81
Total value of losses and special payments (£000s)	579	590

Individual losses of £300,000 or more

There have been no individual losses over £300,000 during 2024/25.

24 ULTIMATE PARENT COMPANY AND PARENT COMPANY OF LARGER GROUP

TfW is a subsidiary undertaking of the Welsh Ministers which are also the ultimate parent entity. TfW's results are consolidated in the Welsh Government's consolidated annual accounts which are available from its registered address, Cathays Park, Cardiff, CF10 3NQ or from its website at <https://gov.wales/welsh-government-consolidated-annual-accounts>.



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TRANSPORT FOR WALES