

LONDON CYCLE HIRE SCHEME AGREEMENT

Schedule 32 – Revenue Collection and Payment

SCHEDULE 32

Revenue Collection and Payment

1. **Scope**

1.1 This Schedule 32 sets out:

- (A) how the Revenue shall be collected by the Service Provider and transferred to accounts belonging to TTL and/or the relevant member of the TfL Group (the “**Collection Accounts**”);
- (B) nature of Revenue receipts;
- (C) bank accounts to be used for Revenue receipts;
- (D) rights of the Service Provider and TTL in respect of the Collection Accounts; and
- (E) controls and reconciliations that the Service Provider shall perform to ensure the receipt by TTL of all Revenue due.

1.2 Payments of Invoices have been excluded from this Schedule and are described in Clause 23 (*Charges and Payment*).

2. **Nature of Revenue Receipts**

Revenue shall be generated by the purchase by Charge Payments made by Customers as specified in Appendix B of Schedule 2 (*Statement of Requirements*).

3. **Collection Accounts**

3.1 The Service Provider acknowledges and accepts that TTL requires all Revenue to be placed in the relevant Collection Account at the earliest possible opportunity by a mechanism that is efficient and secure in accordance with Good Industry Practice.

3.2 The Service Provider shall:

- (A) ensure that all Revenue collected is transferred, into one or more Collection Accounts (as directed by TTL from time to time):
 - (1) no later than 17:00 hours on the first Working Day following such Revenue being collected; and
 - (2) where practicable, on the same Working Day as such Revenue is collected; and
- (B) not pay any Revenue into any bank account which is not a Collection Account without the prior written approval of TTL.

3.3 TTL may from time to time:

- (A) establish as many Collection Accounts as it requires and shall provide the Service Provider with at least fifteen (15) Working Days’ prior written notice of the details of any new Collection Accounts before the Service Provider may

be required to use such new Collection Accounts; and

- (B) instruct the Service Provider as to the type of receipt of Revenue to pay into each Collection Account by giving no less than fifteen (15) Working Days' prior written notice.

3.4 At all times, all rights attached to Collection Accounts shall be reserved to TTL or the relevant member of the TfL Group.

3.5 The Service Provider shall:

- (A) account to TTL for all:

- (1) Revenue collected by the Service Provider; and
- (2) monies otherwise owing by the Service Provider to TTL;

- (B) not exercise any right of set-off, counter-claim, withholding or deduction in respect of such monies under this Agreement or any other commercial arrangement with TTL. No waiver shall be permitted; and

- (C) offer Receipts for all Charge Payments in accordance with the Statement of Requirements.

3.6 The Service Provider is responsible for ensuring that no monies are transferred to and/or taken from a Collection Account as a result of fraud, theft or loss, whether caused by a member of either:

- (A) Service Provider Personnel; or
- (B) a Third Party.

4. **Control and Reconciliation**

4.1 **Details of Remittances**

- (A) The Service Provider shall:

- (1) update its records on the accounting Service System each calendar day before midnight in respect of each Collection Account, with details of:

- (a) all Remittances (for that day);
- (b) the payment type; and
- (c) the type of Charge Payment made by the Customer; and

- (2) provide a summary of the information required under paragraph 4.1(A)(1) above, containing such detail as TTL Personnel reasonably require before 09:00 hours on the next Working Day.

- (B) Within one (1) Working Day of the end of each four (4) Weekly period commencing on the Operational Commencement Date (each a "**Reconciliation Period**"), the Service Provider shall provide a reconciliation for each Collection Account during that Reconciliation Period setting out:

- (1) all amounts due to TTL or the relevant member of the TfL Group at the start of that Reconciliation Period;
 - (2) all Revenue (both amounts received and amounts due) during the Reconciliation Period;
 - (3) all Remittances made to TTL or the relevant member of the TfL Group during that Reconciliation Period;
 - (4) all amounts due to TTL or the relevant member of the TfL Group at the end of the Reconciliation Period;
 - (5) all outstanding payments at the end of that Reconciliation Period in sufficient detail to enable:
 - (a) auditors of the TfL Group to fulfil their statutory duties in relation thereto; and
 - (b) TTL or the relevant member of the TfL Group to make an informed judgement as to whether to write the debt off;
 - (6) all reimbursed and refunded amounts and reversed payments and the reasons in each case therefore;
 - (7) all amounts held in any Suspense Account, including:
 - (a) how long each such sums have been held there; and
 - (b) the reasons why such sums are or remain in such Suspense Account;
 - (8) all monies received on a daily basis through the Reconciliation Period, broken down in accordance with paragraph 4.1(A) above; and
 - (9) the amounts of overpayments received in the Reconciliation Period.
- (C) The Service Provider shall:
- (1) identify, resolve, and clear all amounts held in any Suspense Accounts within four (4) Weeks of the amount being credited to such Suspense Account; and
 - (2) ensure that amounts held in any Suspense Account (as identified in the reconciliation at the end of each Reconciliation Period), are supported by a statement setting out for each of the corresponding receipts:
 - (a) the date of transaction;
 - (b) the amount;
 - (c) any available details relating to the receipt; and
 - (d) the actions taken to reconcile with the relevant outstanding amount.

General Obligations

4.2 The Service Provider shall:

- (A) maintain, in relation to each transaction, accounting records for and on behalf of TTL and/or the relevant member of the TfL Group to a standard equivalent to the requirements of sections 386 to 389 of the Companies Act 2006;
- (B) provide to TTL and/or the relevant member of the TfL Group, by 18:00 hours on each Working Day, a reconciliation of the monies paid into the Collection Accounts to the daily receipts of Revenue;
- (C) make available in printable and electronically transferable form copies of all reconciliations as detailed in paragraphs 4.1 and 4.2(A). The electronically transferable copy shall be in SAP importable format and shall comply with the requirements of TTL and/or the relevant member of the TfL Group in all respects; and
- (D) in respect of any Remittance in respect of which it has failed to provide all information as required by this paragraph 4, provide such missing information to TTL and/or the relevant member of the TfL Group within five (5) Working Days of receipt of the relevant sum.

4.3 At the end of the Service Provider's Financial Year, the Service Provider shall provide to TTL and/or the relevant member of the TfL Group a financial report providing cumulative details for the year of the information required under paragraphs 4.1 and 4.2 above.

4.4 Overpayments shall be dealt with as TTL Personnel may direct from time to time.

4.5 The Service Provider shall ensure that there is consistency between all reports provided to TTL, including reconciling all period reports to the Reconciliation Period Journal referred to in Annex A (*Financial Reporting*) and resolving any variations prior to sending the reports to TTL.

5. **Merchant Acquirer Agreements, Declined Payments and Merchant Acquirer Services**

Merchant Acquirer Agreements

5.1 The Service Provider shall:

- (A) operate under and in accordance with the TfL Merchant Acquirer Agreements (as amended from time to time), as notified to the Service Provider by TTL in writing;
- (B) replace the Merchant Acquirer at the written request of TTL or the relevant member of the TfL Group up to two (2) times during the Term, at no additional cost to TTL. Such replacement Merchant Acquirer shall be documented in accordance with the Change Control Request Procedure. Should TTL or a member of the TfL Group require the replacement of the Merchant Acquirer on more than two (2) occasions, the unavoidable and properly incurred costs of the Service Provider shall be charged to TTL in accordance with the Annex G (*Principles to Apply to the Pricing of Changes*)

to this Agreement) to Schedule 9 (*Change Control Request Procedure*); and

- (C) provide all documentation required by TTL or the relevant member of the TfL Group in a timely manner in order for TTL to sign-off any required mandates, account set-ups and proposed contract exchanges with the Merchant Acquirer.

Declined Payments

- 5.2 The Service Provider shall be responsible for ensuring that there are no Declined Payments and/or charge-backs, whether caused by either:
- (A) the Service Provider or any member of the Service Provider Personnel; or
 - (B) any other person, to the extent that such Declined Payment or chargeback could reasonably have been avoided if it were not for the default, negligence or recklessness of the Service Provider, Service Provider Personnel and Sub-Contractors; or
 - (C) any other failure by the Service Provider or a member of the Service Provider Personnel to follow appropriate procedures in respect of the collection, authorisation and/or transfer of payments.

Merchant Acquirer Services

- 5.3 The Service Provider shall:
- (A) be responsible for and shall pay all costs of the design and development of such LCHS Assets and Service Systems as are necessary to enable the Service Provider to meet the specifications set out in the Statement of Requirements;
 - (B) ensure that all necessary LCHS Assets and Service Systems are designed, developed, maintained and updated, at the Service Provider's expense, in order to comply with:
 - (1) Good Industry Practice;
 - (2) APACS Standards; and
 - (3) Card Scheme Rules and Mandates, including the PCI DSS;
 - (C) follow the procedures relating to dealings with the Merchant Acquirer set out in:
 - (1) the relevant TfL Merchant Acquirer Agreement; and
 - (2) this Agreement;
 - (D) perform the security checks in accordance with the:
 - (1) Statement of Requirements; and
 - (2) as applicable to the relevant Charge Payment type and transaction, including:

- (a) seeking successful payment authorisation from the Merchant Acquirer in respect of the Charge Payments;
- (b) conducting security checks, including:
 - (i) cardholder address verification;
 - (ii) 3D secure check (known as 'Verified' by Visa and 'SecureCode' by MasterCard); and
 - (iii) CVV2/CVC2 Code checks or equivalent that checks the additional numbers located on a Customer's credit card;
- (c) employing robust fraud screening procedures with business-specific fraud rules, for all credit card and debit card transactions undertaken by the Service Website or Contact Centre payment solution, prior to any Charge Payment being accepted.

5.4 In the event of failure of a single authorisation and/or security check the Service Provider shall:

- (A) not accept the Charge Payment; and
- (B) for such Customer, only allow one more attempt per day of another debit card or credit card authorisation and security check per Customer.

5.5 In relation to the operation of TfL Merchant Acquirer Agreements, the Service Provider shall:

- (A) act as a named agent of the relevant member of the TfL Group; and
- (B) have no rights or authority to alter any of the terms of the TfL Merchant Acquirer Agreement.

5.6 In the event that the interface or service provided by any Merchant Acquirer is unavailable for any period, the Service Provider shall follow:

- (A) the Merchant Acquirer's authorised manual procedure, which may require the Customer to obtain direct authorisation by telephone call to the Contact Centre; and
- (B) all necessary security procedures in relation to a manual process to maintain security in accordance with the Security Plan.

5.7 The Service Provider shall ensure that the installation and Testing of LCHS Assets, Service Systems and Interfaces with the relevant Merchant Acquirer and Merchant Acquirer Service is completed in accordance with the:

- (A) Implementation Plan in order to meet the Operational Commencement Date; and
- (B) relevant Milestones and/or Milestone Dates, in respect of Change Requests.

6. **Direct Debit**

- 6.1 The Service Provider shall provide a direct debit service to collect Charge Payments due under the London Cycle Hire Scheme. Accordingly, the Service Provider shall:
- (A) act as TTL's agent and remit all amounts collected directly from the Customer into a bank account of TTL or the relevant member of the TfL Group (the "**Direct Debit Account**"). This Direct Debit Account will be opened by TTL or a member of the TfL Group and notified to the Service Provider in writing at least fourteen (14) calendar days prior to commencement of use of such Direct Debit Account. TTL shall notify the Service Provider in writing of any changes to the Direct Debit Account, providing at least fourteen (14) calendar notice;
 - (B) comply with the regulations applicable to the direct debit service as published by BACS Payment Services Limited ("**BACS**") (the "**Direct Debit Arrangements**");
 - (C) ensure that at all times it shall (as agent for TTL) comply with the Direct Debit Arrangements; and
 - (D) ensure that all notices inviting Customers to enter into Direct Debit arrangements (and changes thereto) are Approved by TTL and its sponsor bank from time to time. TTL's current sponsor bank is HSBC Bank plc.

6.2 The Service Provider is responsible for any failure to comply with the Direct Debit Arrangements, whether caused by a member of either:

- (A) Service Provider Personnel; or
- (B) a Third Party.

7. **Currency**

7.1 All Revenue shall be paid to TTL or the relevant member of the TfL Group in pounds Sterling unless:

- (A) TTL specifies that Revenue shall also be in, or replaced by, Euros (€) and has given the Service Provider at least four (4) Weeks' notice of this; or
- (B) the Service Provider is required by Law to pay the Revenue in Euros (€).

8. **Financial Reporting**

Where TTL requires the Service Provider to provide reports to TTL in relation to this Schedule 32, such reports shall, without limitation to any other reports and Records required by TTL in accordance with this Agreement, be provided in accordance with the provisions of Annex A (*Financial Reporting*) to this Schedule 32.

ANNEX A

Financial Reporting

The Service Provider shall comply with the following provisions in relation to reports relating to, or to be provided in accordance with, this Schedule 32:

1. Financial Management Information may be required by TTL in both hard copy and electronic format. Where required by TTL in an electronic format, such financial Management Information shall be in a format capable of input into SAP.
2. For all reports, TTL must receive from the Service Provider:
 - (A) Daily reports by noon the following Working Day;
 - (B) Weekly reports by 15:00 hours on the first Working Day after the end of the Week; and
 - (C) Reconciliation Period reports by 09:00 hours on the first Working Day after the end of the Reconciliation Period.
3. The Service Provider shall supply TTL with a pro-forma of each the following reports for approval by TTL prior to each report being developed and presented to TTL.

Contents of reports:

Category	Report title and description:	Detail	Frequency	Output
Financial Reporting	<p>Receipts Banked</p> <p>Daily, Weekly and Reconciliation Period reports analysing all receipts banked by type.</p> <p>“Other” receipts must be described and, if required, itemised.</p> <p>Also, required annually at year end.</p>	<ul style="list-style-type: none"> • Reporting period. • Full Detail of Receipt type • Collection Accounts. • Payment type 	<ul style="list-style-type: none"> • Daily • Weekly • Reconciliation Period end • Year end 	Value

Category	Report title and description:	Detail	Frequency	Output
	<p>Bank Reconciliation</p> <p>Reconciling the balance of the amounts transferred to the Collection Accounts to the balance shown on the Service Provider's general ledger.</p>	<ul style="list-style-type: none"> • Balance per bank statement. • Outstanding receipts for the period. • Outstanding receipts for prior periods. • Other reconciling items. An additional worksheet providing details, description and date banked required. • Balance per accounting records (general ledger). • An electronic copy of the daily bank statement for each account. 	<ul style="list-style-type: none"> • Daily 	Value
	<p>Trial Balance</p> <p>Reconciliation Period trial balance to be provided to TTL. Also required annually at year end.</p>	<ul style="list-style-type: none"> • Reporting period. • Balance of the general ledger showing details of payment reversals and payments generating such balance. 	<ul style="list-style-type: none"> • Reconciliation Period end • Year end 	
Reconciliation Period Journal	TTL SAP compatible Journal	<ul style="list-style-type: none"> • All relevant Data 	<ul style="list-style-type: none"> • Reconciliation Period end 	

4. The above reports shall be compiled in accordance with UK GAAP accounting standards and accounting policies.
5. The Service Provider shall comply with all changes in accounting standards which are applicable to the TfL Group. Examples of changes in accounting standards, include changes in:
 - (A) Legislation;
 - (B) financial reporting standards;
 - (C) Chartered Institute of Public Finance and Accountancy (CIPFA) guidelines;
 - (D) reporting requirements set out by the Greater London Authority, or any successor body; and
 - (E) any other code of practice that is recognised by the Accounting Standards Board (“ASB”) as a statement of recommended practice.

Changes in TfL Group's Accounting Policies

6. The Service Provider shall comply with any Changes in the TfL Group's own internal accountancy policies, to the extent requested by TTL. Any such request by TTL shall be made as a Mandatory Change request in accordance with the Change Control Request Procedure. For the avoidance of doubt, this paragraph 6 applies to any changes in the TfL Group's own internal accountancy policies only.
7. The Service Provider shall maintain, in relation to each financial transaction, accounting records for and on behalf of TTL or the relevant member of the TfL Group (as applicable) to a standard equivalent to the requirements of sections 386 to 389 of the Companies Act 2006.