

Operational and Financial Performance Report

Final Results Q4 2013/14

Background to TfL's published financial information

We publish financial data on two bases to meet different requirements. These are:

- Statutory accounts:
 - Are compliant with relevant accounting standards
 - Include adjustments such as depreciation that are essential from a legal point of view, but can make the accounts difficult to interpret by the lay person
 - Have a generic format to allow ease of comparison to other companies' accounts
 - The basis for our annual report

- Management accounts:
 - Information is tailored to give insight on performance
 - In general, easier to interpret and formatted in a more readable way
 - The basis for our Business Plan and financial performance reports

To ensure ease of understanding, this data has been prepared from management accounts. The data hasn't been reconciled with the statutory accounts for these years and there will be some differences due to adjustments made at year end.

Notes on the schedule

All data is drawn from publicly available records. Where figures have not been published, the cells have been left blank. This is generally where figures were not broken out from totals at the time of publication, for example, Fares Income was not displayed in the published reports until 2008/09.

For financial information, the following are provided:

- Up to 2013/14: actual, budget and variance to budget
- 2014/15 onwards: 2013 Business Plan forecast

Accounting for the PPP

- In 2003 the financial close on the three Public Private Partnership (PPP) contracts was reached. This arrangement was established to deliver the investment needed to put right the underinvestment of the past.
- Under these contracts, London Underground Limited (LUL) property was allocated to the PPP Contractors Metronet and Tube Lines (known as infracos) for a 30 year period. Over this term the infracos were to maintain, enhance and replace the aforementioned property.
- LUL paid a service charge to the infracos and retained the risks and rewards of ownership of the property during the contract term.
- Accounting for this has varied:

- From 2003/04 until 2007/08 this was included as a payment to the Infracos in operating expenditure.
 - In 2007/08, Metronet was put into administration by its shareholders. The Metronet companies were subsequently bought out of administration by TfL.
 - In 2008/09 Metronet was reported separately in the reports and includes payments made by London Underground in Income. Metronet was integrated into the LU capital programme in 2009/10.
 - Following acquisition in 2009/10 Tube Lines remained part of LU operating expenditure until 2013/14 when it was integrated into the LU capital programme
- Metronet was placed into administration on 18 July 2007. On 5 February 2008, the Put Options were exercised and on 12 February 2008, LU paid £1,749 million in settlement of its obligations thereunder.
 - In order to settle the Put Options, TfL received a revenue grant from the Department for Transport of £1.7 billion. In addition, a further £210m was written off in respect of loans to the Metronet Infracos.
 - On 27 June 2010, the acquisition of Tube Lines (Holdings) Limited (TLHL) was completed, with 100 per cent of the shares acquired for £220m.

Other major events in TfL's history

By nature of its large capital programme, TfL doesn't have a constant spend profile. The following are some of the notable events that have impacted our spending.

- TfL started trading on 3rd July 2000 and 2000/01 represented a start-up year for TfL with budgets for the organisation effectively being inherited from the predecessor bodies. The budgets allowed for a full year of activity, with the first 3 months being carried out by the predecessor bodies.
- Dial-a-Ride operations were brought in-house on the 1 April 2002 and are now part of Bus operations. On the same date, Borough Partnerships transferred responsibility for most of its programmes to Street Management and Bus Priority.
- On 17 February 2003 congestion charging was introduced in central London at a daily rate of £5 per car or goods vehicle.
- Following the financial close of the PPP contracts, on the 15 July 2003 London Underground became part of TfL.
- In December 2004, the Corporation launched the first ever UK municipal Eurobond issue for £200 million. This was the first tranche of prudential borrowing as set out to the TfL Board on 29 April 2004, to meet the needs of London and Olympics transport infrastructure.
- Following introduction of the Crossrail Bill in February 2005, the bill was enacted on 22 July 2008. On 5 December 2008, Crossrail became a fully owned subsidiary of TfL marking the start of delivery of this £14.2bn project. Operations on the outer section of the railway begin in 2015, with the first services through the central section to follow in 2018. These will be operated through a concession under the control of TfL.

- On 23 November 2011, the acquisition of both the Woolwich Arsenal Rail Enterprises ('WARE') and the City Airport Rail Enterprises ('CARE') groups was completed, with 100 per cent of the shares acquired. Together with the acquisition of the Tube Lines loan notes a total cost of £277m was charged to Group Items.