1  Summary

1.1 The Finance Report sets out TfL’s preliminary financial results for 2017/18 against Budget and the prior year.

2 Recommendation

2.1 The Board is asked to note the Finance Report.

3 Financial Reporting to the Board and Committees

Finance Report – Preliminary results for the year ended 31 March 2018

3.1 Where possible, feedback received from Board Members and others has been taken into account in this latest report. Further suggested improvements will be introduced throughout the 2018/19 financial year.

3.2 The Finance Report describes the financial performance compared to the 2017/18 Budget approved by the Board in March 2017 and against the prior year.

Quarterly Performance Report – Quarter 4, 2017/18

3.3 The Quarterly Performance Report for Quarter 4 will be published online in due course. Previous reports can be viewed at:


3.4 The Quarterly Performance Report compares year-to-date results with those of the last five quarters and last five years.

List of appendices to this report:

Appendix 1: Finance Report – Preliminary results for the year ended 31 March 2018

List of Background Papers:

None

Contact Officer: Simon Kilonback, Chief Finance Officer
Number: 020 3054 8941
Email: SimonKilonback@tfl.gov.uk
Transport for London finance report

Preliminary results for the year ended 31 March 2018
About Transport for London (TfL)

Part of the Greater London Authority family led by Mayor of London Sadiq Khan, we are the integrated transport authority responsible for delivering the Mayor’s aims for transport.

We have a key role in shaping what life is like in London, helping to realise the Mayor’s vision for a ‘City for All Londoners’. We are committed to creating a fairer, greener, healthier and more prosperous city. The Mayor’s Transport Strategy sets a target for 80 per cent of all journeys to be made on foot, by cycle or using public transport by 2041. To make this a reality, we prioritise health and the quality of people’s experience in everything we do.

We manage the city’s red route strategic roads and, through collaboration with the London boroughs, can help shape the character of all London’s streets. These are the places where Londoners travel, work, shop and socialise. Making them places for people to walk, cycle and spend time will reduce car dependency and improve air quality, revitalise town centres, boost businesses and connect communities.

We run most of London’s public transport services, including the London Underground, London Buses, the Docklands Light Railway, London Overground, TfL Rail, London Trams, London River Services, London Dial-a-Ride, Victoria Coach Station, Santander Cycles and the Emirates Air Line. The quality and accessibility of these services is fundamental to Londoners’ quality of life. By improving and expanding public transport, we can make people’s lives easier and increase the appeal of sustainable travel over private car use.

We are moving ahead with many of London’s most significant infrastructure projects, using transport to unlock growth. We are working with partners on major projects like Crossrail 2 and the Bakerloo line extension that will deliver the new homes and jobs London and the UK need. We are in the final phases of completing the Elizabeth line which, when it opens, will add 10 per cent to London’s rail capacity.

Supporting the delivery of high-density, mixed-use developments that are planned around active and sustainable travel will ensure that London’s growth is good growth. We also use our own land to provide thousands of new affordable homes and our own supply chain creates tens of thousands of jobs and apprenticeships across the country.

We are committed to being an employer that is fully representative of the community we serve, where everyone can realise their potential. Our aim is to be a fully inclusive employer, valuing and celebrating the diversity of our workforce to improve services for all Londoners.

We are constantly working to improve the city for everyone. This means freezing TfL fares so everyone can afford to use public transport; using data and technology to make services intuitive and easy to use; and doing all we can to make streets and transport services accessible to all. We reinvest every penny of our income to continually improve transport networks for the people who use them every day.

None of this would be possible without the support of boroughs, communities and other partners who we work with to improve our services. We all need to pull together to deliver the Mayor’s Transport Strategy: by doing so we can create a better city as London grows.

The financial information included in the report is unaudited and does not constitute TfL’s statutory accounts. TfL’s last audited Statement of Accounts for the year ended 31 March 2017 was published in September 2017.

All figures within the financial tables have been rounded to the nearest million.
Overview of 2017/18

We continue to make good progress against our long-term objective of turning an operating deficit into a surplus.

We achieved greater operating cost savings than we had budgeted and, once operating costs are adjusted for exceptional items, like-for-like costs have reduced for the second consecutive year.

Total income was £6,559m, £189m (minus three per cent) below budget, principally as a result of lower than budgeted passenger volumes. On a full year like-for-like basis, total income is £204m lower, reflecting the cut in the general grant from Government.

Passenger income has been affected by a one per cent drop in passenger numbers. The impact could have been considerably worse without the Mayor’s affordable TfL fares policy. We have also taken steps to successfully slow the decline in bus ridership by implementing a series of improvements in bus journey times.

Operating costs were £6,240m, which is £215m (minus three per cent) below budget. On a like-for-like basis, operating costs have continued to reduce. Comparable costs are £26m lower than last year and £244m lower than 2015/16.

We have achieved this by making further savings and capitalising on commercial opportunities. Over the past year, we have consolidated our head office accommodation, and implemented new business structures and ways of working to function more efficiently and at lower cost. This has included reducing management layers to make our structure less complex.

The capital investment programme delivered key achievements this year, including the upgrade of Bond Street station, the completion of tunnelling on the Northern Line Extension and significant progress with in upgrading the Circle, District, Hammersmith & City and Metropolitan lines signalling.

Management results

Operating account

The year ending 31 March 2018

<table>
<thead>
<tr>
<th></th>
<th>2017/18 full year</th>
<th>Full year like-for-like costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actuals</td>
<td>Budget</td>
</tr>
<tr>
<td>Passenger income</td>
<td>4,643</td>
<td>4,778</td>
</tr>
<tr>
<td>Other operating income</td>
<td>750</td>
<td>812</td>
</tr>
<tr>
<td>Total operating income</td>
<td>5,393</td>
<td>5,590</td>
</tr>
<tr>
<td>General grant</td>
<td>228</td>
<td>228</td>
</tr>
<tr>
<td>Business rates retention</td>
<td>854</td>
<td>854</td>
</tr>
<tr>
<td>Other revenue grants</td>
<td>84</td>
<td>76</td>
</tr>
<tr>
<td>Total income</td>
<td>6,559</td>
<td>6,748</td>
</tr>
<tr>
<td>Operating cost</td>
<td>(6,240)</td>
<td>(6,455)</td>
</tr>
<tr>
<td>Net operating surplus</td>
<td>319</td>
<td>293</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(1,114)</td>
<td>(1,076)</td>
</tr>
<tr>
<td>Net cost of operations before financing</td>
<td>(795)</td>
<td>(783)</td>
</tr>
<tr>
<td>Net financing costs</td>
<td>(428)</td>
<td>(445)</td>
</tr>
<tr>
<td>Net cost of transport operations</td>
<td>(1,223)</td>
<td>(1,228)</td>
</tr>
</tbody>
</table>

*Like-for-like operating costs have been adjusted to exclude one-off items such as Transformation costs, pension deficit recovery payments and Elizabeth line increases.
**Net operating surplus**

We were £26m (nine per cent) ahead of budgeted net operating surplus, reflecting our strong performance in reducing operating costs.

Operating costs were £215m (minus three per cent) less than budget, as we continue to deliver savings through consolidating head office accommodation, modernising our structure and ways of working.

This was partially offset by total income being £189m (minus three per cent) below budget mainly as a result of fewer passenger journeys, reflecting an overall reduction in rail demand in the South East. Figures published by the Office of Rail and Road, show that passenger numbers on TfL services have held up better than comparable services around the country, supported by the Mayor’s TfL fares freeze and the extension of the Hopper fare.

**Income**

Economic factors have affected passenger journeys and advertising income, contributing to passenger income being £135m (minus three per cent) and other operating income being £62m (minus eight per cent) lower than budget. On a like-for-like basis, passenger income was one per cent lower than 2016/17, while other operating income was five per cent higher.

- LU passenger income was £121m (minus four per cent) lower than budget, largely driven by fewer journeys. This trend has been improving in more recent months. Full year underlying passenger journey demand is just under one per cent lower than 2016/17
- Bus passenger income was £17m (one per cent) favourable to budget. Passenger journeys are 47 million (two per cent) higher than budget, largely due to average bus speeds increasing and also improved ticket machine reliability following software improvements
- Rail passenger journey income was £34m (minus six per cent) lower than budget, due to fewer passenger journeys and also exceptional events, such as a 48-hour DLR strike (£1m), and Network Rail’s closure of the London Overground Gospel Oak to Barking line (£4m) for major improvements
- Congestion charge and enforcement income was £55m (minus 15 per cent) below budget partially driven by the delay to the Penalty Charge Notice (PCN) increase (£14m). Traffic volumes were down six per cent year-on-year (£13m), and PCN volumes were lower due to a reduction of vehicles in the zone (£12m)
- Commercial Development income was £13m (minus five per cent) lower than budget mainly a result of challenging market conditions affecting advertising income
- LU direct operating costs were £51m (minus two per cent) lower than budget reflecting further cost-saving measures. These include reducing the number of non-operational staff, delivering maintenance more efficiently and re-profiling certain projects and maintenance costs into future years (£45m)
- Rail direct operating costs were £46m (minus eight per cent) lower than budget. Savings include higher than anticipated profit share from the final year with the previous London Overground operator (LOROL), compensation payments for LO closures and lower than expected operator performance (£17m). Within TfL Rail, savings included train maintenance (£8m) and recruitment costs (£4m)
- Streets direct operating costs were £30m (minus six per cent) lower than budget. This is a result of lower Congestion Charge costs (£17m) and re-profiling Local Implementation Plan Corridor spend into 2018/19 (£8m)
- Commercial Development direct operating costs were £11m (minus nine per cent) lower than budget due to staff and consultancy cost savings (£14m) and lower legal and building maintenance costs (£4m), offset by costs budgeted as capital but reclassified as operating costs (£7m)
- Bus operating costs were £14m (one per cent) higher than budget, principally as a result of higher incentivisation bonuses due to improved bus reliability (£12m) and service changes not being realised in full until contract re-tender (£1m). These were partially offset by a reprofiling of expenditure in line with the delivery of the Low Emission Bus Zones (£4m) and savings on hybrid and electric bus premiums for routes in the Ultra Low Emission Zone (£3m)
- Other operations’ direct costs were £62m (minus nine per cent) lower than budget. This is driven by lower staff costs and repaying of feasibility projects (£40m)
- Indirect operating costs were £29m (minus four per cent) lower than budget. Cost reductions included lower staff costs (£9m), and supplier contract savings relating to merchant fees and rent negotiation

**Costs**

Full year operating costs were £215m (minus three per cent) under budget:

- LU direct operating costs were £51m (minus two per cent) lower than budget reflecting further cost-saving measures. These include reducing the number of non-operational staff, delivering maintenance more efficiently and re-profiling certain projects and maintenance costs into future years (£45m)
- Rail direct operating costs were £46m (minus eight per cent) lower than budget. Savings include higher than anticipated profit share from the final year with the previous London Overground operator (LOROL), compensation payments for LO closures and lower than expected operator performance (£17m). Within TfL Rail, savings included train maintenance (£8m) and recruitment costs (£4m)
- Streets direct operating costs were £30m (minus six per cent) lower than budget. This is a result of lower Congestion Charge costs (£17m) and re-profiling Local Implementation Plan Corridor spend into 2018/19 (£8m)
- Commercial Development direct operating costs were £11m (minus nine per cent) lower than budget due to staff and consultancy cost savings (£14m) and lower legal and building maintenance costs (£4m), offset by costs budgeted as capital but reclassified as operating costs (£7m)
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- Other operations’ direct costs were £62m (minus nine per cent) lower than budget. This is driven by lower staff costs and repaying of feasibility projects (£40m)
- Indirect operating costs were £29m (minus four per cent) lower than budget. Cost reductions included lower staff costs (£9m), and supplier contract savings relating to merchant fees and rent negotiation
Capital account

<table>
<thead>
<tr>
<th>(£m)</th>
<th>2017/18 full year</th>
<th>Full year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actuals</td>
<td>Budget</td>
</tr>
<tr>
<td>Capital renewals</td>
<td>(559)</td>
<td>(660)</td>
</tr>
<tr>
<td>New capital investment</td>
<td>(1,459)</td>
<td>(1,587)</td>
</tr>
<tr>
<td>Crossrail</td>
<td>(1,530)</td>
<td>(1,593)</td>
</tr>
<tr>
<td>Total capital expenditure</td>
<td>(3,548)</td>
<td>(3,351)</td>
</tr>
</tbody>
</table>

Financed by:

<table>
<thead>
<tr>
<th></th>
<th>2017/18</th>
<th>2016/17</th>
<th>Variance</th>
<th>% variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment grant</td>
<td>960</td>
<td>960</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Third-party contributions</td>
<td>62</td>
<td>50</td>
<td>12</td>
<td>24%</td>
</tr>
<tr>
<td>Property income</td>
<td>59</td>
<td>275</td>
<td>(216)</td>
<td>-79%</td>
</tr>
<tr>
<td>Crossrail funding sources</td>
<td>108</td>
<td>216</td>
<td>(108)</td>
<td>-50%</td>
</tr>
<tr>
<td>Other capital grants</td>
<td>183</td>
<td>232</td>
<td>(49)</td>
<td>-21%</td>
</tr>
<tr>
<td>Total</td>
<td>1,372</td>
<td>1,733</td>
<td>(361)</td>
<td>35%</td>
</tr>
</tbody>
</table>

Net capital account: 2017/18 £(2,176) 2016/17 £(1,618) difference 558 variance 35%.

Total capital expenditure excluding Crossrail, is £229m (-10 per cent) lower than budget over the full year. This is principally a result of cost reductions and some project reprofiling into future years.

- Streets capital expenditure is £13m (minus six per cent) lower than budget, primarily a result of reduced activity. Savings include delivering bus priority targets at a lower cost, and asset renewal reduction in advance of the 2018/19 pause in the proactive renewals programme.
- Cumulative Bus capital expenditure is £29m (-57 per cent) lower than budget. This is a result of the advanced delivery of 18 new buses into 2016/17 (£6m) and deferral of renewals of New Routemaster batteries, and bus stops and shelters (£6m).
- Commercial Development capital investment is £28m (-28 per cent) less than budgeted. This is mainly the result of deferring costs into 2018/19 on the advertising partnerships’ capital delivery programme (£17m) and the Earls Court development (£9m).
- There are cost and schedule pressures that Crossrail Limited continues to manage. The annual budget contains forecast assumptions about the timing and scope of work which are set up to 18 months in advance and therefore variances are to be expected, particularly on a project of this size and complexity.
- Sources of finance in the capital account are £361m below (-21 per cent) budget:
  - Property income is £216m below budget (-79 per cent), due to the change in strategy from disposal to retaining assets for ongoing operating income.
  - Crossrail funding sources are £108m below budget (-50 per cent) due to lower Mayor Community Infrastructure Levy (CIL) and S106 receipts (£52m), and the re-profiling of over site development works (£56m).
  - Other capital grants are £49m lower than budget (-21 per cent), mostly due to lower than budgeted expenditure on Northern line Extension (NLE).

LU capital costs are £56m (minus five per cent) lower than budget. The pause in the Jubilee and Northern line upgrades has saved around £56m, and a further £10m has been reprofiled into later years. This has been offset by accelerated works on the Four Lines Modernisation (Circle, District, Hammersmith & City and Metropolitan lines) signalling system (£30m) and increased Major Stations’ provisions (£25m).

Rail capital costs are cumulatively £110m (-19 per cent) lower than budget. Across the portfolio, £26m of costs have been reprofiled into future years on various projects, including White Hart Lane station, Night Overground noise barriers, Blackhorse Lane Bridge and Dingwall loop. Within TfL Rail, £53m has been reprofiled following delayed acceptance of new rolling stock and depot construction.

The Elizabeth line remains on course to open in December 2018. Construction and fit-out of the new Elizabeth line stations and tunnels is well advanced and the infrastructure testing phase has commenced with a new class 345 train running under signalling in the tunnels.

From this summer, Crossrail Limited will begin handing the completed infrastructure over to us for operational testing.
### Cash

#### Cash flow summary

<table>
<thead>
<tr>
<th>(£m)</th>
<th>Full year</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actuals</td>
<td>Budget</td>
<td>Variance to budget</td>
<td>% variance to budget</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cost of transport operations</td>
<td>(1,223)</td>
<td>(1,228)</td>
<td>5</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-cash depreciation</td>
<td>1,114</td>
<td>1,076</td>
<td>38</td>
<td>4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net capital expenditure</td>
<td>(2,176)</td>
<td>(1,618)</td>
<td>(558)</td>
<td>34%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowing</td>
<td>620</td>
<td>620</td>
<td>-</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Working capital movements</td>
<td>1,634</td>
<td>1,163</td>
<td>471</td>
<td>40%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in cash balances</td>
<td>(31)</td>
<td>13</td>
<td>(44)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Cash balances

<table>
<thead>
<tr>
<th>(£m)</th>
<th>2016/17 opening cash</th>
<th>Prior periods' movements</th>
<th>Period 13 movements</th>
<th>Period 13 closing cash</th>
<th>Variance to budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>TFL cash balances</td>
<td>1,451</td>
<td>(230)</td>
<td>92</td>
<td>1,313</td>
<td>79</td>
</tr>
<tr>
<td>Crossrail</td>
<td>510</td>
<td>144</td>
<td>(37)</td>
<td>617</td>
<td>(123)</td>
</tr>
<tr>
<td>Cash balances</td>
<td>1,961</td>
<td>(86)</td>
<td>55</td>
<td>1,930</td>
<td>(45)</td>
</tr>
</tbody>
</table>

Cash balances are £1,930m, £45m lower than budget at the end of the year, driven by a deficit on the capital account due to higher capital expenditure, lower property sales and lower capital funding. This has been offset by favourable working capital movements of £47m, partly due to higher external creditors in Crossrail where the increased expenditure has led to higher accruals.

Excluding Crossrail, cash balances are £138m lower than at the end of 2016/17.

---

### Headcount

#### Full-time equivalent (FTE) employees

<table>
<thead>
<tr>
<th>End of 2016/17 actuals</th>
<th>Prior periods' net (leavers)/joiners</th>
<th>Period 13 net (leavers)/joiners</th>
<th>Period 13 actual</th>
<th>Period 13 budget</th>
<th>Variance to budget</th>
<th>% variance to budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underground</td>
<td>20,121 (417) (86)</td>
<td>19,618</td>
<td>20,233</td>
<td>615</td>
<td>-3%</td>
<td>-3%</td>
</tr>
<tr>
<td>Rail</td>
<td>465 97 (I)</td>
<td>557</td>
<td>650</td>
<td>93</td>
<td>-14%</td>
<td>-14%</td>
</tr>
<tr>
<td>Buses*</td>
<td>786 (203) (5)</td>
<td>578</td>
<td>789</td>
<td>211</td>
<td>-27%</td>
<td>-27%</td>
</tr>
<tr>
<td>Streets*</td>
<td>1,860 (339) (18)</td>
<td>1,503</td>
<td>1,673</td>
<td>(70)</td>
<td>-10%</td>
<td>-10%</td>
</tr>
<tr>
<td>Other operations</td>
<td>1,370 39 (I4)</td>
<td>1,400</td>
<td>1,621</td>
<td>(221)</td>
<td>-14%</td>
<td>-14%</td>
</tr>
<tr>
<td>Professional services</td>
<td>3,606 351 (11)</td>
<td>3,946</td>
<td>4,546</td>
<td>(600)</td>
<td>-13%</td>
<td>-13%</td>
</tr>
<tr>
<td>Commercial development</td>
<td>179 21 3</td>
<td>203</td>
<td>229</td>
<td>(16)</td>
<td>-1%</td>
<td>-1%</td>
</tr>
<tr>
<td>Crossrail</td>
<td>803 112 (40)</td>
<td>651</td>
<td>581</td>
<td>70</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td><strong>Total FTEs</strong></td>
<td><strong>29,190</strong> (563) (172)</td>
<td><strong>28,456</strong></td>
<td><strong>30,322</strong></td>
<td><strong>1,866</strong></td>
<td><strong>-6%</strong></td>
<td></td>
</tr>
</tbody>
</table>

*End of 2016/17 actuals are restated to reflect the recategorisation of 238 enforcement staff from Streets to Buses

#### Employee costs (£m)

<table>
<thead>
<tr>
<th>Period 13</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance to budget</th>
<th>% variance to budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Permanent</strong></td>
<td>(252)</td>
<td>(211)</td>
<td>(41)</td>
<td>19%</td>
</tr>
<tr>
<td><strong>Non-permanent Labour (NPL)</strong></td>
<td>(8)</td>
<td>(12)</td>
<td>4</td>
<td>-33%</td>
</tr>
<tr>
<td><strong>Total employee costs</strong></td>
<td>(260)</td>
<td>(223)</td>
<td>(37)</td>
<td>17%</td>
</tr>
</tbody>
</table>

#### Period 13

<table>
<thead>
<tr>
<th>Full year</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance to budget</th>
<th>% variance to budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Permanent</strong></td>
<td>(1,991)</td>
<td>(2,057)</td>
<td>66</td>
<td>3%</td>
</tr>
<tr>
<td><strong>Non-permanent Labour (NPL)</strong></td>
<td>(109)</td>
<td>(159)</td>
<td>50</td>
<td>-3%</td>
</tr>
<tr>
<td><strong>Total employee costs</strong></td>
<td>(2,100)</td>
<td>(2,216)</td>
<td>116</td>
<td>-5%</td>
</tr>
</tbody>
</table>

Headcount is down 734 in the year, a result of continued recruitment controls, reduced use of non-permanent labour and the Transformation programme.

- LU headcount reduced by 503 since the end of last year following the transfer of 549 commercial and finance staff to central professional services and further headcount reductions, offset by the recruitment of 325 additional station staff following last year’s station review
- The increase of 340 in Professional Services since the start of year is a result of 868 staff transferring in from other areas. This is offset by 297 leavers across the Finance, Commercial and Technology and Data Transformation workstreams, vacancies and fewer graduates.

Employee levels are 1,867 (minus six per cent) lower than budget at the end of the year. This reflects ongoing recruitment controls, staff reductions from the Transformation programme and reductions in temporary staff.
Balance sheet

TFL Group balance sheet

<table>
<thead>
<tr>
<th>£m</th>
<th>31 March 2018</th>
<th>31 March 2017</th>
<th>Movement</th>
<th>31 March 2018</th>
<th>Period 13 Budget</th>
<th>Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td>116</td>
<td>140</td>
<td>(24)</td>
<td>116</td>
<td>89</td>
<td>27</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>39,304</td>
<td>36,839</td>
<td>2,465</td>
<td>39,304</td>
<td>39,179</td>
<td>125</td>
</tr>
<tr>
<td>Investment properties</td>
<td>592</td>
<td>558</td>
<td>34</td>
<td>592</td>
<td>557</td>
<td>35</td>
</tr>
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<td>(146)</td>
<td>(173)</td>
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<td>(3,574)</td>
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<td>(61)</td>
<td>(105)</td>
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<td>(5,367)</td>
<td>(5,364)</td>
<td>(3)</td>
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<td>(855)</td>
<td>(15,576)</td>
<td>(15,271)</td>
<td>(305)</td>
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<td>23,808</td>
<td>23,587</td>
<td>221</td>
<td>23,808</td>
<td>24,168</td>
<td>(360)</td>
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<td>Capital and reserves</td>
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<td>Usable reserves</td>
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<td>1,861</td>
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<td>21,726</td>
<td>42</td>
<td>22,147</td>
<td>22,274</td>
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<tr>
<td>Total capital employed</td>
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<td>23,587</td>
<td>221</td>
<td>23,808</td>
<td>24,168</td>
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## Appendix A: divisional tables

### London Underground

<table>
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<th>Full year</th>
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<th>% variance to budget</th>
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<tbody>
<tr>
<td>Passenger income</td>
<td>2,632</td>
<td>2,753</td>
<td>(121)</td>
</tr>
<tr>
<td>Other operating income</td>
<td>36</td>
<td>32</td>
<td>4</td>
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<tr>
<td>Total operating income</td>
<td>2,668</td>
<td>2,785</td>
<td>(117)</td>
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<tr>
<td>Direct operating cost</td>
<td>(2,136)</td>
<td>(2,187)</td>
<td>51</td>
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<td>Indirect operating cost</td>
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<td>(462)</td>
<td>17</td>
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<tr>
<td>Net operating surplus</td>
<td>87</td>
<td>136</td>
<td>(49)</td>
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<td>(696)</td>
<td>(671)</td>
<td>25</td>
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<td><strong>Net cost of operations before financing</strong></td>
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<td>(535)</td>
<td>74</td>
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<td>(411)</td>
<td>57</td>
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<td>(745)</td>
<td>11</td>
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<table>
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<th>Variance to budget</th>
<th>% variance to budget</th>
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<tbody>
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<td>559</td>
<td>(31)</td>
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<td>(539)</td>
<td>(585)</td>
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<td>-8%</td>
</tr>
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<td>(36)</td>
<td>2</td>
<td>-6%</td>
</tr>
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<td>(62)</td>
<td>17</td>
<td>-27%</td>
</tr>
<tr>
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<td>(139)</td>
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<td>-</td>
<td>0%</td>
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<td>(201)</td>
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<td>-40%</td>
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<td>(535)</td>
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### Streets

<table>
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<th></th>
<th></th>
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<tbody>
<tr>
<td></td>
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<td>Budget</td>
<td>Variance to budget</td>
<td>% variance to budget</td>
</tr>
<tr>
<td>Passenger income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other operating income</td>
<td></td>
<td></td>
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<td></td>
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<td>Total operating income</td>
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<td>(89)</td>
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<td>2%</td>
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### Buses

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<th></th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>Actuals</td>
<td>Budget</td>
<td>Variance to budget</td>
<td>% variance to budget</td>
</tr>
<tr>
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<td>1,436</td>
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### Commercial Development

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<tr>
<td></td>
<td>Actuals</td>
<td>Budget</td>
<td>Variance to budget</td>
<td>% variance to budget</td>
</tr>
<tr>
<td>Passenger income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
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<td>251</td>
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<td>(13)</td>
<td>-5%</td>
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<tr>
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<td>264</td>
<td>(13)</td>
<td>-5%</td>
</tr>
<tr>
<td>Direct operating cost</td>
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<td>11</td>
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<tr>
<td>Indirect operating cost</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0%</td>
</tr>
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<td>-1%</td>
</tr>
<tr>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>0%</td>
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<td>-1%</td>
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### Other operations

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<tr>
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<td>Actuals</td>
<td>Budget</td>
<td>Variance to budget</td>
<td>% variance to budget</td>
</tr>
<tr>
<td>Passenger income</td>
<td>51</td>
<td>48</td>
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<td>6%</td>
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<tr>
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<td>115</td>
<td>119</td>
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<td>167</td>
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<td>-1%</td>
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<td>0%</td>
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<td>8%</td>
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<td>(149)</td>
<td>(144)</td>
<td>(5)</td>
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### Appendix B: Passenger income, passenger journeys and yield

#### Passenger income

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<th>Route</th>
<th>Full year</th>
<th>Actuals (£m)</th>
<th>Budget (£m)</th>
<th>Variance to budget (£m)</th>
<th>% variance to budget</th>
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<td>London Underground</td>
<td>2,632</td>
<td>2,753</td>
<td>(121)</td>
<td>-4%</td>
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<tr>
<td>TfL Rail</td>
<td>83</td>
<td>91</td>
<td>(8)</td>
<td>-9%</td>
<td></td>
</tr>
<tr>
<td>DLR</td>
<td>168</td>
<td>171</td>
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<tr>
<td>London Overground</td>
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<td>248</td>
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<td>-9%</td>
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<td>London Trams</td>
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<td>Emirates Air Line</td>
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<td>1,436</td>
<td>17</td>
<td>1%</td>
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<td>Oyster write off and deposits</td>
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<td>48</td>
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<td><strong>Total passenger income</strong></td>
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#### Passenger journeys

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<th>% variance to budget</th>
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<td>TfL Rail</td>
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<td>47</td>
<td>(2)</td>
<td>-4%</td>
<td></td>
</tr>
<tr>
<td>DLR</td>
<td>120</td>
<td>124</td>
<td>(4)</td>
<td>-3%</td>
<td></td>
</tr>
<tr>
<td>London Overground</td>
<td>190</td>
<td>203</td>
<td>(13)</td>
<td>-6%</td>
<td></td>
</tr>
<tr>
<td>London Trams</td>
<td>29</td>
<td>29</td>
<td>-</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Emirates Air Line</td>
<td>1.4</td>
<td>1.6</td>
<td>(0.2)</td>
<td>-12%</td>
<td></td>
</tr>
<tr>
<td>Buses</td>
<td>2,247</td>
<td>2,200</td>
<td>47</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td><strong>Total passengers</strong></td>
<td><strong>3,990</strong></td>
<td><strong>4,017</strong></td>
<td><strong>(27)</strong></td>
<td><strong>-1%</strong></td>
<td></td>
</tr>
</tbody>
</table>

#### Passenger income yield*

<table>
<thead>
<tr>
<th>Route</th>
<th>Full year</th>
<th>Actuals (£ per journey)</th>
<th>Budget (£ per journey)</th>
<th>Variance to budget (£ per journey)</th>
<th>% variance to budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>London Underground</td>
<td>1.94</td>
<td>1.95</td>
<td>-0.01</td>
<td>-0.5%</td>
<td></td>
</tr>
<tr>
<td>TfL Rail</td>
<td>1.84</td>
<td>1.95</td>
<td>-0.11</td>
<td>-5.6%</td>
<td></td>
</tr>
<tr>
<td>DLR</td>
<td>1.40</td>
<td>1.38</td>
<td>0.03</td>
<td>1.9%</td>
<td></td>
</tr>
<tr>
<td>London Overground</td>
<td>1.19</td>
<td>1.22</td>
<td>-0.03</td>
<td>-2.5%</td>
<td></td>
</tr>
<tr>
<td>Trams</td>
<td>0.83</td>
<td>0.83</td>
<td>-</td>
<td>0.1%</td>
<td></td>
</tr>
<tr>
<td>EAL</td>
<td>4.26</td>
<td>4.45</td>
<td>-0.19</td>
<td>-4.3%</td>
<td></td>
</tr>
<tr>
<td>Buses</td>
<td>0.65</td>
<td>0.65</td>
<td>-</td>
<td>-0.9%</td>
<td></td>
</tr>
<tr>
<td><strong>Average yield</strong></td>
<td><strong>1.16</strong></td>
<td><strong>1.19</strong></td>
<td><strong>-0.03</strong></td>
<td><strong>-2.5%</strong></td>
<td></td>
</tr>
</tbody>
</table>

* Passenger income yield includes the effects of retrospective Travelcard adjustments.