

TRANSPORT FOR LONDON

STAFF SUMMARY

BOARD

SUBJECT: TfL OPERATIONAL AND FINANCIAL REPORT – 2ND QUARTER

MEETING DATE: 7 DECEMBER 2005

1. PURPOSE

- 1.1 To inform the Board of TfL's financial position and highlight related performance issues arising during the second quarter of 2005/06 (26 June 2005 to 17 September 2005).

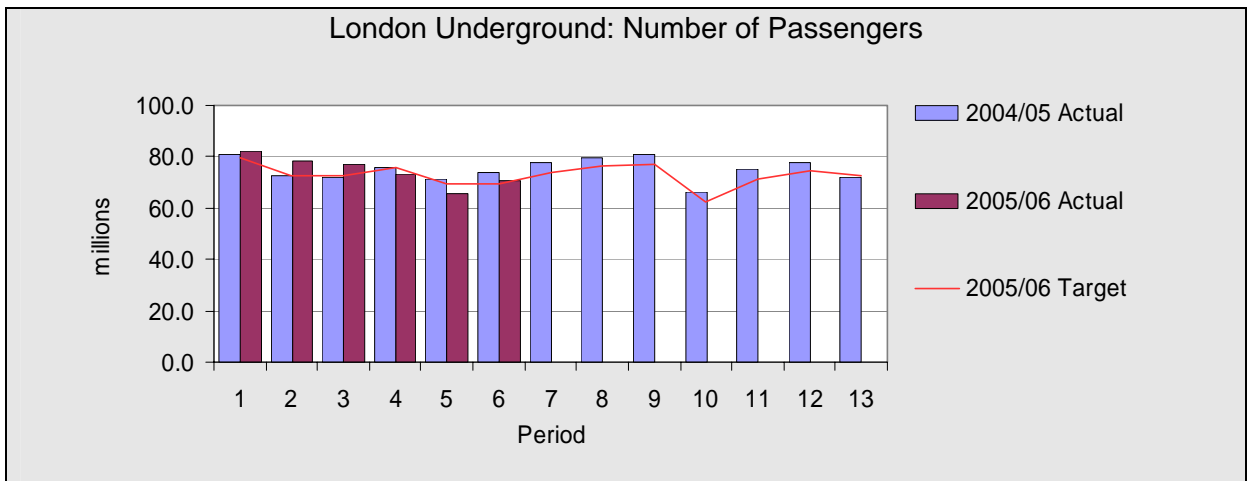
2 KEY HIGHLIGHTS

2.1 The principal highlights arising over the second quarter of 2005/06 are as follows:

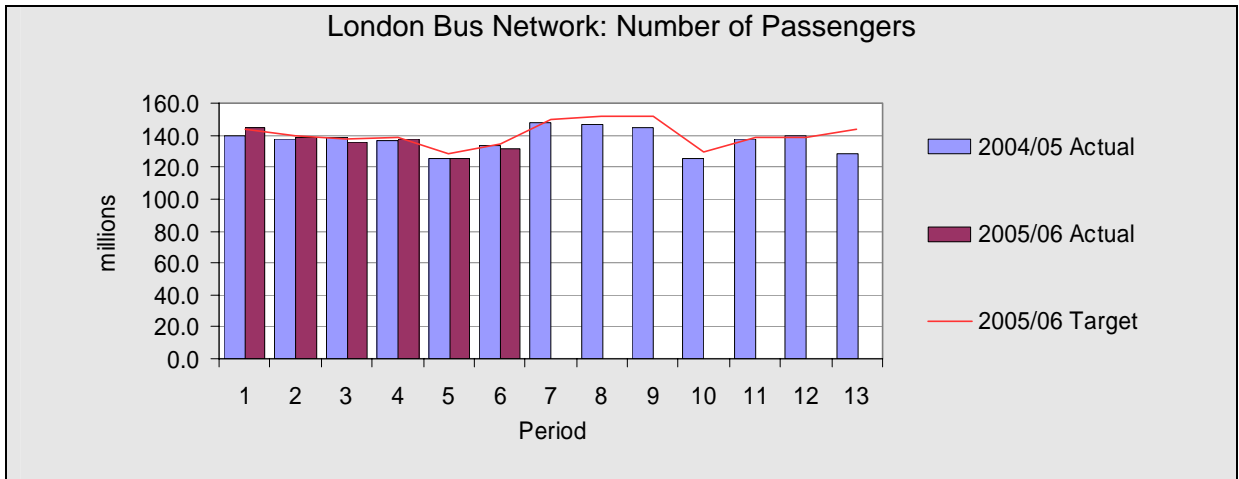
- TfL's operations have shown overall a strong recovery in levels of service following the incidents on 7 and 21 July early on in the quarter.
- Demand across most of the network, while sharply impacted by 7 and 21 July incidents, recovered strongly. By the end of the quarter overall demand was back to within 1% of budgeted levels. Although the longer-term impact is still being assessed, it appears the effects this financial year are not as significant as first thought in the period 3 forecast.
- Income levels for the quarter were ahead of budget, leading to a year to date result that was £27m above budget. This was led by strong levels of income from ticket fares on the Underground.
- Demand on the Underground continued to recover such that by the end of the quarter traffic revenue had returned to above budgeted levels. In view of this, London Underground's revenue forecast for the year has been increased by £30m. Bus, DLR and Congestion Charging income are all forecast to be at or above budget for 2005/06.
- Service delivery performance (Percentage of Scheduled Services Operated and Reliability of Service) also recovered to near target levels. There remained some driver/fleet shortage on the Circle and Hammersmith & City Lines on the Underground, and while security alerts continued to impact reliability, the number of incidents has steadily diminished.
- Overall customer satisfaction levels were up on last quarter and better than budget. Improvement was recorded across most indicators and across all modes, with London Underground achieving its best ever overall satisfaction.

3 DELIVERY

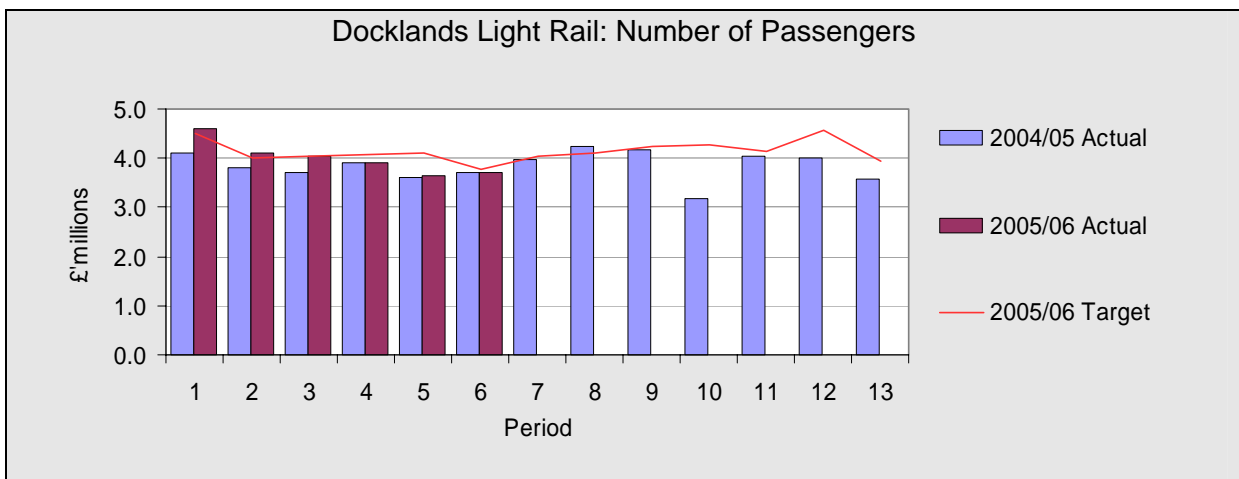
- 3.1 Demand across the TfL network was significantly impacted by the incidents of 7 and 21 July. Overall passenger numbers fell short of targeted levels and were down some 16m (or 2.5%) compared to the same quarter last year. However, despite this there is evidence of a strong recovery with demand returning close to budgeted levels by the end of the quarter.
- 3.2 Journeys on the London Underground were down by 4m compared to budget over the quarter and were also slightly down compared to the previous year. As expected, London Underground was most affected by the incidents on the 7 and 21 July with closure of the Circle Line and large sections of the Piccadilly Line for up to 4 weeks during the quarter. Demand recovered such that by the end of the quarter traffic revenue returned to above budgeted levels. In view of this London Underground's revenue forecast for the full year was increased by £30m.



- 3.3 Passenger numbers on the bus network were slightly below budgeted levels over the quarter and have showed no growth in demand in comparison to levels seen in the previous year. Although the incidents on the 7 and 21 July did have an impact on bus demand, it was not as pronounced as on the Underground. Factors including the later start dates of school terms are thought to have impacted travel patterns and growth over the last quarter. Additionally the introduction of free travel for under 16's on 1 September is thought to have altered travel patterns for this age group. Work is continuing to ensure accurate estimation of under 16 travel, particularly for those age groups who do not have to carry Oystercards. Further, the introduction of free travel to under 16's and the significant fares changes proposed in January 2006 make it difficult to judge whether the current passenger budget for the full year will be met.

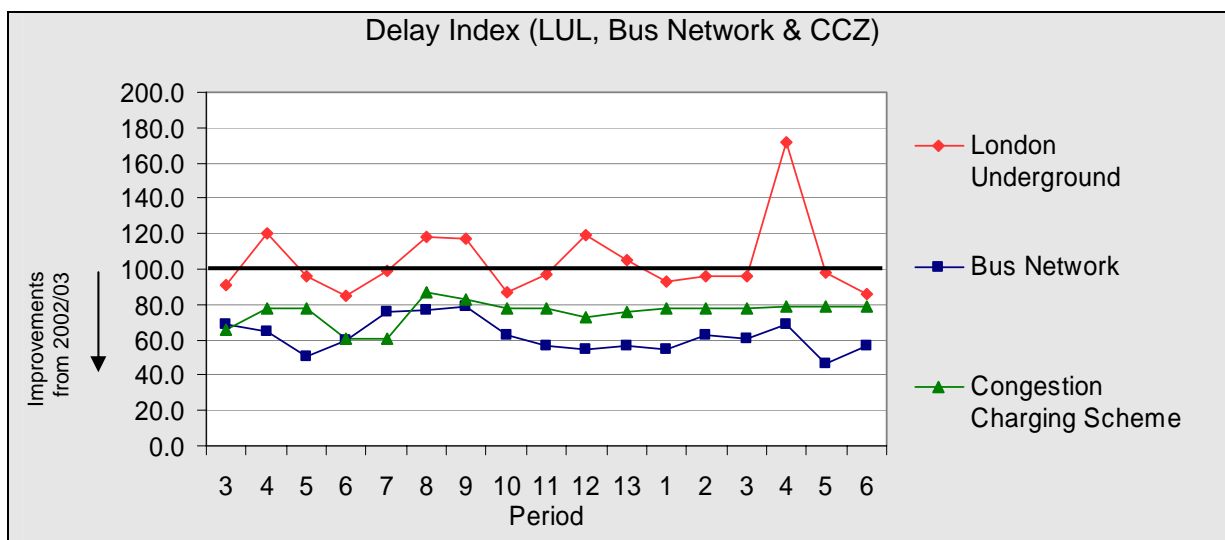


3.4 Following strong levels of growth in the previous quarter, demand on the DLR in the second quarter remained flat and was slightly below budgeted levels (some 6.7% or around 800,000 journeys). The slowdown in demand was thought to be attributable to the incidents on the 7 and 21 July. There are signs of a recovery in passenger levels on weekday trips; weekend travel remains subdued.



3.5 Although operational reliability across the network recovered following the incidents from 7 July, the overall Delay Index¹ for the second quarter was nearly 8 points worse than budget.

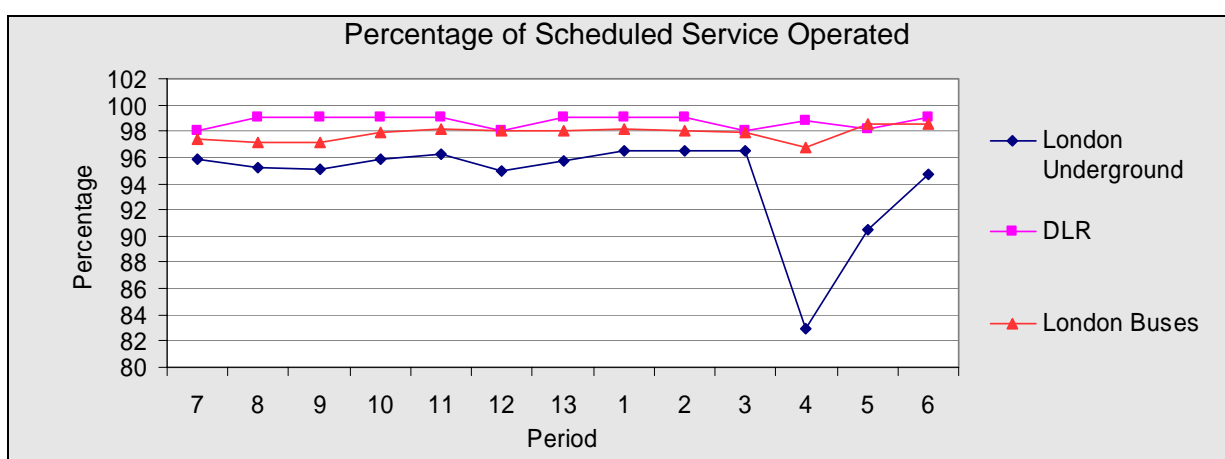
¹ The Delay Index measures Excess Journey Time indicators for the Underground and Buses and the National Delay Measurement for the Central London Congestion Zone. A score below 100 represents a reduction in delay minutes against the 2002/03 base.



3.6 London Underground's Delay Index returned to better than targeted levels of performance following the restoration of full services on the Piccadilly, Circle & Hammersmith and District lines part way through Period 5. Over the quarter, Excess Journey Time fell from a high of 11.3 minutes in Period 4 to 6.5 minutes in Period 6 which was slightly better than target.

3.7 Delay on the Bus Network improved over the quarter following a spike in the number of security alerts impacting performance in Period 4. The improvement reflects the reduction in security alerts and its effect on Excess Wait Time. Ongoing improvements to Excess Wait Time are expected going forward as Quality Incentive Contracts, better service control and bus priority measures take effect.

3.8 The London-Wide congestion flow rate (CCZ Delay Index) remained unchanged over the quarter.



3.9 Following a significant fall in the percentage of Scheduled Services Operated on the Underground at the beginning of the quarter, the restoration of service to all lines during period 5 saw the overall Percentage of Schedule Operated improve to 94.7% by period 6, only slightly below target. Some planned cancellations continued on the Circle & Hammersmith Lines while security alerts have still been having a residual, albeit diminishing, effect on performance. Suspension of the Northern Line in October occurred after the close of period 6. The impact of this will be discussed in more detail in the next quarterly report.

- 3.10 Scheduled Services Operated on Buses continued to improve averaging 97.9% over the quarter. This reflects improved management (lower staff shortages), better bus priority, the effects of the Congestion Charge and reduction in losses for mechanical reasons.
- 3.11 On the DLR, performance improved, primarily driven by vehicle reliability. Tougher operational performance targets are planned to be in place upon the start of the new DLR franchise scheduled to start in April 2006.
- 3.12 A summary of TfL's performance over the quarter against key indicators is provided in **Annex 1**.

4 CUSTOMER IMPACTS

- 4.1 TfL's second quarter Customer Satisfaction Score (CSS) overall evaluation rose to 79, equivalent to its previous high. This strong result was underpinned by London Underground achieving its highest ever score at 79. While safety and security ratings on the Underground were down, as were scores for PA and train driver announcements, the score for station staff availability rose, as did ratings related to crowding. London Buses overall satisfaction increased by 1 point this quarter to 79, which is above target. Improvements were seen in customer information provided. Satisfaction in the DLR was maintained either at or above targeted levels.

5 QUARTER RESULTS – FINANCIAL POSITION

- 5.1 Net expenditure at the end of the second quarter was £48m below budget. This result directly reflected TfL's gross margin result at £48m better than budget, which reflected a combination of both higher than budgeted income and lower than budgeted operating expenditure. Net capital expenditure which was in line with budget, comprising of lower than budgeted capital expenditure (directly managed) offset by lower receipts & reimbursements and a central overprogramming reduction of £72m.
- 5.2 TfL's full year net expenditure forecast has been reduced by £138m in comparison to the first quarter. Stronger than originally anticipated recovery from the incidents of 7 and 21 July, has meant that London Underground has been able to revise full year forecast traffic income up £30m. In addition, operating expenditure within London Underground has been reduced by £31m primarily as a result of lower than anticipated spend on PPP and PFI contract payments. Capital expenditure forecasts were also revised down £32m in Surface Transport as a result of re-phasing expenditure on the Western Extension into 2006/07 and on A406 Hanger Lane works, and within the Group Directorates which was down £31m primarily as a result of delays to Oystercard Ticketing on National Rail.

£'millions	Year to Date		Full Year	
	Actual	Variance to Budget	Forecast	Variance to Budget
Operating Budget				
Income	(1,281)	(27)	(2,768)	(39)
Operating expenditure	2,192	(31)	4,911	(39)
Overprogramming (operating)	-	9	-	20
Gross margin	911	(48)	2,143	(59)
Capital Budget				
Capital expenditure	277	(102)	792	(225)
Capital receipts/reimbursements	(55)	27	(157)	45
Property sales	(6)	3	(13)	-
Overprogramming (capital)	-	72	(5)	135
Net capital expenditure	216	-	618	(45)
Contingency	-	-	-	(26)
Net expenditure	1,127	(48)	2,761	(130)

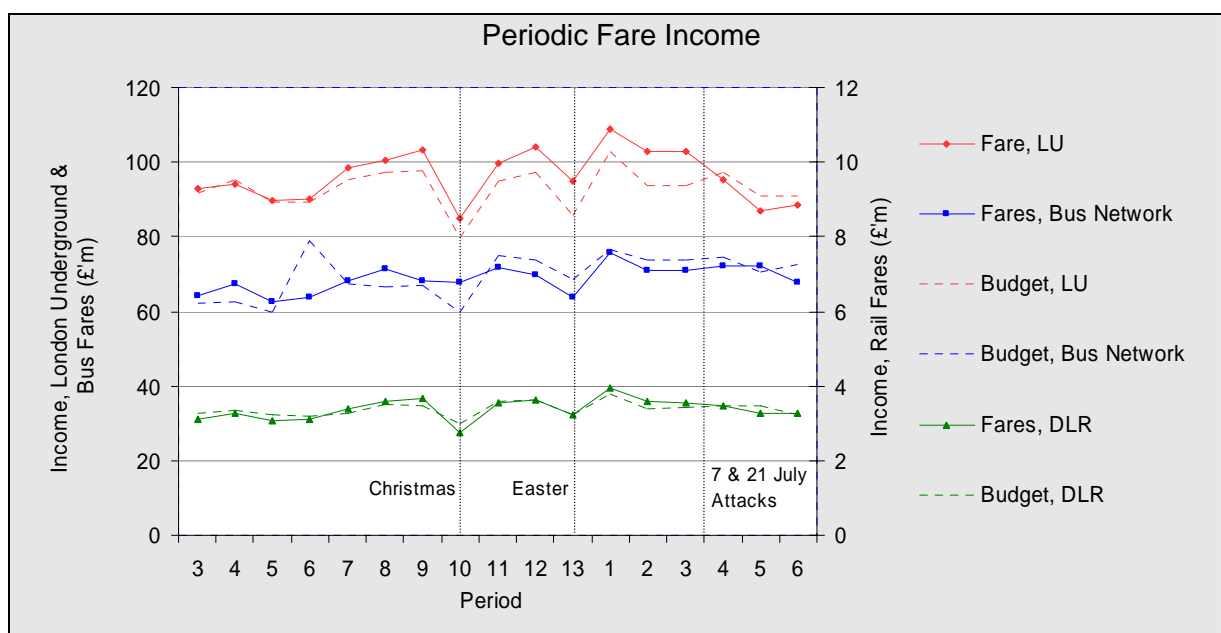
6 INCOME

- 6.1 TfL Group income was £27m (or 2%) better than budget. While strong growth was recorded across most areas of the business, income from the bus network fell slightly short of budget, by 3%.

Income (£m)	Year to Date		Full Year	
	Actual	Variance to Budget	Forecast	Variance to Budget
Underground Traffic Income	(585)	(15)	(1,285)	(30)
Bus Network Income	(427)	15	(941)	-
Congestion Charging Income	(115)	(19)	(229)	(13)
Other	(154)	(8)	(313)	3
Total	(1,281)	(27)	(2,768)	(39)

- 6.2 London Underground income recovered by the end of the quarter from the incidents of 7 and 21 July 2005. Year to date traffic income was still £15m above budget and 6% better than last year. An improvement in passenger demand, particularly on weekdays income led the recovery. Given the strong recovery, the full year traffic income forecast has been increased to £1,285m, and total income is now forecast at £1,378m, up £34m from budget (as detailed in **Annex 2**).
- 6.3 In Surface Transport, total income at £593m was broadly in line with budget (as detailed in **Annex 2**). Bus Network income was down £15m as lower revenues from bus cash fares were only partially offset by increases in non-cash fare revenue. Congestion Charging income was £19m better than budget primarily from the better than estimated yield per PCN issued and an improvement in the percentage of recoveries.

- 6.4 DLR revenues were in line with budget and up 14% from last year. TfL Group Directorates income increased in the second quarter and was in line with budget following an improvement in property income.
- 6.5 The growth in Oyster use continued in the second quarter with Pre-Pay sales up to 6% of tube and 3% of bus trips. The growth of Oyster has been at the expense of Cash Single, Carnet/Savers and Weekend/Tourist Travelcards. The introduction of Pre-Pay capping has sped up the growth in Oyster take-up.
- 6.6 Fare income trends were impacted by the incidents of 7 and 21 July. As expected, London Underground dropped in the second quarter but showed signs of recovery at the end of the quarter. The Bus Network was broadly unchanged from the first quarter, reflecting the predicted slower growth in passenger journeys, in part linked to the January 2005 fares increase.



7 OPERATING EXPENDITURE

- 7.1 Operating expenditure year to date was £21m under budget and the full year is forecast to be £19m below budget, after taking into account overprogramming reductions.

Operating Expenditure (£m)	Year to Date		Full Year	
	Actual	Variance to Budget	Forecast	Variance to Budget
London Underground	1,092	(49)	2,456	(18)
Surface Transport	950	7	2,108	(10)
London Rail	59	9	128	11
Group Directorates	91	3	219	(23)
Overprogramming (Operating)	-	9	-	20
Total ²	2,192	(21)	4,911	(19)

² As presented in **Annex 2**, operating expenditure variance year to date before overprogramming is £31m below budget and for the full year is £39m below budget.

- 7.2 London Underground's operating expenditure was £49m below budget, mainly reflecting lower than budgeted performance payments to Infracos and other variances relating to the PPP and PFI contracts and savings in central expenses including rates, insurance and commissions. Full year forecasts have been lowered by some £18m, reflecting downward adjustments to costs relating to the incidents on 7 and 21 July. In addition, the downward adjustment reflects ongoing lower than budgeted PPP and PFI contract payments.
- 7.3 Lower PPP costs of £539m year to date, which are £13m below budget, reflect lower payments to Metronet SSL and Tube Lines JNP partly offset by slightly higher than budgeted payments to Metronet BCV.
- 7.4 PFI costs to date at £96m are some £7m below budget. This includes re-phasing of the Connect Enabling work schedule that has resulted in payments being made later than budgeted.
- 7.5 Operating expenditure in Surface Transport was £7m above budget. This primarily reflects accelerated expenditure for Borough Principal Road Maintenance in the first half of the year. The full year forecast is below budget reflecting the effect of better than expected outcomes of contract negotiations in Bus Operations and a forecast re-phasing of the Congestion Charge Zone extension programme.
- 7.6 Year to date expenditure on London Rail was £9m over budget as a result of re-classification of capital expenditure to operating expenditure on National Rail security projects where the assets are being purchased by a third-party. The full year forecast has been revised upwards by £7m since the last quarter due to additional costs relating to DLR re-franchising and other study costs.
- 7.7 Group Directorates were £3m over budget. This is within Group Services where the variance has been caused by timing differences between actual and budgeted spend on property related costs. Full year expenditure is expected to be £23m less than budget which relates to group interest. The value and timing of Prudential borrowing draw-downs has resulted in lower than budgeted interest costs.

8 CAPITAL EXPENDITURE

Capital Expenditure (£m)	Year to Date		Full Year	
	Actual	Variance to Budget	Forecast	Variance to Budget
London Underground	141	(44)	339	(36)
Surface Transport	97	(30)	324	(115)
London Rail	35	(5)	86	(8)
Group Directorates	3	(22)	43	(67)
Gross Capital Expenditure	277	(102)	792	(225)
Capital receipts/reimbursements	(55)	27	(157)	45
Property sales	(6)	3	(13)	-
Overprogramming (Capital)	-	72	(5)	135
Net Capital Expenditure	216	-	618	(45)

- 8.1 Net capital expenditure year to date at £216m was in line with budget. For further detail on capital expenditure please refer to the **Investment Programme Report** (see **Appendix 2**).

9 BALANCE SHEET

TfL Group Balance Sheet at the end of Period 6 (£m)	Variance to Budget
Fixed Assets	(58)
Debtors and payments in advance (higher than budget)	106
Creditors (higher than budget)	(57)
Cash (i.e. an increase in cash)	27
Provisions and deferred grant (higher than budget)	(73)
Total Net Assets	(55)

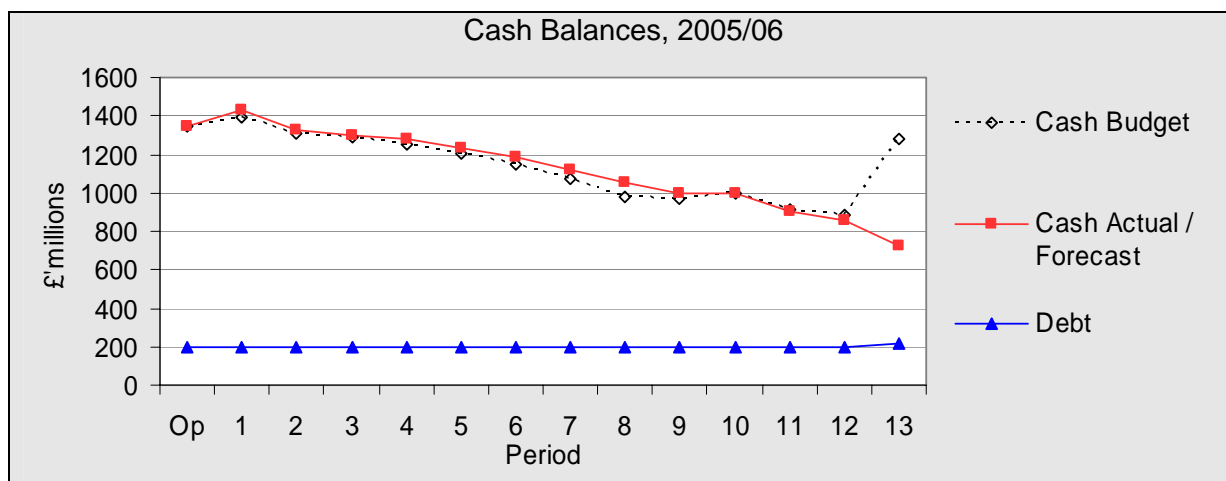
- 9.1 Net working capital balances (excluding provisions and deferred income) are £49m higher than budget (i.e. a call on cash), although, as can be seen above, the gross movements show an increase over budget of £106m in debtors and prepayments and an increase in creditors of £57m.
- 9.2 Underground's variances include an increase of £45m in the finance lease creditor balance. This is largely as a result of the cancellation of TIMIS (i.e. Underground have received a refund of payments which has been credited to the PPP lease creditor). This is partially offset by higher debtors of £20m.
- 9.3 London Buses net working capital position is broadly aligned to budget. Payments in advance are £8m higher some £5m of which is due to payments for the iBus contract. The budget assumed (prior to finalisation of the contract) that milestone payments would be matched with assets under construction. In reality the contract allows for an element of pre-payment. This has been offset by an increase in capital creditors.
- 9.4 Elsewhere within Surface Transport net working capital is broadly on budget, with the provisions created at last year end (£39m) offsetting lower capital and revenue creditors (£37m) reflecting in part the lower capital expenditure.
- 9.5 The improvement in the overall group working capital position and below budget net expenditure position has resulted in an increase in cash balances of £27m over budget, up to £1,187m.
- 9.6 In period 6 the number of invoices paid within 30 days increased by 1% to 88% reflecting improvements to the Group purchase to pay process. As a result this brought the cumulative figure to 84%, which means we have hit the Best Value Performance Indicator target for accounts payable for the first time this financial year.

Forecast Position

TfL Group Balance Sheet Year End Forecast (£m)	Variance To Budget
Fixed Assets	(197)
Debtors and payments in advance	99
Creditors	138
Cash (i.e. a decrease in cash)	(547)
Total Net Assets	(507)

- 9.7 The full year balance sheet contains material variances largely caused by the current assumptions for Prudential borrowing. This is covered in more detail in section 10.1.
- 9.8 Given the forecast reduction in capital activity, and the full year impact of some of the issues identified above (eg: TIMIS in London Underground) other trading balances are within expected tolerances.

10 CASH



Op = Opening cash balance

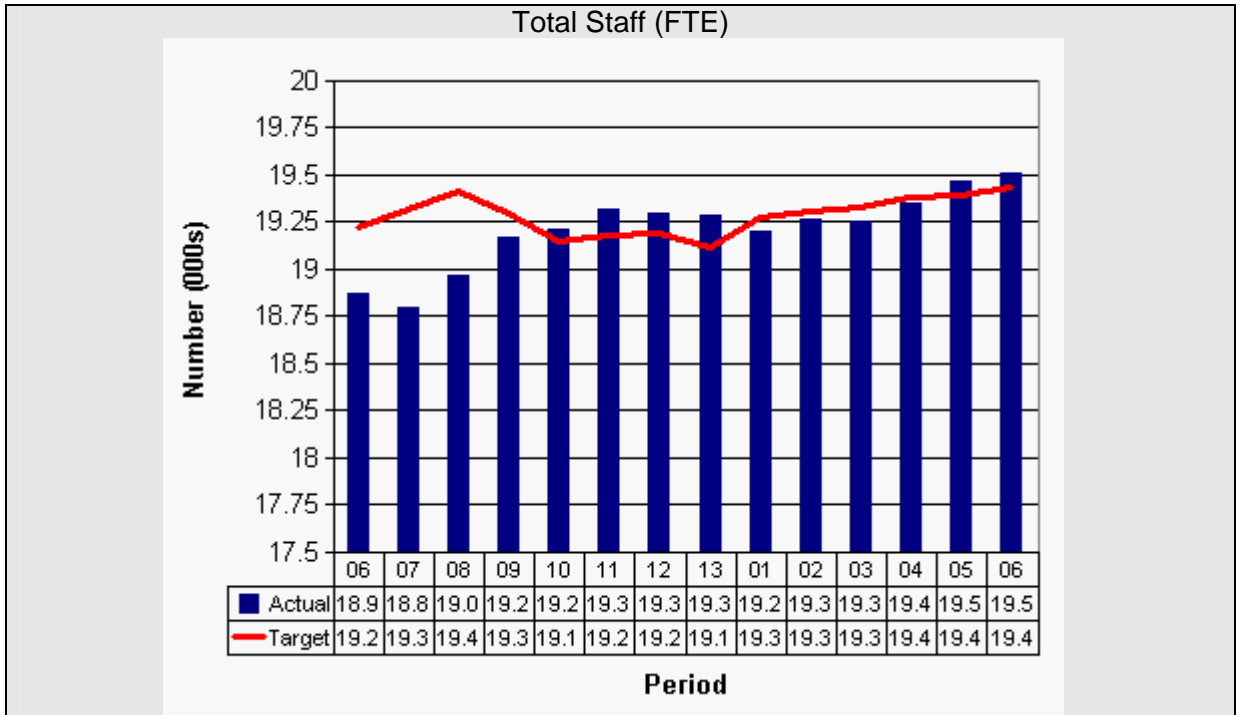
- 10.1 **Annex 5** shows an analysis of a number of Cash indicators. This includes the variance of actual cash versus budget and the profile of cash and investments. Cash balances at the close of the quarter to 17 September of £1,187m, were £43m above budget. Cash balance forecast to 31 March 2006 is £722m compared to budget of £1,279m. Period 6 forecast assumes only Board approved borrowing. As a result of this, the forecast assumes that TfL will fund its capital activities from reserves.
- 10.2 Treasury use an earnings benchmark of average 3 month's LIBOR minus 15 basis points. TfL continues to perform above this benchmark, currently within a range of 10 to 13 basis points. The average yield for the year to date is 4.79%, 8 basis points above benchmark.

Treasury Management Yield (%)	Period 4	Period 5	Period 6
Benchmark	4.72	4.63	4.54
Average Rate of Return	4.82	4.76	4.64
Excess over Benchmark	0.10	0.13	0.10
Interest Earned	£4.6m	£4.3m	£4.1m

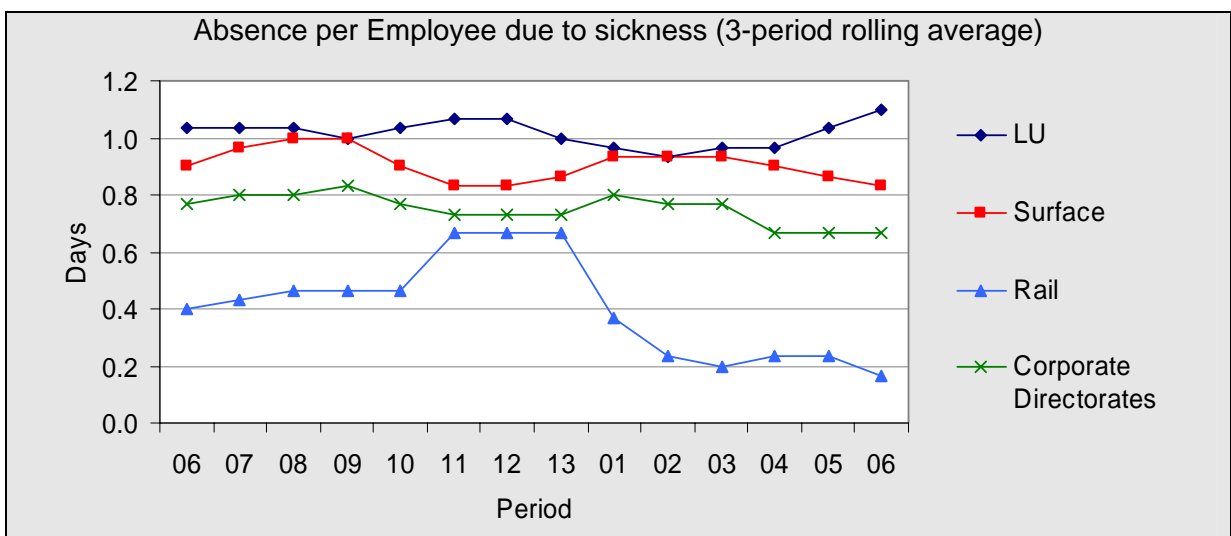
- 10.3 Base Rate has fallen from the budgeted 5.0% to 4.5%. The consensus is currently that interest rates will not move either way before the close of the financial year and is reflected in a flat yield curve. Forecast interest income has dropped from Period 3 by a further £2m to £55m and compares to budget of £62m.

11 STAFF

11.1 The total number of effective staff at the end of the second quarter was 19,505 FTE, an increase of 248 FTE during the quarter. Over half of this increase was within Surface Transport as a result of restructuring within the Streets Directorate. The remaining increases relate to other areas within the business primarily associated with investment programme project workloads.

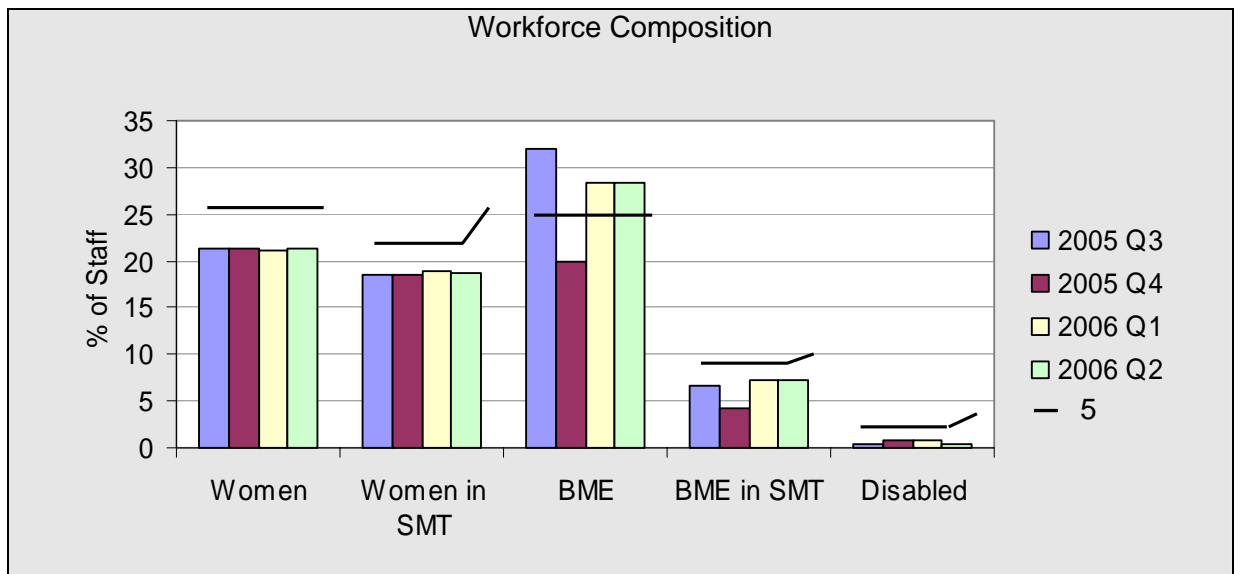


11.2 Working days lost per employee due to sickness over the quarter increased to 2.94 days per employee up from 2.80 days per employee in the previous quarter. The increase reflects an upward trend in London Underground over the quarter.



11.3 In terms of workforce composition, the Percentage of Women Staff employed by TfL has remained largely unchanged and continues to fluctuate between 21.1% and 21.3%. The provision of dedicated facilities for women in operational roles is

anticipated to help in the retention of female staff. At the end of the second quarter the number of senior women in the organisation was at 18.9%.



12 EFFICIENCIES

- 12.1 The efficiencies programme full year target is £148m, including £74m of savings achieved in previous years, and £74m to be delivered within this current financial year. At the end of quarter 2, £52m of these savings had been delivered, with forecast full year savings at £171m, £23m above target.
- 12.2 Additionally during the quarter, the 2004/05 efficiencies programme was subject to an external audit by KPMG, which confirmed that TfL has in place robust processes to accurately capture and report efficiency gains delivered.

ANNEX 1: PERFORMANCE SUMMARY

Performance Indicators		Second Quarter				Full Year			
		Actual	Target	Var	Prior Year	F'cst	Target	Var	Prior Year
TfL GROUP									
Total passenger journeys	Millions	621.1	633.3	(12.2)	636.8	2893.9	2850.2	43.8	2751.4
Operating cost per passenger journey	£	1.77	1.77	-	1.57	n/a	1.75	-	1.23
Reliability of service (Delay Index)	#	84.7	77.0	7.7	105.1	80.0	80.0	-	79.8
CSS: Overall satisfaction	Score	79	78	1	78	78	78	-	79
Major Fatalities and Injuries	#	307	n/a	-	236	n/a	n/a	-	898
Number of Staff	#	19,506	19,432	74	19,018	n/a	19,533	-	19,340
Percentage of Women Staff	%	21.1	24.3	(3.2)	21.1	n/a	24.3	-	21.0
Absence per Employee	Days	2.94	n/a	-	2.73	n/a	n/a	-	12.48
LONDON UNDERGROUND									
Passenger Journeys	Millions	209.8	214.0	(4.2)	221.1	958.4	947.0	11.4	975.9
Train Kilometres Operated	Millions	15.3	16.4	(1.0)	16.1	69.9	70.8	(0.9)	69.4
Percentage of Scheduled Service Operated	%	89.4	95.1	(5.7)	94.0	94.1	95.1	(1.0)	95.3
Peak Hour Trains Cancelled due to ONA	%	0.2	0.6	(0.4)	0.14	n/a	0.6	-	0.1
Excess Journey Time - Unweighted	Minutes	3.93	3.25	0.68	3.44	n/a	3.25	-	3.23
CSS: Overall Satisfaction	Score	79	78	1	76	n/a	78	-	78
CSS: Personal Safety and Security	Score	80	80	-	80	n/a	80	-	81
CSS: Crowding	Score	75	68	7	74	n/a	68	-	74
CSS: Information	Score	78	77	1	77	n/a	77	-	78
Lost Customer Hours	M Hours	3.89	3.72	0.17	3.10	n/a	16.20	-	14.08
LONDON BUSES									
Passenger Journeys	Millions	394.4	400.8	(6.4)	398.7	1,856.6	1,824.3	32.3	1,702.0
Bus Kilometres Operated	Millions	104.8	106.1	(1.3)	103.9	457.2	461.2	(4.0)	436.9
Percentage of Scheduled Service Operated	%	98.0	98.0	-	97.8	97.9	97.8	0.1	97.2
Excess Wait Time - High Frequency Routes	Mins	1.1	1.1	-	1.1	1.2	1.2	-	1.4
On Time Performance - Low Frequency Routes	%	78.5	78.1	0.4	78.3	76.8	77.0	(0.2)	74.6
On Time Performance - Night Buses	%	83.2	81.8	1.4	81.5	82.3	82.0	0.3	79.3
CSS: Overall Satisfaction	Score	78	78	-	78	78	78	-	77
CSS: Personal Safety and Security	Score	82	81	1	82	82	81	1	82
CSS: Crowding	Score	79	78	1	78	78	77	1	77
CSS: Reliability - Journey/Wait Time	Score	81	79	2	80	79	79	-	79
CSS: Information	Score	74	75	(1)	74	75	75	-	73
Percentage of 'Low Floor' Buses	%	98	96	2	93	100	100	-	95

Notes/Key:

Target achieved/ exceeded
 Less than 5% worse than target
 More than 5% worse than target

n/a = KPI data not available / not measured.

ANNEX 1: PERFORMANCE SUMMARY (CONTINUED)

Performance Indicators		Second Quarter				Full Year			
		Actual	Target	Var	Prior Year	F'cst	Target	Var	Prior Year
LONDON TRAMS									
Passenger Journeys*	Millions	4.4	n/a		4.4	n/a	21.1		19.3
Percentage of Scheduled Service Operated	%	96.0	98.0	(2.0)	97.2	98.0	98.0	-	95.4
CSS: Overall Satisfaction	Score	86	n/a		87	88	88	-	86
PUBLIC CARRIAGE OFFICE									
Number of Taxi Drivers Licensed	'000	24.7	24.7	-	24.9	24.7	24.7	-	24.7
Number of Private Hire Drivers Licensed	'000	21.3	22.5	(1.2)	10.1	30.0	30.0	-	16.3
LONDON RIVER SERVICES									
Passenger Journeys (Multi stop)	'000	148	100	48	85	358	350	8	371
Passenger Journeys (Excluding Multi Stop)	'000	736	755	(19)	913	1,852	1,750	102	1,887
Percentage of Scheduled Service Operated	%	97.9	98.5	(0.6)	98.5	98.2	98.0	0.2	98.0
VICTORIA COACH STATION									
Number of Coach Departures	'000	47.8	54.9	(7.1)	52.1	178.1	226.6	(48.5)	215.3
CSS: Overall Satisfaction	Score	n/a	n/a		n/a	76	72	4	72
DIAL-A-RIDE									
Total Costs per Trip	£	18.4	14.1	4.3	16.1	18.4	13.9	4.5	17.0
CSS: Overall Satisfaction	Score	92	93	(1)	92	93	93	-	93
ROAD NETWORK									
No. of Major Injuries and Fatalities (TLRN)	#	209	270	(61)	303	n/a	1,058		1,093
No. of Major Injuries and Fatalities (Londonwide)	#	763	1,009	(246)	1,146	n/a	4,031		4,169
Cycling on TLRN (Index April 2000 = 100)	#	204	150	54	161	n/a	150		142
Journey Time Reliability (TLRN)**	%	n/a	n/a		n/a	n/a	19.7		18.7
Traffic Signals Operating Effectively (Londonwide)	%	98.6	97.0	1.6	97.1	n/a	97.0		97.3
DOCKLANDS LIGHT RAILWAY									
Passenger Journeys	Millions	11.2	12.0	(0.8)	11.2	53.8	53.8	-	50.1
Train Kilometres Operated	Millions	0.8	0.8	-	0.7	3.4	3.4	-	3.3
Percentage of Scheduled Service Operated	%	98.7	98.0	0.7	98.6	98.0	98.0	-	98.5
On-Time Performance - Adherence to Schedule	%	97.7	96.0	1.7	97.4	96.0	96.0	-	97.1
CSS: Overall Satisfaction	Score	94.7	83.5	11.2	95.0	83.5	83.5	-	95.0
CSS: Personal Safety and Security	Score	90.1	86.3	3.8	90.3	86.3	86.0	0.3	90.6
CSS: Information	Score	96.2	86.0	10.2	95.3	86.0	86.0	-	95.6
Percentage of System Accessible	%	100	100	-	100	100	100	-	100

Notes/Key:

Target achieved/ exceeded
 Less than 5% worse than target
 More than 5% worse than target

* Passenger journey targets are estimated, due to the service being provided by a third party

** Measured annually

n/a = Data not available/not measured

ANNEX 2: MODAL SUMMARY OF FINANCIAL PERFORMANCE

£'m	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
OPERATING BUDGET					
LONDON UNDERGROUND					
Income	(629)	(19)	(1,378)	(1,344)	(34)
Operating expenditure	1,092	(49)	2,456	2,474	(18)
Gross margin	463	(68)	1,078	1,130	(51)
SURFACE TRANSPORT					
Income	(593)	(6)	(1,265)	(1,258)	(6)
Operating expenditure	950	7	2,108	2,117	(10)
Gross margin	357	1	843	859	(16)
LONDON RAIL					
Income	(24)	(2)	(48)	(48)	1
Operating expenditure	59	9	128	117	11
Gross margin	35	7	81	68	12
GROUP DIRECTORATES					
Income	(35)	-	(77)	(77)	-
Operating expenditure	91	3	219	242	(23)
Gross margin	56	2	142	165	(23)
TOTAL					
Income	(1,281)	(27)	(2,768)	(2,728)	(39)
Operating expenditure	2,192	(31)	4,911	4,951	(39)
Overprogramming (operating)	-	9	-	(20)	20
Gross margin	911	(48)	2,143	2,202	(59)

() variance is an above budget spend for income, and a below budget spend for operating expenditure
Table may be subject to rounding accuracy.

ANNEX 2: MODAL SUMMARY OF FINANCIAL PERFORMANCE (CONTINUED)

£'m	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
CAPITAL BUDGET					
London Underground					
Capital expenditure	141	(44)	339	376	(36)
Capital receipts/reimbursements	(45)	12	(129)	(142)	13
Property sales	(6)	3	(13)	(13)	(0)
Total Capital Expenditure	90	(30)	198	221	(23)
Surface Transport					
Capital expenditure	97	(30)	324	438	(115)
Capital receipts/reimbursements	(5)	-	(14)	(12)	(2)
Total Capital Expenditure	92	(30)	309	426	(117)
London Rail					
Capital expenditure	35	(5)	86	93	(8)
Capital receipts/reimbursements	(2)	(2)	(2)	(0)	(1)
Total Capital Expenditure	33	(7)	84	93	(9)
Group Directorates					
Capital expenditure	3	(22)	43	110	(67)
Capital receipts/reimbursements	(3)	17	(12)	(47)	35
Total Capital Expenditure	-	(5)	31	63	(31)
Total					
Capital expenditure	277	(102)	792	1,017	(225)
Capital receipts/reimbursements	(55)	27	(157)	(202)	45
Property sales	(6)	3	(13)	(13)	-
Overprogramming (capital)	-	72	(5)	(140)	135
Net Capital Expenditure	216	-	618	663	(45)

() variance is a below budget spend for capital expenditure but not for capital receipts/reimbursements
Table may be subject to rounding accuracy.

NET EXPENDITURE					
London Underground	553	(98)	1,276	1,351	(75)
Surface Transport	449	(29)	1,152	1,285	(133)
London Rail	69	-	165	162	3
Group Directorates	56	(3)	173	228	(55)
Central Overprogramming	-	81	(5)	(160)	155
Contingency	-	-	-	26	(26)
Total Position	1,127	(48)	2,761	2,891	(130)

ANNEX 3: BALANCE SHEET

£'m	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
Fixed assets					
Tangible assets	13,156	(58)	13,737	13,933	(197)
	13,156	(58)	13,737	13,933	(197)
Current assets					
Stocks	5	-	5	5	-
Debtors	305	60	276	200	76
Payments in advance	112	47	83	60	23
Cash at bank and in hand	1,187	27	722	1,269	(547)
	1,609	134	1,086	1,534	(449)
Current liabilities					
Revenue	(792)	64	(907)	(861)	(46)
Receipts in advance	(143)	(65)	(114)	(155)	42
Capital	(238)	(56)	(207)	(223)	16
	(1,173)	(57)	(1,228)	(1,239)	11
Long term liabilities					
Balances with Infracos	(1,001)	-	(1,209)	(1,178)	(31)
Prudential loans	(196)	-	(214)	(738)	524
Creditors due after one year	(230)	-	(376)	(378)	2
Capital grants	(6,919)	(35)	(6,931)	(6,605)	(327)
Pension liabilities	(1,004)	-	(1,004)	(1,004)	-
Provisions for liabilities and charges	(207)	(38)	(211)	(169)	(42)
Total net assets	4,035	(55)	3,650	4,157	(507)
Capital reserves					
Reserves	3,341	(55)	2,952	3,452	(500)
Earmarked reserves	528	-	528	539	(11)
General fund	166	-	170	166	4
Total capital employed	4,035	(55)	3,650	4,157	(507)

ANNEX 4: CASH FLOW STATEMENT

£'m	Year to Date		Full Year		
	Actual	Variance to Budget	Forecast	Budget	Variance to Budget
Net revenue expenditure	(799)	59	(1,937)	(1,793)	144
Working capital movements	(106)	43	(149)	(105)	44
Cash spend on operating activities	(905)	101	(2,086)	(1,898)	189
Net capital expenditure	(573)	(48)	(1,535)	(1,652)	(118)
Working capital movements	126	(91)	67	86	19
Cash spend on capital activities	(448)	(139)	(1,468)	(1,566)	(99)
Funded by:					
Transport grant	912	9	2,143	2,143	-
Precept funding	8	-	20	20	-
Other grants	22	(11)	27	25	(1)
Prudential borrowing	-	-	18	543	524
Finance lease obligations	198	1	552	522	(31)
Third party contributions	49	13	165	140	(26)
Total funding	1,189	11	2,925	3,392	467
Net movement in cash	(163)	(27)	(629)	(72)	557

ANNEX 5: CASH ANALYSIS

Approved Investments and Cash (£m)	Period 4	Period 5	Period 6
Budget	1,248	1,206	1,144
Cash Balances	1,280	1,236	1,187
Variance	32	30	43

Net Cash Balances comprise:			
Investments	1,222	1,189	1,137
Investments-Guernsey	41	31	30
Cash & Credits in Transit	17	16	20

Investment Profile			
Up to 1 Month	198	155	146
1-2 Months	145	168	169
2-3 Months	235	255	325
3-4 Months	173	217	128
4-5 Months	46	-	-
5-6 Months	35	25	67
>6 Months	390	369	302
Total	1,222	1,189	1,137