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# LONDON TRAVELWATCH

*The operating name of London Transport Users' Committee*

## AUDITED FINANCIAL STATEMENTS

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◆ *Year ended 31 March 2018* ◆

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INVESTORS  
IN PEOPLE

Silver  
Until 2020

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## INFORMATION

Chair  
Stephen Locke (until 30 September 2017)  
Arthur Leathley (from 1 October 2017)

Chief Executive  
Janet Cooke

Deputy Chair  
John Stewart

Board Members  
Jackie Ballard  
Alan Benson  
Richard Dilks  
Glyn Kyle  
Abdi Osman

Address  
169 Union Street  
London  
SE1 0LL

Auditors  
Moore Stephens LLP  
150 Aldersgate Street  
London EC1A 4AB

Bankers  
The Royal Bank of Scotland plc  
St. Paul's Branch  
9-13 Paternoster Row  
London EC4M 7EJ

## REPORT OF THE BOARD

The Board and Chief Executive present their report and audited financial statements for the year ended 31 March 2018.

### Statutory background

London Transport Users' Committee was established as a body corporate on 3 July 2000 under provisions in the Greater London Authority Act 1999 (Commencement No 4 and Adaptation) Order 2000. Under Clause 4 of the London Transport Users' Committee (Transitional Provisions) Order 2000 all property, rights and liabilities of London Regional Passengers' Committee (LRPC) were transferred to the London Transport Users' Committee (LTUC). Clause 5 of the same Order provided for a continuity of functions between LRPC and LTUC, hence the new Committee inherited the full range of activities of LRPC, together with such additional functions as are set out in the relevant provisions of the Greater London Authority Act 1999, as amended by the Transport Act 2000. On 20 October 2005 the Committee adopted the title London TravelWatch as its operating name. From 1 January 2007 London TravelWatch has operated as a Board and its principal subsidiary bodies, legally Sub-Committees under the Greater London Authority Act 1999, have been established as Committees. London TravelWatch is a public benefit entity.

### Principal activity

London TravelWatch's function is to represent the interests of the users of transport services provided by, or on behalf of, Transport for London, together with the users of Heathrow Express, and, within defined geographical boundaries, the national rail network and Eurostar. It fulfils this responsibility by:

- (i) Acting as the appeals body for complaints from, or on behalf of transport users, that have not been dealt with to the complainants' satisfaction by the service provider.
- (ii) Responding to consultation exercises by the service providers, by regulatory bodies, by central and local government and by others on matters to do with services within its remit in particular and transport policy in general.
- (iii) Undertaking research into transport needs in its area.
- (iv) Meeting regularly with transport decision makers, providers and operators to promote improvements for service users and operators.

### Finance

London TravelWatch is financed by grants from the Greater London Authority as approved by the London Assembly. The Grant-in-aid is primarily of a revenue nature, but occasionally may contain an element relating to capital expenditure, and is credited to the income and expenditure account in the year in which it is received. London TravelWatch recovers from Transport Focus (previously Passenger Focus, the operating name of the Passengers' Council) the costs of rail safety work done on its behalf. During the past two years London TravelWatch has also been reimburse by the Rail Delivery Group for costs it has incurred in helping to develop the proposed rail passenger ombudsman scheme.



## **REPORT OF THE BOARD (continued)**

### **Creditors/suppliers payments policy**

London TravelWatch has a policy of settling all valid bills according to terms agreed with individual suppliers. In practice, this can vary between 14 and 30 days following the invoice date, although every effort is made to ensure earlier payment where this is possible. There were no claims for interest payment – under the terms of the Late Payment of Commercial Debts (Interest) Act 1998 – in this financial year. At least 99% of the suppliers' invoices not in dispute are paid within 30 days of receipt.

### **Fixed assets**

Details of the movements in the tangible fixed assets are set out in note 11 to the financial statements.

### **Premises**

London TravelWatch occupies office space under licence within the London Fire and Emergency Planning Authority headquarters building. The London Pension Fund Authority also leases premises in the building, which has allowed us to continue the practice of sharing resources.

London TravelWatch has a two-year licence which expires in November 2018. The rent now payable is higher than the inflationary increase we previously budgeted for. The increased premises costs required us to substantially reduce our overheads. We continue to explore all options for doing this, including relocating, subject to there being a clear business case for doing so. From June 2017 we gave up our main meeting room which reduced our rent by £18,000 per annum.

### **Board**

All appointments to the London TravelWatch Board are made by the London Assembly following public advertisement. Stephen Locke was appointed as Chair from 1 December 2012 and his term of office ran until 30 September 2017. Arthur Leathley was appointed from 1 October 2017 for four years.

John Stewart was appointed Deputy Chair by the Transport Committee of London Assembly in July 2016.

Richard Dilks, John Stewart and Glyn Kyle's terms of office expired on 31 December 2016 and they were each reappointed for two further years. Three new board members were appointed from 1 January 2017, each for four years - these are Jackie Ballard, Alan Benson and Abdi Osman. The Board continues its practice of holding one meeting a year outside the Greater London area but still in its area of benefit and in April 2017, met in Luton. In 2018 it will meet in Dartford.

## **REPORT OF THE BOARD (continued)**

### **Pay**

In April 2006 London TravelWatch introduced a banded pay structure for its staff based on the revised structure implemented by the Greater London Authority the previous year. In 2017/18 we implemented a pay rise for staff and members of between 1% and 3% which mirrored that made by the GLA in respect of City Hall staff and members. Details of our staff costs during the year are included in Note 5 to the financial statements.

### **Staffing**

As at 31 March 2018 the organisation employed 17 staff, 6 of whom were part-time, which equated to 13.32 full time equivalent posts. This is a reduction of 1.43 fte from the previous year. Over the course of the year, however, the average number of staff was 14.92 fte, a slight increase on 2016/17. At the end of the year, we were in the process of recruiting three vacant posts, 2.6 fte. When these posts are filled, our overall establishment headcount will be 20 equating to 15.92 fte.

London Pension Fund Authority provided us with accountancy support under a shared services agreement for the first part of the year. The London Fire Brigade took over this role under a shared services agreement from 1 December 2017.

### **Staffing Reorganisation**

Following a period of individual and collective consultation on a staffing reorganisation during the year, London TravelWatch established a new and more effective structure. The rationale was to free up some of the CEO's time from internal operational matters in order to concentrate on the strategic development of the organisation, and in doing so give greater responsibility and autonomy to staff. The reorganisation made use of the expertise and experience of our existing employees and required no redundancies.

### **Learning and development**

As part of the performance management system, training needs are identified and training plans established by the line managers for their staff. Individuals had access to a number of learning and development opportunities during the year. Given the pressure on resources we will also continue to encourage 'social learning' where individuals take responsibility for their own learning, develop networks and relationships and learn from others.

### **Investors in People**

London TravelWatch was first accredited under the Investors in People scheme in 2002 and, following an inspection last year, we were pleased to have retained our silver status which will apply until February 2020. The report was particularly complimentary about our organisational values and how these underpin our work. We are working to address recommendations made in the report and will continue to use the Investors in People framework to further develop our organisation.

### **Cost recovery**

We continue to work along side the Rail Delivery Group in the development of the rail passenger ombudsman scheme. We undertook this work on the basis that our costs would be recovered from the Rail Delivery Group. This cost recovery income is recorded under Note 2 to the accounts as other income. The GLA agreed to fund the one-off unbudgeted maternity leave costs in the 2017/18 financial year.



## **REPORT OF THE BOARD (continued)**

### **Transparency**

London TravelWatch aims to be fully transparent in its decision making processes and corporate arrangements. To this end London TravelWatch publishes details of expenditure equal to and above £500 and procurement information for contracts equal to and above £5,000 on its website. It also publishes information on its organisational structure, salary bands and the 'pay multiple', as well as details of governance, board and committee reports and decisions, members' declarations of interest and allowances, financial statements and performance reports. All Board and Policy Committee documents, along with key Governance reports, are published on the website.

### **General Data Protection Regulations (GDPR)**

The organisation is aware of its responsibilities under the GDPR which came into effect in May 2018. It has nominated and trained a Data Protection Officer who is now auditing the information we hold and how it is stored.

A prioritised action plan has been developed and we expect to be fully compliant by the end of July 2018.

### **Equal opportunities and disability**

All employees have equal opportunities for employment and advancement based solely on their ability, qualifications and relevant skills and experience for the work. It is the formal and written policy of London TravelWatch that there shall be no discrimination on any grounds, including gender, racial or national origin, religious beliefs, sexuality, age, disability, marriage/civil partnership, pregnancy or gender reassignment. In furtherance of this aim we regularly monitor the demographic data for recruitment of employment.

## Achievements

2017-18 has been another successful year during which we continued to make a real difference for transport users in and around London.

- Our casework team dealt with 7,788 enquiries and complaints. We took forward 2,468 appeals (a 4% increase from last year) from members of the public travelling in London and the surrounding areas. Satisfaction with London TravelWatch case handling remains high. 87% of people who completed our recent survey were satisfied or very satisfied with the way their case was handled.
- Work we did in 2016 to review the impact on passengers of closing London Underground's ticket offices continued to lead to improvements. More staff have been recruited to deal with the public, they will be made more visible by wearing red tabards and each station will have a clear focal point where advice and assistance can be obtained. The findings from our review are also benefitting passengers more widely; they are now used as a good practice template by National Rail operators considering changes to their ticket office opening hours.
- When things went wrong we continued to challenge the industry and to give user feedback following major disruption. We contributed to the investigation called after multiple trains were stranded in the snow at Lewisham and numerous passengers evacuated themselves onto the track. We provided evidence to a range of official reviews of the problems arising from the May timetable changes.
- We continued to press for measures that will make travel significantly easier for a wide spectrum of people. We pushed the railway industry to reduce the stepping gap between the train and platform, and for boroughs to properly implement accessible bus stops, which has now been taken up by every borough, except for Bromley. Sainsbury's supermarket cleared pavement clutter outside its stores as a direct result of our action.
- Promoting best practice at interchanges continued to be a priority for us. We worked closely with Network Rail's South East station management team as they started to make significant improvements to the way that stations at Victoria, London Bridge, Cannon Street and Charing Cross are managed – adopting many of the principles we have long advocated. We also held two well-attended interchange seminars to influence policy makers.
- Through the year we campaigned for a simpler and fairer fares structure for National Rail passengers, compiling evidence to demonstrate how the cost of a weekly season ticket to travel approximately twenty miles into the centre of London can vary by as much as £35. We convened industry round-tables to advance the argument and will be submitting a comprehensive response to the nationwide consultation that has recently been launched.
- More people travel by bus than any other public transport mode and we continued to speak up on their behalf, highlighting the reasons for bus delays, promoting bus priority measures and experimenting with different means to engage with bus passengers.

Our annual review sets out our achievements over the past year in greater detail.

## REPORT OF THE BOARD (continued)

### **Statement of London TravelWatch's and the Chief Executive's responsibilities**

Under section 251 of the Greater London Authority Act 1999, London TravelWatch is required to prepare a statement of accounts for the financial year on the basis directed by the London Assembly. The accounts are prepared on an accruals basis and, in accordance with FRS 102 and our status as a public benefit entity, they must show a true and fair view of London TravelWatch's state of affairs at the year-end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts London TravelWatch is required to:

- Observe the accounts direction issued by the Assembly, including the relevant accounting and disclosure requirements, and apply suitable policies on a consistent basis. The accounts direction is shown as an appendix to the accounts;
- Make judgements and estimates on a reasonable basis; and
- State whether applicable UK accounting standards have been followed and are in accordance with the Companies Act 2006, which replaced Schedule 4, Parts I to III of the Companies Act 1985, and explain any material departures in the financial statements.

London TravelWatch has designated its Chief Executive as the Accounting Officer. Her relevant responsibilities as the Accounting Officer, including her responsibility for the propriety and regularity of public finances and for the keeping of proper records, are set out in the London Transport Users Committee (Transitional Provisions) Order 2000.

### **Corporate governance: statement of the Accounting Officer on the system of internal financial control**

As Accounting Officer, I acknowledge my responsibility for ensuring that an effective system of internal financial control is maintained and operated by London TravelWatch.

The system of internal financial control can provide only reasonable not absolute assurance that the assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of financial control is based on administrative procedures including the segregation of duties. In particular this includes:

- Comprehensive budgeting systems with an annual budget which is reviewed and agreed by the London Assembly;
- Procedures to review and agree budgets; and
- The preparation of regular financial reports, which includes actual expenditure against forecast.

In addition, internal financial control is exercised by a requirement for all payments equal to or over £3,000 to be signed by two authorised signatories, with all expenditure covered by invoice, signed certificate and/or receipt, direct debit mandate or standing order instruction.

I consider these measures, in addition to simple arithmetic checks of invoices, adequate for the size of the organisation. The effectiveness of the system of internal financial control is confirmed by our own management checks, and comments made by the external auditors in their management letters and other reports.



## REPORT OF THE BOARD (continued)

### **Reserves**

The Board reviewed the reserves policy in October 2013 and agreed to maintain the free reserve at an intended level of £50,000. It continues to reconsider this annually and at a meeting on 14 November 2017 the Board reconfirmed this policy. Our reserves at 31 March 2018, of £91,131, comprise £17,445 spent on fixed assets, which are necessary to operate our activities and £73,686 of working capital including £25,000 earmarked for essential training, IT and facilities costs in 2018-19 (see page 20).

### **Risk Statement**

The Board of London TravelWatch has a robust system for assessing and managing risk and ensuring business continuity. Both have been the subject of internal audit and given a 'substantial assurance' rating.

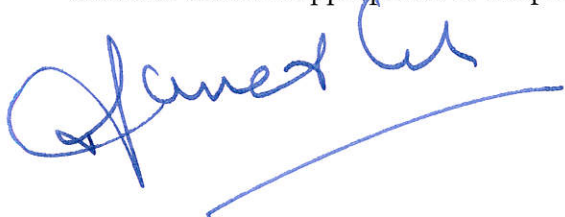
### **Memorandum of Understanding**

In 2014 London TravelWatch agreed a new Memorandum of Understanding with the London Assembly's Transport Committee which sets out a clear and transparent basis upon which the two organisations will interact with each other. The revised protocol of accounts and financial procedures which is part of this memorandum is shown on page 23.

### **Going Concern**

London TravelWatch's funding is provided by means of a grant from the Greater London Assembly, which is renewed on an annual basis.

On the basis of London TravelWatch's budget and business plan for the next financial year, prepared in accordance with the directions from the Greater London Assembly, and accepting the need to substantially reduce our overheads, I have reasonable expectation that London TravelWatch will continue in operational existence in the foreseeable future and accordingly consider that it is appropriate to adopt the going concern basis in preparing accounts.



**Janet Cooke**  
**Chief Executive**  
**London TravelWatch**

**16 July 2018**



**Independent Auditor's Report to the London Assembly****Opinion**

We have audited the financial statements of London Travel Watch for the year ended 31 March 2018 which comprise statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of London Travelwatch's affairs as at 31 March 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Accounts Direction issued by the London Assembly.

**Use of our report**

This report is made solely to the London Assembly, 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of London Travelwatch in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- London Travelwatch's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- London Travelwatch has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

London Travel Watch and the Chief Executive are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Accounts Direction issued by the London Assembly**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of London Travelwatch and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board.

We have nothing to report in respect of the following matters where the Accounts Direction issued by the London Assembly requires us to report to you if, in our opinion:

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

**Responsibilities of London Travelwatch**

As explained more fully in the Statement of London TravelWatch's and the Chief Executive's Responsibilities set out on page 7, London TravelWatch is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as London Travelwatch determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, London TravelWatch is responsible for assessing the 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



**Paul Clark, Senior Statutory Auditor**

For and on behalf of Moore Stephens LLP, Statutory Auditor  
150 Aldersgate Street  
London  
EC1A 4AB

Date 17th July 2018

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2018

		2018	2017
	Notes	£	£
GLA Grant Income	2	1,036,000	1,036,000
Other Income	2	82,155	22,963
	2	<b>1,118,155</b>	<b>1,058,963</b>
Expenditure:			
Chair's costs	3	(17,642)	(16,048)
Board's representative on Transport Focus	4	(7,335)	(12,000)
Employee costs – pay	5	(737,439)	(723,835)
Employee costs - non pay	6	(9,713)	(11,200)
Board members' costs	7	(32,434)	(27,863)
Accommodation costs	8	(160,617)	(153,450)
Supplies and services	9	(123,366)	(92,971)
Depreciation of tangible fixed assets	11	(18,249)	(18,010)
Impairment of tangible fixed assets	11	(7,500)	-
<b>Cost of services</b>		<b>(1,114,295)</b>	<b>(1,055,377)</b>
<b>Surplus/(Deficit) on provision of services</b>		<b>3,860</b>	<b>3,586</b>
Interest received	10	32	23
<b>Surplus/(Deficit) for the year</b>		<b>3,892</b>	<b>3,609</b>

London TravelWatch had no recognised gains or losses in the year ended 31 March 2018 other than those noted above and all operations are continuing.

The accounting policies and notes on pages 14 to 22 form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

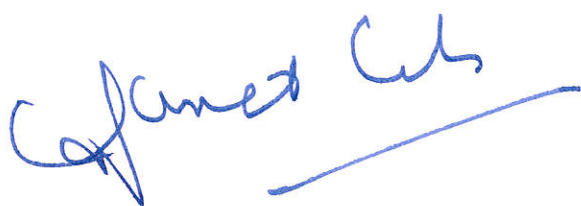
	2018	2017
	£	£
<b>Opening balance</b>	87,239	83,630
Surplus/(Deficit) for the year	3,892	3,609
<b>Closing balance</b>	<b>91,131</b>	<b>87,239</b>

**STATEMENT OF FINANCIAL POSITION**  
**at 31 March 2018**

	Note	2018	2017
		£	£
<b>Fixed assets</b>			
Tangible assets	11	17,446	43,195
<b>Current assets</b>			
Debtors	12	22,142	49,305
Cash at bank and in hand		114,829	60,681
		<b>136,971</b>	<b>109,986</b>
Creditors: amounts falling due within one year	13	(63,286)	(65,942)
<b>Net current assets</b>		<b>73,685</b>	<b>44,044</b>
<b>Total assets less current liabilities</b>		<b>91,131</b>	<b>87,239</b>
<b>Financed by:</b>			
General reserve		91,131	87,239
		<b>91,131</b>	<b>87,239</b>

The accounting policies and notes on pages 14 to 22 form part of these financial statements.

The financial statements were approved by the Chief Executive on 16 July 2018 and signed on London TravelWatch's behalf by:



**Janet Cooke**  
**Chief Executive**  
**London TravelWatch**

**STATEMENT OF CASH FLOWS**  
**for the year ended 31 March 2018**

	Note	2018	2017
		£	£
Net operating surplus/(deficit)		3,860	3,586
Adjustments to net operating surplus/(deficit) for non-cash items		50,256	14,401
<b>Net cash flows from operating activities</b>		<b>54,116</b>	<b>17,987</b>
Interest received		32	23
Investing activities – acquisition of tangible fixed assets	11	-	(7,182)
<b>Net cash flows from investing activities</b>		<b>32</b>	<b>(7,159)</b>
Net increase or decrease in cash and cash equivalents		54,148	10,828
Cash and cash equivalents at the beginning of the reporting period		60,681	49,853
Cash and cash equivalents at the end of the reporting period		114,829	60,681

**Adjustments for non-cash items**

	2018	2017
	£	£
Depreciation	25,749	18,010
Decrease/(increase) in debtors	27,163	(25,442)
Increase/(decrease) in creditors	(2,656)	21,832
	<b>50,256</b>	<b>14,400</b>



**NOTES TO THE FINANCIAL STATEMENTS****31 March 2018****1. ACCOUNTING POLICIES****Basis of accounting**

These financial statements have been produced in accordance with the accounts direction given by the London Assembly (Section 251 of the Greater London Act 1999) which is reproduced as an appendix to these accounts and without limiting the information given and meet the disclosure requirements of the Companies Act 2006. The principal accounting policies are set out below. They have been applied consistently in dealing with items considered material in relation to the accounts.

These financial statements have been prepared in accordance with FRS 102, as issued by the Financial Reporting Council. The financial statements are presented in pounds sterling, which is the functional currency and rounded to the nearest pound.

The accounts have been prepared under the historical cost convention.

**GLA grants receivable**

During the period covered by the accounts, London TravelWatch was funded primarily by grant-in-aid from the Greater London Authority under the provisions of the Greater London Authority Act 1999, as noted on page 2. This was accounted for on a receivable basis and credited to the income and expenditure account. London TravelWatch also recovered the cost from Transport Focus for work done by London TravelWatch's Safety Advisor in respect of rail safety issues, from Transport for London for work on the review of the closure of London Underground ticket offices and from the Rail Delivery Group for work on the development of a new rail passenger redress scheme.

**Fixed assets**

Expenditure on tangible fixed assets is capitalised for each item, the cost of which exceed £5,000 or, in case of minor computer hardware, group of assets. Items falling below this value are charged as an expense to the income and expenditure account.

**Depreciation**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its useful life, as follows:

- Short-term leasehold improvements      To the cessation of the current licence.
- Computer equipment and software      5 years for hardware and software  
as detailed by IT advisors

**Value Added Tax**

London TravelWatch is not VAT registered.

**Corporation Tax**

London TravelWatch has been confirmed by HMRC as dormant for Corporation Tax purposes for any period that ends before 31 May 2019, subject to any change in activities in the period which are taxable.



## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018 (cont'd)

### 1. ACCOUNTING POLICIES CONTINUED

#### **Pensions**

Retirement Benefits/pension costs have been accounted for under FRS 102. Certain additional disclosures are given as required by FRS 102 (Note 14).

#### **Critical accounting judgements and estimates**

In the application of accounting policies, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from estimates. The following summarises the judgements, estimates and assumptions that may cause amounts recognised or disclosed to change in following reporting periods:

#### **Premises licence period**

London TravelWatch has in place a licence which will run until November 2018, with a three-month notice period. The increase in licence fee has lead to a review of accommodation needs and the possibility of moving to new premises at the end of the licence period. Therefore a decision was made last year to depreciate the licence improvements over the period of the new licence rather than the period of the head lease held by our landlord. See note 11.

A provision of £5,000 has been made for potential dilapidation costs. The actual amount paid will depend on a number of variable factors and could be significantly higher.

**NOTES TO THE FINANCIAL STATEMENTS****31 March 2018 (cont'd)**

	2018	2017
	£	£
<b>2. Income</b>		
Grants received from the Greater London Authority	1,036,000	1,036,000
Transport Focus	4,173	4,650
Other income	77,982	18,313
	<u>1,118,155</u>	<u>1,058,963</u>

Income received from Transport Focus was cost recovery in respect of 50% of the cost of employing a one day per week (0.2fte) safety advisor who carries out work for both organisations. Other income was recovery for ongoing staff costs incurred in the aided setup of a new redress service for rail passengers, which accounts for slightly less than half of the amount. The balance is additional income from the GLA to mitigate increased staff costs for maternity leave cover.

	2018	2017
	£	£
<b>3. Chair's Costs</b>		
Chair's Salary, National Insurance & Pension Contributions	17,034	15,960
Chair's Travel & Subsistence costs	608	88
	<u>17,642</u>	<u>16,048</u>

The Chair received no benefits in kind and no annual bonus. The previous Chair who was in office until the 30<sup>th</sup> September 2017 waived his pension contribution. No incentive schemes were in operation. The Chair is an office holder appointed by the London Assembly.

	2018	2017
	£	£
<b>4. Pay of London representative on Transport Focus</b>	<u>7,335</u>	<u>12,000</u>

The Railway Act 2005 requires London TravelWatch to pay the salary of the Board member of London TravelWatch appointed by the London Assembly to serve on the Board of Transport Focus to represent the interests of London's passengers. The Chair fulfilled this role in 2017-18. The amount paid to the Chair was reduced from April 2017 and reflects the overlap in responsibilities between the two roles. National insurance contributions in respect of this role are included in the Chair's costs shown in note 3.



**NOTES TO THE FINANCIAL STATEMENTS****31 March 2018 (cont'd)**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>5. Employee Costs – pay</b>		
Staff salaries (includes agency staff)	569,218	558,719
National Insurance Contributions	57,492	55,511
ASLC (Accruing Superannuation Liability Charge)	110,729	109,605
	<b>737,439</b>	<b>723,835</b>

**Senior management pay**

The CEO was paid the following benefits. Please note the increase in salary is due to the April 2017 cost of living award and an increase in hours from 0.8 fte to 0.9 fte from September 2017 and from 0.9 fte to 1.0 fte from January 2018.

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Salary	75,340	67,557
Employers pension contributions	18,458	16,551
	<b>93,798</b>	<b>84,108</b>

The average number of persons employed by London TravelWatch this year, not including Board Members of London TravelWatch, was 18.83 (14.92fte) working in the following teams:

	<b>No. (fte)</b>	<b>No. (fte)</b>
Senior management	3.00 (2.88)	3.00 (2.80)
Research, policy development and consultation responses	3.75 (2.96)	3.25 (3.07)
Casework	4.00 (3.60)	4.00 (3.40)
Corporate support, stakeholder engagement, website, communications IT, committee services and apprentice	6.08 (4.63)	5.75 (4.13)
Financial control and human resources	2.00 (0.85)	2.00 (0.85)
	<b>18.83 (14.92)</b>	<b>18.00 (14.25)</b>
At 31 March the full time equivalents staffing establishment was	<b>13.55</b>	<b>14.58</b>

The number of employees who received remuneration (fte) in the following bands were:

£50,001 to 60,000	1	1
£60,001 to 70,000	-	-
£70,001 to 80,000	-	-
£80,001 to 90,000	1	1



**NOTES TO FINANCIAL STATEMENTS****31 March 2018 (cont'd)**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>6. Employee costs – non pay</b>		
Staff transport costs	1,190	1,997
Staff subsistence costs	586	37
Recruitment costs	5,144	-
Training & development	248	2,322
Payroll charges (including members payroll)	2,401	2,254
Investors In People	144	4,062
Occupational health	-	528
	<b>9,713</b>	<b>11,200</b>

Investors in People is a cost the main expenditure for which is incurred once every three years.

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>7. Board members' costs</b>		
Members' salaries & National Insurance contributions	32,259	27,730
Travel and subsistence	175	133
	<b>32,434</b>	<b>27,863</b>

No Board member received remuneration above £40,000 either in the 12 months to 31 March 2018 or in the previous year. The remuneration for members is set by the London Assembly and updated by the same mechanism applied to the salaries of the London Assembly members.

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>8. Accommodation costs</b>		
Rent and service charges	159,083	149,281
Health & safety	1,534	4,169
	<b>160,617</b>	<b>153,450</b>

Rent and service charge costs increased due to a back dated rent increase and a provision for dilapidation cost, partly offset by a reduction in rent due to a reduction in space occupied during the year.





**NOTES TO FINANCIAL STATEMENTS****31 March 2018 (cont'd)**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>9. Supplies and Services</b>		
Legal and professional	13,041	1,705
IT software and licenses	49,575	47,312
Research inquiry/publication costs	18,342	705
External audit fees	11,489	12,032
Communications, publication/ information, internet and electronic publication	5,772	6,904
Postage and telecommunications	6,948	6,485
Insurance	7,633	7,816
Annual report costs	1,023	1,403
Photocopier hire and document reproduction	3,944	3,776
Books, periodicals, stationery and office supplies	3,946	3,280
Meeting costs	974	597
Bank charges	679	956
<b>Total</b>	<b>123,366</b>	<b>92,971</b>

In 2018/19 there will be one-off costs relating to organisational development and individual training needs arising from a staffing restructure in 2017/18. There are further one-off costs relating to IT changes & GDPR requirements and spend associated with a planned office move in 2018/19. The total estimate costs of £25k will be earmarked for these purposes.

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>10. Interest received</b>		
Received during the year	<b>32</b>	<b>23</b>



## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018 (cont'd)

## 11. Fixed Assets

	Short-term lease Improvements	Computer Equipment	Total
	£	£	£
<b>Cost</b>			
At 1 April 2017	22,532	62,381	84,913
At 31 March 2018	22,532	62,381	84,913
<b>Depreciation</b>			
At 1 April 2017	9,972	31,746	41,718
Charge during the year	7,536	10,713	18,249
Impairment	-	7,500	7,500
At 31 March 2018	17,508	49,959	67,467
<b>Net book value</b>			
At 31 March 2018	5,024	12,422	17,446
At 31 March 2017	12,560	30,635	43,195

	2018	2017
	£	£
<b>12. Debtors - amounts falling due within one year</b>		
Other debtors	6,620	4,935
Prepayments and accrued income	15,522	44,370
	<b>22,142</b>	<b>49,305</b>

Included within 'Other debtors' are season ticket loans of £2,292 (2017: £4,899) made to staff. All outstanding amounts are due within one year and are made with no interest charged to the individual.

Balance at 1 April	4,899	5,888
Advanced in the year	22,650	18,418
Repaid during the year	(25,257)	(19,407)
Outstanding at 31 March	<b>2,292</b>	<b>4,899</b>



## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018 (cont'd)

13. Creditors: amounts falling due within one year	2018	2017
14.	£	£
Other creditors (includes unpaid salaries and employer NI and pensions contributions at year end)	22,297	33,602
Accruals	35,989	32,340
Provision for dilapidation costs	5,000	-
	<b>63,286</b>	<b>65,942</b>

**15. Pensions****Principal Civil Service Pension Scheme**

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). This is an unfunded multi-employer defined benefit scheme and it is not practicable for London TravelWatch to identify its share of the underlying assets and liabilities. The scheme actuary most recently valued the scheme as at 31 March 2012 and we do not expect any change in rates arising from the 2016 actuarial valuation (yet to be published) to be backdated. Details of the scheme are available on the Government Actuary's Department website ([www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)).

For 2017-18, employers' contributions of £110,703 were payable to the PCSPS (2016-17 £108,114) at one of four rates in the range 20.0 to 24.5 per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

**Partnership Pension Account**

Employees can opt to open a partnership pension account, which is a stakeholder pension with an employer contribution. Employers' contributions of £1,573 (2016-17 £1,491) were paid to Scottish Widows, one of the panel of three appointed stakeholders' pension providers. Employer contributions are age-related and range from 8% to 14.75% of pensionable pay with rates set by the PCSPS. Employers also match employee contributions up to 3% of pensionable pay.

London TravelWatch has complied with the requirements for pension Auto-Enrolment.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018 (cont'd)

### 15. Financial Risk Management

London TravelWatch has exposure to the following risks arising from its operating activities and its use of financial instruments:

- Liquidity risk; and
- Credit risk

The Board has overall responsibility for the establishment and oversight of the London TravelWatch's risk management framework and is responsible for developing and monitoring London TravelWatch's risk management strategy and policies. There have been no changes to the London TravelWatch's exposures to risk or the methods used to measure and manage these risks during the year.

#### **Liquidity Risk**

In the management of liquidity risk, London TravelWatch monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance London TravelWatch's operations and mitigate the effects of fluctuations in cash flows.

#### **Credit Risk**

Potential material areas of credit risk consist of trade debtors. Trade debtors consist mainly of a widespread customer base, such that London TravelWatch has no significant concentration of credit risk. Where considered appropriate, an allowance would be made for specific bad debts.

## ACCOUNTS DIRECTION GIVEN BY THE ASSEMBLY

The London Assembly, in exercise of their powers under section 251 of the Greater London Authority Act 1999, hereby make the following Directions (agreed January 2014);

### Accounts

- 1 London TravelWatch will conduct a monthly monitoring and review of its finances, to include forecasts against full-year revenue and capital budgets explanations for variances and any proposed corrective action. The Chief Executive of London TravelWatch will report this quarterly to the GLA's Executive Director of Resources and six monthly to Transport Committee in the format required by the Executive Director of Resources.
- 2 The Chief Executive of London TravelWatch (as Accounting Officer) must ensure that a statement of accounts is prepared for each financial year that gives a true and fair view of London TravelWatch's financial status at the end of that financial year<sup>1</sup>.
- 3 The Chief Executive of London TravelWatch must submit, in line with the agreed timetable, financial information required by GLA's Executive Director of Resources for the preparation of the GLA Statement of Accounts.
- 4 Transport Committee may issue guidance as to the preparation of a statement of accounts and, if it does so, London TravelWatch must prepare the statement in compliance with the direction<sup>2</sup>.
- 5 The Statement of Accounts must be audited by an auditor appointed by Transport Committee<sup>3</sup>. The cost of the audit will be met by London TravelWatch.

### Financial procedures

- 6 Where London TravelWatch proposes to make any significant changes or amendments to any of its financial systems and procedures, its proposals must be agreed to by the London TravelWatch Board (or to any body within London TravelWatch to which such functions of the London TravelWatch Board have been properly delegated) and the London TravelWatch Chief Executive and must be submitted in writing to the GLA Liaison Officer, who will determine how to take the matter forward.
- 7 Any such proposals can only be approved by the Transport Committee, in conjunction with the GLA's Executive Director of Resources.

<sup>1</sup> The GLA Act 1999 Schedule 18 paragraph 8 (2)

<sup>2</sup> The GLA Act 1999 Schedule 18 paragraph 8 (3)

<sup>3</sup> The GLA Act 1999 Schedule 18 paragraph 8 (4)

