
LONDON TRAVELWATCH

The operating name of London Transport Users Committee

AUDITED FINANCIAL STATEMENTS

◆ Year ended 31 March 2011 ◆



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INFORMATION

Chair

Sharon Grant

Chief Executive

Janet Cooke

Deputy Chair

Lorna Reith *

Board Members

David Barry
Terry Bennett
Onjali Qatara Rauf *
Kevin Davis *
Gail Engert
Daniel Francis *
Sophia Lambert
Teena Lashmore *
David Leibling
Sarah Pond *

* Appointment term ended: 31 December 2010

Office Address

6 Middle Street
London EC1A 7JA

Auditors

Moore Stephens LLP
150 Aldersgate Street
London EC1 4AB

Bankers

The Royal Bank of Scotland PLC
St. Paul's Branch
9-13 Paternoster Row
London EC4M 7EH

REPORT OF THE BOARD

The Board and Chief Executive present their report and audited financial statements for the year ended 31 March 2011.

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 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.

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 pro-active research into transport needs in its area.
- (iv) Actively promoting the benefits to the wider community of public transport.

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 is paid by Passenger Focus (the operating name of the Rail Passengers Council) for consultancy work done on its behalf.

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 99.5% of the suppliers' invoices not in dispute were 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. The fixed asset register was updated during the year.

Staff matters

During the year the London TravelWatch employed an average of 25 staff (22.2 fte). Consultants were used to undertake specific projects in the secretariat.

Pay

On 1 April 2006 London TravelWatch introduced a banded pay structure for its staff based on the revised structure implemented by the Greater London Authority in 2005. This was continued during the year. No annual uplifts to reflect increases in the cost of living were made to either staff or Board members.

Training and development

As part of the performance management system, training needs are identified and training plans established by line managers for their staff. Individual training is then provided to enhance skills and performance.

Equal opportunities and disability

All employees have equal opportunities for employment and advancement solely on basis of 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 or disability.

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 Assembly. The accounts are prepared on an accruals basis and 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;
- State whether applicable UK Accounting Standards have been followed and are in accordance with Schedule 4, Parts I to III, of the Companies Act 2006, 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 on the system of internal financial control

As Accounting Officer, I acknowledge my responsibility for ensuring that the 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 forecasts.

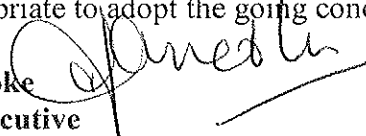
In addition, my internal financial control is exercised by a requirement for all cheques / BACS payments to be signed by two authorised signatories, and all expenditure is covered by invoice, signed certificate or utilities bill and / or receipt, direct debit mandate or standing order instruction. I consider these measures in addition to simple arithmetic checks of invoices, adequate for the size of my organisation. In my view, the effectiveness of the system of internal financial control is informed by our own management checks, and comments made by the external auditors in their management letters and other reports.

Risk Statement

London TravelWatch has a robust system for assessing and managing risk and ensuring business continuity. Both have been the subject of internal audit by the GLA in recent years and given a 'substantial assurance' rating. The minor items identified for attention have been addressed.

Going Concern

The London Assembly has committed to funding for the full current year, however this is at a lower level than for the year ended 31st March 2011 with indications that it will fall further next year. This has required cutbacks on staff costs which have unfortunately necessitated redundancies, the costs of which will significantly reduce the level of reserves at 31st March 2012. However, on the basis of London TravelWatch's budget and Business Plan for the next financial year, the Chief Executive has reasonable expectation that London TravelWatch will continue in operational existence in the foreseeable future and accordingly considers that it is appropriate to adopt the going concern basis in preparing accounts.


Janet Cooke
Chief Executive
London TravelWatch
30 August 2011

INDEPENDENT AUDITORS' REPORT TO THE LONDON ASSEMBLY

We have audited the financial statements on pages 6 to 17.

This report is made solely to the London Assembly, as a body, in accordance with the Accounts Direction given by the Assembly and attached on page 18. Our audit work has been undertaken so that we might state to the Assembly 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 London TravelWatch and the London Assembly as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of London TravelWatch and Auditors

London TravelWatch and the Chief Executive's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Board and Chief Executive's Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Accounts Direction issued by the London Assembly. We also report to you whether in our opinion, the Report of the Board is consistent with the financial statements.

In addition, we report to you if, in our opinion, London TravelWatch has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with London TravelWatch is not disclosed.

We read the information contained in the Report of the Board and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

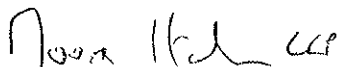
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to London TravelWatch's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of London TravelWatch as at 31 March 2011 and of its surplus for the year then ended and have been properly prepared in accordance with the Accounts Direction issued by the London Assembly; and
- the information given in the Report of the Board is consistent with the financial statements.



Moore Stephens LLP
Chartered Accountants and Registered Auditors
150 Aldersgate Street,
London EC1A 4AB

16 September 2011

09/09/2011

INCOME AND EXPENDITURE ACCOUNT
for the year ended 31 March 2011

	Note	2011 £	2010 £
Income			
Greater London Authority grant received	2	1,603,000	1,627,000
Passenger Focus	2	26,088	19,940
Other income	2	-	150
		<u>1,629,088</u>	<u>1,647,090</u>
Expenditure			
Chair's costs	3	25,269	26,336
Board's Representative on Passenger Focus	4	18,180	18,180
Employee costs – pay	5	1,025,571	1,125,992
Employee costs - non pay	6	30,445	56,938
Board Members' costs	7	46,472	57,171
Accommodation costs	8	212,012	203,270
Supplies and Services	9	168,348	203,850
Depreciation of tangible fixed assets	11	38,540	21,288
		<u>1,564,837</u>	<u>1,713,025</u>
Operating Surplus/(Deficit)		64,251	(65,935)
Interest receivable	10	63	89
		<u>64,314</u>	<u>(65,846)</u>
Retained surplus brought forward		127,265	193,111
Retained surplus carried forward	14	191,579	127,265

London TravelWatch had no recognised gains or losses in the year ended 31 March 2011 other than those noted above and all operations are continuing.

The accounting policies and notes on pages 9 to 17 form part of these financial statements.

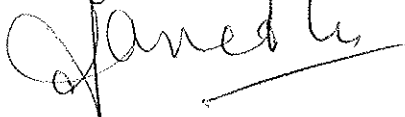


BALANCE SHEET
at 31 March 2011

	Note	2011 £	2010 £
Fixed Assets			
Tangible assets	11	<u>121,032</u>	<u>159,572</u>
Current Assets			
Debtors	12	55,984	56,149
Cash at bank and in hand		89,100	23,935
		<u>145,084</u>	<u>80,084</u>
Creditors: amounts falling due within one year	13	(36,365)	(67,174)
Net Current Assets			
		<u>108,719</u>	<u>12,910</u>
Total Assets less current liabilities			
	3	<u>229,751</u>	<u>172,482</u>
Creditors: amounts falling due after one year (Deferred Income)	13	(38,172)	(45,217)
Total assets			
		<u>191,579</u>	<u>127,265</u>
Financed by:			
General reserve	14	191,579	127,265
		<u>191,579</u>	<u>127,265</u>

The accounting policies and notes on pages 9 to 17 form part of these financial statements.

The financial statements were approved by the Chief Executive on 30 August 2011 and signed on London TravelWatch's behalf by:



Janet Cooke
Chief Executive
London TravelWatch
 30 August 2011

CASH FLOW STATEMENT
for the year ended 31 March 2011

Reconciliation of Operating Surplus/(Deficit) to net cash inflow/(outflow) from operating activities

	2011	2010
	£	£
Operating Surplus/(Deficit)	64,251	(65,935)
Depreciation of tangible fixed assets	38,540	21,288
Decrease in debtors	165	5,846
(Decrease) / increase in creditors	(37,854)	(51,998)
Net inflow/(outflow) from operating activities	65,102	(90,799)
Return on investment and servicing of finance		
Interest received	63	89
Capital expenditure and financial investment		
Purchases of tangible fixed assets	0	(97,840)
Increase/(Decrease) in cash	65,165	(188,550)

Statement of capital expenditure for the year ended 31 March 2011

	2011	2010
IT equipment and software	-	97,840
Telephone equipment	-	-
Total capital expenditure	-	97,840
Financed by:		
Own funds	-	97,840
Total financing	-	97,840



NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

1. ACCOUNTING CONVENTION

Basis of Accounting

These financial statements have been produced in accordance with the Accounts Direction given by the Assembly (Section 251 of the Greater London Act 1999 which is reproduced as an appendix to these accounts) and without limiting the information given 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.

The accounts have been prepared under the historical cost convention.

Going Concern

In the opinion of the Board, the present level of business activity, together with the funding from the London Assembly will enable our activities to continue satisfactorily. The Board members believe that funding will be provided to enable London TravelWatch to continue in operational existence for the foreseeable future and accordingly they continue to adopt the going concern basis in preparing the annual financial statements.

The financial statements do not include any adjustments that would result if the entity was unable to continue as a going concern.

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 Act. This was accounted for on a receivable basis and credited to the income and expenditure account. London TravelWatch also received income from the Rail Passengers Council (now known as Passenger Focus) for consultancy work done by London TravelWatch's Safety and Policy advisor in respect of Rail Safety issues.

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 Duration of lease (15 years from 2002)
- Telephone equipment 5 years
- Computer equipment 3 years

Value Added Tax

London TravelWatch is not VAT registered.

Pensions

Retirement Benefits / pension costs have been accounted for under FRS 17. Some additional disclosures are given as required by FRS 17 (Note 15).



09/09/2011

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NOTES TO THE FINANCIAL STATEMENTS

31 March 2011 (cont'd)

	2011 £	2010 £
2 Income		
Grants received from the Greater London Authority	1,603,000	1,627,000
Passenger Focus	26,088	19,940
Other income	-	150
	<u>1,629,088</u>	<u>1,647,090</u>

Income received from Passenger Focus was in respect of consultancy work done by London TravelWatch's Safety and Policy advisor on Rail Safety issues. 'Other income' constitutes miscellaneous adjustments and receipts.

3 Chair's Costs

Chair's Salary, National Insurance & Pension Contributions	25,038	25,034
Chair's Travel & Subsistence costs	231	1,302
Chair's Conference & Seminar costs	-	-
	<u>25,269</u>	<u>26,336</u>

The Chair received no benefits in kind and no annual bonus. No incentive schemes were in operation. The Chair is an office holder appointed by the London Assembly.

4 Pay of London TravelWatch's Representative on Passenger Focus including National Insurance Contributions	18,180	18,180
	<u>18,180</u>	<u>18,180</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 Passenger Focus.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011 (cont'd)

	2011	2010
	£	£
5 Employee Costs – pay		
Staff salaries (including the Chief Executive's remuneration)	795,490	844,470
National Insurance Contributions	63,314	66,791
ASLC (Accruing Superannuation Liability Charge)	157,470	159,275
CEPS and other Pensions Charges	-	15,351
Temporary Agency Staff	9,297	40,105
	<u>1,025,571</u>	<u>1,125,992</u>

The average number of persons employed by London TravelWatch this year, not including Board Members of London TravelWatch, was 25 (22.2 fte) working in the following teams:

	No.	No.
Senior Management	4	4
Research, policy development, consultation responses and committee	7	7
Casework and Public Liaison	8	8
Corporate management, stakeholder engagement and communications	3	3
Financial control, personnel and premises management	3	4
	<u>25.0</u>	<u>26.0</u>
	(22.2 fte)	(22.5 fte)

The number of employees who received remuneration in the following bands were

£40,000 to 50,000	-	-
£50,000 to 60,000	3	3
£60,000 to 70,000	-	-
£70,000 to 80,000	1	1

6 Employee Costs – non pay

	£	£
Staff Transport Costs	1,343	2,716
Staff Subsistence Costs	97	2,818
Recruitment Advertising	3,068	14,970
Training & Development	12,211	21,667
Payroll Charges	7,196	7,811
Investors in People	2,674	3,042
Occupational Health	3,856	3,914
	<u>30,445</u>	<u>56,938</u>

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011 (cont'd)

	2011	2010
	£	£
7 Board Members' Costs		
Members' salaries & National Insurance contributions	44,792	51,789
Travel and Subsistence	1,680	2,038
Conference fees	-	3,344
	<u>46,472</u>	<u>57,171</u>

No Board members received remuneration within the bands £40,000 to £50,000 in the 12 months to 31 March 2011 nor in the previous year.

8 Accommodation costs

Electricity charges	9,922	10,068
Equipment hire / purchase and furniture purchase	41	446
Rent and service charge	141,002	136,617
Non Domestic Rates	37,989	32,274
Cleaning Charges	10,688	11,143
Equipment repair and maintenance	1,542	1,574
Premises repair and maintenance	3,844	3,426
Hygiene services	721	575
Health & safety	3,663	4,505
Premises insurance	2,600	2,642
	<u>212,012</u>	<u>203,270</u>

Rent and Service charge reflect the true effective rental for which the current offices have been occupied irrespective of the agreed rent- free period. The "spreading forward" accounting treatment has been applied to the future period over which the benefit is recognised (UITF 28).

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011 (cont'd)

	2011	2010
	£	£
9 Supplies and Services		
Annual Report costs	6,500	7,554
Postage, phone and fax	11,877	14,563
Bank charges and insurance	10,189	9,958
Photocopier hire and document reproduction	10,791	11,643
IT software and consumables	27,656	38,487
Books, newspapers, stationery, subscriptions, supplies and services	5,033	58,701
Meetings' costs	6,211	5,257
External audit fee	11,400	12,391
Communications, publicity and information, internet and electronic publication	5,668	10,056
Legal & Professional, consultancy, conferences and seminars	43,420	966
Research and inquiry/publication costs	29,603	34,274
Total	168,348	203,850

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011 (cont'd)

	2011	2010
	£	£
10 Interest Receivable		
Received during the year	63	89
	<u>63</u>	<u>89</u>

Interest receivable represents interest on short-term deposits on the Business High Interest Account.

11 Fixed Assets

	Short-term lease Improvements	Telephone Equipment	Computer Equipment	Total
	£	£	£	£
Cost				
At 1 April 2010	67,492	16,154	276,648	360,294
Additions during the year	-	-	-	-
Disposals during the year	-	-	(13,240)	(13,240)
At 31 March 2011	<u>67,492</u>	<u>16,154</u>	<u>263,408</u>	<u>347,054</u>
Depreciation				
At 1 April 2010	33,758	12,522	154,442	200,722
Charged during the year	4,500	3,230	30,810	38,540
Disposals during the year	-	-	(13,240)	(13,240)
At 31 March 2011	<u>38,258</u>	<u>15,752</u>	<u>172,012</u>	<u>226,022</u>
Net book value				
At 31 March 2011	<u>29,234</u>	<u>402</u>	<u>91,396</u>	<u>121,032</u>
At 31 March 2010	<u>33,734</u>	<u>3,632</u>	<u>122,206</u>	<u>159,572</u>

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011 (cont'd)

	12 Months to 31 March 2011	12 Months to 31 March 2010
	£	£
12 Debtors - amounts falling due within one year		
Other debtors	5,766	6,375
Prepayments and accrued income	50,218	49,774
	<u>55,984</u>	<u>56,149</u>

Included within 'Other debtors' are season ticket loans made to staff as follows:

Outstanding at 1 April 2010	6,374	7,192
Made during the year	12,588	12,534
Repaid during the year	(13,196)	(13,352)
Outstanding at 31 March 2011	<u>5,766</u>	<u>6,374</u>

13 Creditors: amounts falling due within one year

Other creditors	10,299	47,453
Accruals and deferred income	26,066	19,721
	<u>36,365</u>	<u>67,174</u>

Creditors: amounts falling due after one year

Deferred income	<u>38,171</u>	<u>45,217</u>
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14 Reserves

	General Reserve £	Total £
At 1 April 2010	127,265	127,265
Surplus for the year	64,314	64,314
At 31 March 2011	<u>191,579</u>	<u>191,579</u>



15 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The Scheme is an unfunded multi-employer defined benefit scheme but London TravelWatch is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details are available in the resource accounts of the Cabinet Office Civil Superannuation (www.civilservice.gov.uk/my-civilservice/pensions).

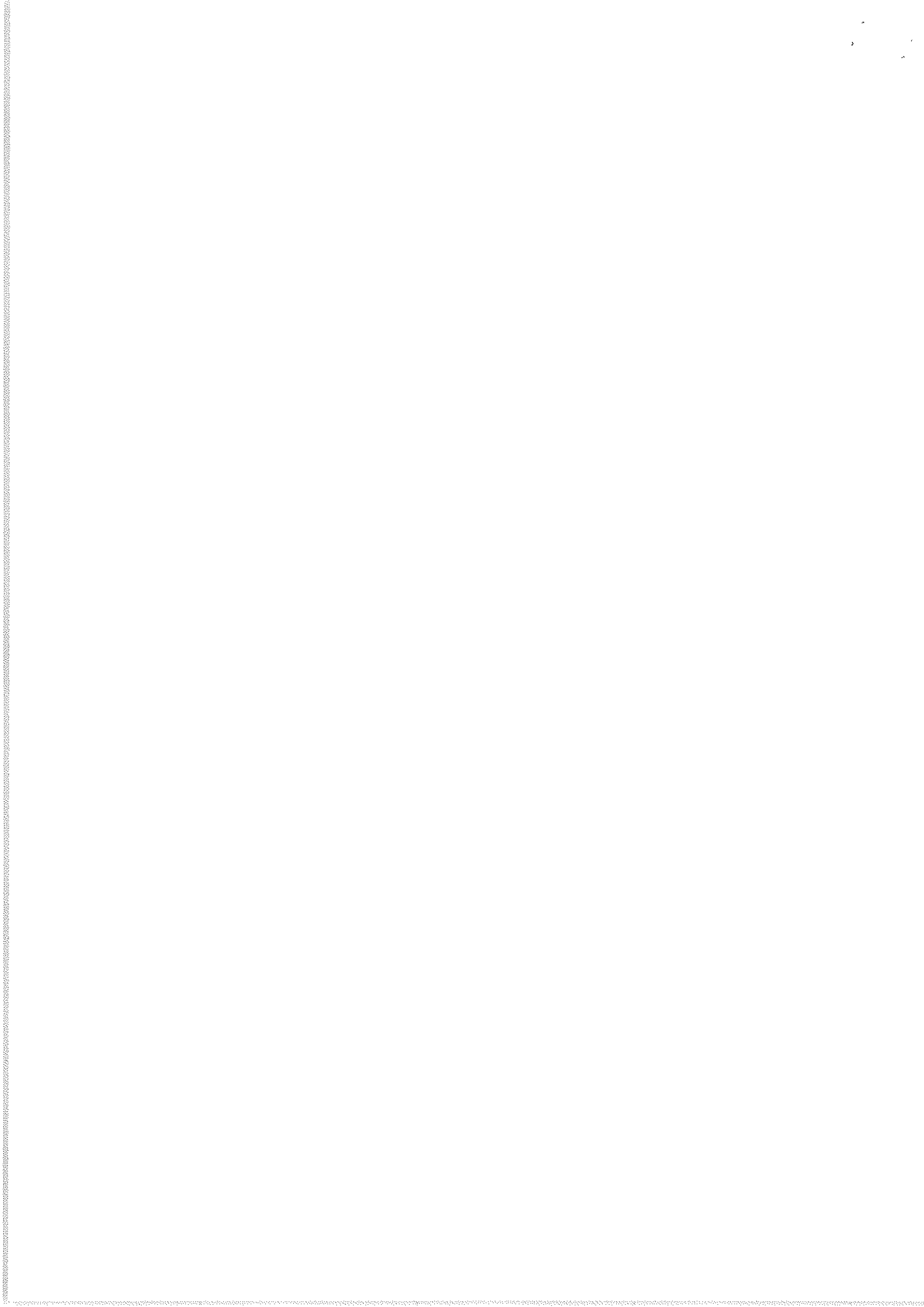
For 2010-11, employers' contributions of £156,947 were payable to the PCSPS (2009-10 £160,343) at one of four rates in the range 16.7 to 24.3 per cent of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2010-11 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution.

Employers' contributions of £3,821 (2009-10 £2,697) were paid to one or more of the panel of three appointed stakeholders' pension providers.

Employer contributions are age-related and range from 3% to 12.5% of pensionable pay.

Contributions due to the partnership pension providers at the balance sheet date were £Nil (2009-10 £263).



ACCOUNTS DIRECTION GIVEN BY THE ASSEMBLY

The Assembly, in exercise of their powers under section 251 of the Greater London Authority Act 1999, hereby make the following Directions:

1. The statements of accounts which is the duty of the Committee (London TravelWatch) to prepare in respect of their financial year ended 31 March 2001 and in each of the subsequent years shall comprise:
 - 1.1 an explanatory introduction
 - 1.2 a statement of accounting policies adopted, drawing attention to any changes in policy which have a significant effect on the results shown by the statement of account;
 - 1.3 a statement of income and expenditure;
 - 1.4 a balance sheet;
 - 1.5 a cash flow statement
 - 1.6 a summarised statement of capital expenditure, showing the sources of finance of the total capital expenditure in the period;
 - 1.7 notes to the accounts which include the information referred to in paragraph 1.6.
2. Proper practice shall mean in accordance with schedule 4, Parts I to III, of the Companies Act 1985, in order that a true and fair view of the Committee's (London TravelWatch's) financial status at the end of the accounting year and its income and expenditure for that year shall be given.
3. Capital shall mean expenditure of £5,000 or more on the acquisition, creation or enhancement of an asset, with a useful life of more than one year, which will be used on a continuous basis in the Committee's (London TravelWatch's) activities.
4. Notes required by paragraph 1.7 above shall include the number of employees and Board Members in the year to which the accounts relate whose remuneration fell in brackets of a scale in multiples of £10,000 starting with £40,000.

