Appendix 1

Transport for London
Audit results report

Year ended 31 March 2024

30 May 2024

Building a better working world

Private and Confidential

30 May 2024

Transport for London
Palestra
197 Blackfriars Road
UK SW1H 0BD

Dear Members of the Audit and Assurance Committee

2023/24 Audit status report

We are pleased to attach our audit status report, summarising the status of our audit for the forthcoming meeting of the Audit and Assurance Committee. We will update the Audit and Assurance Committee at its meeting scheduled for 5 June 2024 on our progress to date and explain the remaining steps to the issue of our final opinion.

The audit is designed to express an opinion on the 2024 financial statements and address current statutory and regulatory requirements. This report contains our work to date related to the areas of audit emphasis, our views on TFL Group accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge, the exercise of professional judgement and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

The TfL Group and Corporation audits form part of our framework contract with Public Sector Audit Appointments Limited. We have undertaken our work in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's Code of Audit Practice, auditing standards and other professional requirements.

We are also the auditors of TfL's subsidiaries, Transport Trading Limited Group (TTL Group) and Places for London Properties Group (PfL Group). TfL's subsidiaries are subject to the accounting requirements of the Companies Act 2006. We have undertaken our work in accordance with the requirements of International Standards on Auditing in the UK (ISA's UK)

This report is intended solely for the information and use of the Audit and Assurance Committee, Board of Directors and management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit and Assurance Committee meeting on 5 June 2024.

Yours faithfully

Janet Dawson

Partner

For and on behalf of Ernst & Young LLP

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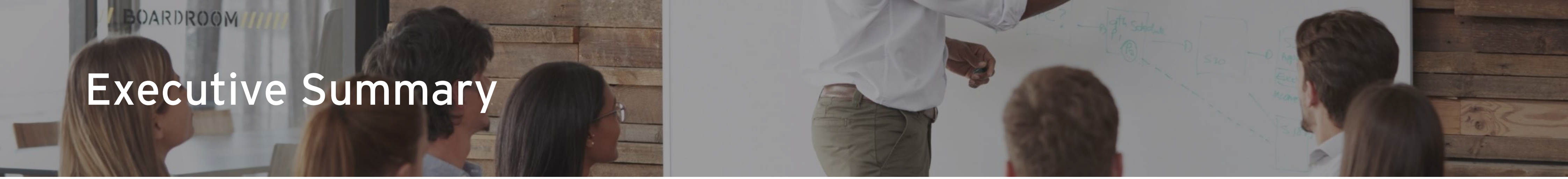
Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (https://www.psaa.co.uk/audit-quality/statement-of-responsibilities/)).The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment and further guidance (updated April 2018)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit and Assurance Committee and management of Transport for London in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit and Assurance Committee and management of Transport for London those matters we are required to state to them in this 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 Audit and Assurance Committee and management of Transport for London for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

01 Executive Summary



Executive Summary

Scope update

In our audit planning report presented to the 29 November 2023 Audit Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

► Changes in materiality

We updated our planning materiality assessment using the draft consolidated results. Based on our materiality measure of 1% of gross expenditure, we have updated our overall TfL Group materiality assessment to £132m (Audit Planning Report – £100m). This results in updated performance materiality, at 50% of overall materiality, of £66m ((Audit Planning Report –£50m) and an updated threshold for reporting misstatements of £7m (Audit Planning Report – £5m)

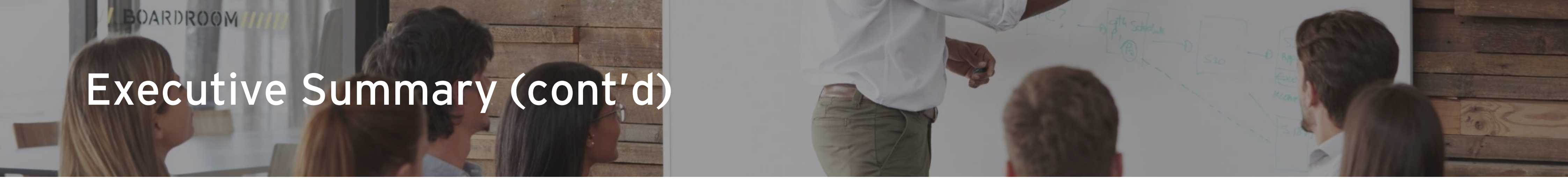
► VFM Risks

In our audit planning report, we communicated that we had not completed our VFM planning. Having completed our VFM planning work we identified one risk of significant weakness linked to Financial Sustainability. Section 04 of this report provides further detail on this risk.

► Significant risks:

In our audit planning report, we communicated our fraud risk over Inappropriate Revenue recognition with particular focus on fares revenue. Since our audit planning report, we have extended this risk to also include manual revenue adjustments posted to non-fares revenues.

A summary of our approach to the audit of the balance sheet including any changes to that approach from the prior year audit is included in Appendix A.



Executive Summary (cont'd)

Status of the audit

Our audit work in respect of the group opinion is still in progress. The following items relating to the completion of our audit procedures are outstanding at the date of this report (these are the main areas and is not a comprehensive list of all outstanding items):

Areas not started which are on track to be completed in June as planned:

► Annual Report and accounts which have not yet been received at the date of this report - completion of the technical review of the financial statements, including

taxation, disclosures review and tie out to underlying audit work for TfL and PfL;

► Assessment of going concern

► Intercompany procedures

Areas in progress to be completed by the end of June:

► Fares revenue – KPMG's ISAE3402 report on apportionment of revenue to TOCs through CPAY and PAYG and Agreed Upon procedures report for Travelcard and Through Ticketing (Non-travelcard agreements)

► Climate risk assessment and review of management's disclosures

► Tax review by our EY Tax Specialists

► Capital projects and capital accruals finalisation of testing

► Investment Property valuation work performed by our EY Real Estate Specialists and resolution of accounting challenges made

► Pensions – EY review of actuarial reports, RSM's audit report of investment fund/asset values and individual membership data testing for LPFA

► Provisions – agreement of assumptions including input from our People advisory specialists

► Substantive testing – completion of testing for remaining samples for income, expenditure, debtors, creditors

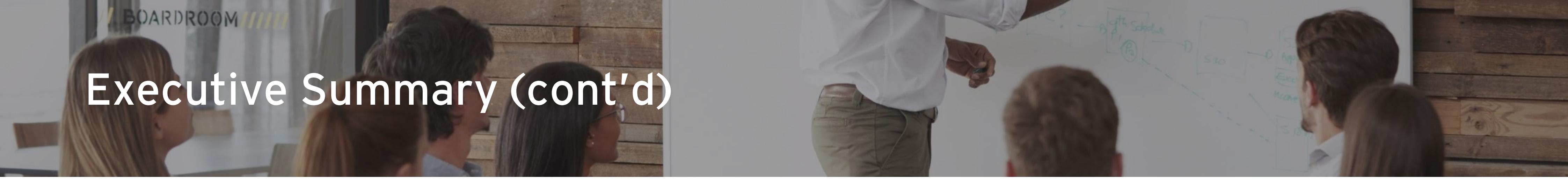
► Internal review procedures across this work from manager, partner and engagement quality review partner.

Closing procedures to be undertaken in July:

► Post balance sheet events up to the date of approval of the financial statements;

► Receipt of signed letter of representation.

Until the above procedures are completed, we cannot reach our overall conclusion.



Executive Summary (cont'd)

Audit differences

- At this stage of the engagement no audit misstatements have been quantified. Through our work to date we have identified and discussed a number of issues with management that may result in material amendments to the draft statements. Those areas are set out in Section 02 of this report and include matters related to investment property recognition. Management is undertaking further work to determine what amendments may be required. We will provide details to the Audit and Assurance Committee in our audit results report which we plan to issue in July.

Control observations

- At the date of this report, we have not identified any significant deficiencies in internal controls however our controls work is under-going review processes and until these processes are complete, we cannot formally conclude.

Whole of government accounts

- We have not yet initiated our audit for Whole of Government (WGA) requirements for 2023/24. Our audit work on WGA for 2022/23 has been completed.

Audit Certificate

- The Audit Certificate is issued to demonstrate that the full requirements of the National Audit Office's 2020 Code of Audit Practice have been discharged for the relevant audit year. We expect to issue the audit certificate once the work on Whole of Government Accounts is complete. We issued our audit certificate for 2022/23 on the 25th March 2024.

Value for Money

- Under the terms of the Code of Audit Practice (the 2020 Code) and associated Auditor Guidance Notes (AGN) we are required to report on significant weaknesses in a body's arrangements identified during the course of the audit.

Financial Sustainability - Longer term funding impacts
We have identified a risk of significant weakness as defined by AGN03 with regards to the financial sustainability of TfL, given there is no long term funding arrangement currently in place. Without a longer-term funding agreement in place, TfL is making short term decisions based on the current capital funding arrangements. Having completed our planned procedures in respect of financial sustainability we found that arrangements were in place throughout 2023/24 to address financial sustainability including a revised budget and business plan and effective capital programme management. Having completed our procedures, we did not identify a significant weakness and our opinion is not modified in respect of this matter.

Independence

Please refer to the separate independence and objectivity letter provided to the Audit and Assurance Committee dated 22 May 2024

02 Areas of Audit Focus

Areas of Audit Focus

Misstatements due to fraud or error

Significant Risk

What is the risk, and the key judgements and estimates?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

What is the status of our work?

We have performed enquiries with management and gained an understanding of the oversight and processes in place to address the risk of fraud to determine our audit strategy and risk assessment which is discussed in further detail on the following slides.

Our mandatory procedures over journal entry testing, accounting estimates and significant unusual transactions remain in progress at the date of this report.

Our response to the key areas of challenge and professional judgement

We undertook our standard procedures to address fraud risks, which include:

- Inquiry of management about risks of fraud and the controls put in place to address those risk;
- Understanding the oversight given by those charged with governance of management's processes over fraud;
- Evaluation of the effectiveness of management's controls designed to address the risk of fraud and the oversight given by those charged with governance of management's processes over fraud ;
- Determining an appropriate strategy to address those identified risks of fraud as detailed on the following pages in this report; and
- Performing mandatory procedures regardless of specifically identified fraud risks, including:
    - testing of journal entries and other adjustments in the preparation of the financial statements;
    - assessing accounting estimates for evidence of management bias; and
    - evaluating the business rationale for significant unusual transactions.

Areas of Audit Focus

Inappropriate Revenue recognition, required by ISA (UK & Ireland) 240

Key Audit Matter | Significant Risk

What is the risk, and the key judgements and estimates?

TfL needs to have robust controls in place to forecast and accurately recognise and report revenue in its financial statements. As at 31 March 2024 fares revenue amounted to £4,838.5m.

In our audit plan we assessed that the risk of fraud in revenue recognition manifests itself through fares revenue only due to the complexity and judgement involved in the process of apportioning the fares revenue recognised as well as funding incentives. However, since the date of our audit planning report we have expanded this risk to also cover manual adjustments to non-fares revenue streams where there could be an opportunity for manipulation including rental revenue, congestion charging and commercial advertising revenue.

What is the status of our work?

We have completed our controls testing over sales to cash collection and transaction testing over invoices and testing of JFT reports against underlying supporting documents and this work is subject to our internal review processes before we can formally report our conclusions.

At the date of this report, we are also awaiting KPMG's testing of controls over contactless ticketing and Oyster pay as you go, set out in their ISAE3402 report and agreed procedures report. Subject to its conclusions, we plan to place reliance on the report. Once the remaining information is received, we will be able to conclude on whether the basis used to recognise fares revenue and related disclosures in the financial statements are reasonable.

Our response to the key areas of challenge and professional judgement

For Fares Revenue, to date we have:

- Gained an understanding of the revenue process for fares revenue;
- Performed controls testing over the effectiveness of the cash collection process and sales made at various sales outlets;
- Substantively tested revenue relating to Oyster Pay as You Go, Contactless Pay, Travel card and Tickets by selecting a sample of sales included in the sales database and agreeing the information to sales returns received. For each return we have then re-performed the calculation of the amount to be recognised as revenue based on the product type and agreed it to the revenue recorded for that period. This calculation also includes the apportionment of revenue between TfL and the Train Operating Companies, which was tested for this sample;
- Agreed the values reported as revenue in advance to the revenue system reports identifying the proportion of revenue relating to future periods for annual or periodic tickets and travel cards purchased in the 2023/24 year. We tested the parameters used in the report to confirm the appropriate calculation of this amount as payments received in advance;
- Compared the assessment of fares apportioned to the Train Operating Companies for reasonableness against latest agreements, settlements in year and correspondence with the Train Operating Companies;
- Reviewed the minutes of meetings held between TfL and TOCs during FY23/24 to understand whether there were any issues regarding information communicated by TOCs and settlements between the parties; and
- Assessed any changes to underlying assumptions used for the recognition of revenue such as TOC apportionment and Oyster Card releases.

For Non-Fares Revenue, we have:

- Reviewed manual journal entries for unusual postings related to adjustments to revenue.

Areas of Audit Focus

Inappropriate capitalisation of capital projects including capital accruals

Key Audit Matter

Significant Risk

What is the risk, and the key judgements and estimates?

Under the current funding agreement with the Department for Transport, TfL has a capital funding envelope and an agreed level of expected capital expenditure. TfL is expected to deliver 10 Major projects in 2023/24 as follows within the budget of £3.5bn:

- Piccadilly Line Upgrade Phase 1 – Trains
- Four Lines Modernisation
- Rail System Enhancements for Northern and Jubilee lines
- Northern Line Extension
- Silvertown Tunnel
- Barking Riverside Extension
- DLR Rolling Stock Replacement Programme
- Elephant & Castle Station Stage 1
- Bank Congestion Relief (and necessary associated works)
- The Elizabeth Line

There is a risk that capital expenditure is misstated in order to maximise capital funding receipts.

What is the status of our work?

We selected 45 capital projects in our sample for detailed testing including 2 Crossrail projects. Of these 45 projects, 19 have been subject to full scope procedures as we have determined that they are quantitively material and 7 have been subject to specific scope procedures as we have assessed them to be qualitatively material. The remaining 19 projects have been selected randomly to incorporate unpredictability into our testing and have been subject to limited scope procedures.

Good progress has been made through this work and we are finalising areas of documentation and awaiting requests for final evidence. This work will be subject to internal review procedures before we can formally report on our conclusions.

Our response to the key areas of challenge and professional judgement

For TfL, TTL groups and subsidiaries, to date we have:

► Gained an understanding of key controls and governance surrounding capital project accounting and management;

► Tested controls focused on the effectiveness of the approval process for expenditure and for capitalisation;

► We selected a sample of major projects and tested expenditure capitalised during the financial period to supporting project documentation, including third party reports and valuations and assessed whether the expenditure met the criteria for capitalisation;

► We visited a sample of project sites, and met with project managers to further understand the scope and the progress on projects for a sample of projects, to enable us to consider whether the accounting amounts recorded were consistent with the understanding gained of any delivery challenges encountered, or disputes with contractors and to consider whether this indicated any expenditure did not meet the criteria for capitalisation;

► Compared the latest positions of the projects recorded in respect of "pain or gain" arrangements to contract terms and conditions and to the latest project outturn forecasts to assess the related value recorded in accruals;

► Performed detailed testing on a sample of capital accruals to source documentation to test completeness of costs recognised at 31 March 2024;

► Evaluated whether, at any stage, assets need to be impaired or written off to reflect any aborted or higher risk projects and assessed whether management has reasonably estimated the cost to complete the capital projects; and

► Reviewed claims and contracts for existence of additional obligations or expenditure that is inappropriate to capitalise.

Areas of Audit Focus

Going Concern

Key Audit Matter | Significant Risk

What is the risk, and the key judgements and estimates?

The going concern period to be considered is of at least 12 months from the approval of the financial statements however the current funding agreement in place only covers the period up to the 31 March 2026. There is a risk that, for the going concern period where funding is not in place, TfL will have to make difficult decisions over the current level of services or capital spending if it is unable to achieve financial sustainability.

What is the status of our work?

At the date of this report our going concern work including our challenge of management's assumptions and stress testing is in progress as management's assessment was only received on the 16 May 2024. The procedures listed on the right are therefore to be completed. At the date of this report, we are also awaiting management's cash flow forecast covering the going concern period. We will provide our conclusions on the going concern work to the Audit and Assurance Committee in our audit results report planned for July.

Our response to the key areas of challenge and professional judgement

For TfL, TTL group and subsidiaries, we will:

- Understand management's assessment of funding requirements and commitments for the going concern period;
- Consider the historical accuracy of management's budgets and forecasting by comparing the last two years variances in actual outturn, to assess the risk of the budgets used in the funding discussions omitting material commitments;
- Validate performance to date on efficiency savings programmes, to determine the potential risk of non-delivery of the savings assumed within the budget, as well as the additional amounts required by the funding settlement;
- Validate performance against conditions in the agreement with the DfT dated 30 August 2022 to assess the risk of noncompliance with conditions which could result in TfL having to return funding that has previously been provided;
- Challenge each material element of downside risk identified by management, including those related to inflation and cost savings and test to supporting evidence to assess the underlying assumptions and the appropriateness of TfL calculations;
- Stress test the downside risk, using worst case parameters, consider completeness of downside risks and calculate a "worst case" downside risk- this will include using increased inflation rates, reduced cost savings, changes to passenger fares and other reductions to revenue;
- Confirm the position regarding any assumed support from GLA in the going concern period, such as the availability and planned application of the Transport Reserve and funding facility to TfL;
- Consider the mitigations available to TfL, challenge the assumptions over access to further borrowing and other potential mitigations to support the going concern position; and
- Ensure appropriate disclosure of the risks and uncertainties in the financial statements.

Areas of Audit Focus

Complexity of accounting for TfL and TTL property portfolios

Key Audit Matter | Significant Risk

What is the risk, and the key judgements and estimates?

TfL has an extensive property portfolio, with a net book value of investment property amounting to £1.7bn as at 31 March 2024.

To determine fair value, management utilises the net income method and discounting of future cash flows to their present value through engaging an external valuer. The valuations are determined by several assumptions including the anticipated future rental income, maintenance costs and the appropriate discount rate; making reference to market evidence of transaction prices for similar properties. These assumptions can be subjective and a small change in these assumptions can have a material impact on the overall valuation of investment property recognised in the financial statements.

What is the status of our work?

We are in the process of completing our procedures, including the work performed by our specialists, and have not yet concluded our work in this area.

We have raised a number of challenges in our work over investment property which are not yet concluded at the date of this report. The most significant of such relates to several properties held under long term lease arrangements that should be accounted for as finance lease receivables rather than investment property. At the date of this report we are awaiting management's assessment whereby this will be quantified, including considerations of the prior year impact as well as the impact on rental income and tax. This work will be subject to internal review procedures before we can formally report on our conclusions. We will provide our conclusions on this work, along with any audit adjustments, in our audit results report.

Our response to the key areas of challenge and professional judgement

For TfL, TTL groups and subsidiaries, to date we have:

- Obtained an understanding of management's process and controls around the valuation of properties;
- Reviewed the valuations report prepared by TfL's external valuers, agreeing the entries in the report back to the financial statements to confirm the accuracy of the entries;
- Assessed the classification of TfL and TTL properties and any material increases or impairments that arise during 2023/24;
- Met with TfL's external valuers and discussed the methodology applied and key judgements used in the valuation. Such judgements included the estimated rental value, yield profile and other assumptions that impact the value; and
- Selected a sample of investment properties based on a number of factors including size, risk and risk. For this sample of properties, we tested source documentation provided by the management to the external valuer. This included agreeing a sample back to underlying lease data.

Areas where work remains in progress:

- We have engaged our internal valuation experts to assist in our testing of valuations. Our valuation experts are currently reviewing and challenging the valuation approach and assumptions for a sample of properties. This work includes comparing the yields applied to each property to an expected range of yields taking into account available market data and asset specific considerations. They also assess whether the other assumptions applied by the external valuers, such as the estimated rental values, voids and tenant incentives are supported by available data; and
- Audit work in relation to treatment of long leases including review and challenge of management assessment, agreement of proposed accounting entries and revised disclosures and an assessment of impact in the prior period.

Areas of Audit Focus (cont'd)

Other areas of audit focus and response to significant risks

Significant accounting estimates – including complexity of provisions

What is the risk ?	What did we do?	Status of work
Significant accounting estimates – including complexity of provisions TfL, TTL and subsidiaries recognise a number of provisions related to different liabilities including commercial disputes, compensation and contractual arrangements and property claims. These provisions are subject to significant estimation and include uncertainty around negotiations.	We have critically assessed management's assessment of judgements and estimates. Specifically, we: ‣ Reviewed the methods and/or models used to make the accounting estimates; ‣ Reviewed the assumptions used to make the accounting estimates; ‣ Reviewed risk of management override of control in relation to estimation process; ‣ Evaluated the accuracy and completeness of the estimation amount made by third parties relating to insurances claims, and ‣ Perform unrecorded liabilities testing to identify any omitted provisions.	At the date of this work report our audit work on provisions is largely subject to review procedures before we can report our conclusions. For one specific area of our provisions work we have engaged our EY People Advisory Specialists to support in assessing the appropriateness of assumptions included in the financial statements and this work remains in progress at the date of this report. We will report the outcome of our work to the Audit and Assurance Committee in our audit results report.

Areas of Audit Focus (cont'd)

Other areas of audit focus and response to significant risks

IFRS 16 Leases - Lease accounting, including the complexity of the estimating the Incremental borrowing rate (IBR)

What is the risk ?	What did we do?	Status of work
IFRS 16 Leases - Lease accounting, including the complexity of the estimating the Incremental borrowing rate (IBR) IFRS 16 was adopted for the first time in the 31 March 2020 financial statements. It requires entities to recognise a right of use asset and corresponding lease liability in its Statement of Financial Position. There are a number of judgements applied including the Incremental Borrowing Rate (IBR) applied. Historically we have reported an unadjusted audit difference in this area hence it remains an area of risk in FY24.	We have: ▸ Determined the interest rate to be used in the calculation of lease liabilities including engaging our EY specialists to evaluate the accuracy of the rate used. Management has continued utilising the same rate from the date of IFRS16 adoption for all deliveries of rolling stock in the 2023/24 financial year end accounts; ▸ Assessed the length of leases, in particular with respect to station and track access; ▸ Assessed the value of 'peppercorn' leases – the CIPFA Code requires the recognition of values related to peppercorn leases (this is not required under adopted IFRS); and ▸ Re-assessed the differences identified in the prior year.	In respect of the first point shown left, the interest rate used in the calculation of lease liabilities, management has utilised the same rate from the date of IFRS16 adoption for all deliveries of rolling stock in the year. Our work to assess and consider this point is in progress and we will report our conclusions to the Audit and Assurance Committee in our audit results report.

Areas of Audit Focus (cont'd)

Other areas of audit focus and response to significant risks

Climate Risk

What is the risk ?	What did we do?	Status of Work
Climate Risk In the context of the changing stakeholder expectations, and the increased regulatory focus, we have embedded a response to the risks presented by climate change into our audit procedures. FY24 is the first year in which it is mandatory for TTL to meet the Task Force on Climate-related Financial Disclosures ("TCFD") disclosure requirements spelled out by the FRC. We note various physical and transition climate change risks set out in the Task Force on Climate-related Financial Disclosures ("TCFD") disclosures along with the impact on the financial statements. These include the impact of extreme weather events, as well as shifts in policy, technology, markets and public expectations. We will focus on the completeness of these risks and whether our review of this "other information" identifies inconsistencies with the financial statements and any information we have obtained during the course of our audit.	Our audit work includes input from our Climate Change and Sustainability Specialists (CCaSS). The specific procedures undertaken include: ‣ Updating our assessment as to how the characteristics and undertakings of the Group may give rise to climate risks; ‣ Understanding and assessing the Group's external climate-related commitments; ‣ Understanding and evaluating the process and output relating to management's assessment of the impact of climate change risk; ‣ Assessing changes to transitional and physical risks which may have an impact on the narrative reporting and audited financial information; ‣ Evaluating the impact of climate change on the narrative reporting in the front half, including review of the mandatory Task Force on Climate-related Financial Disclosures ("TCFD") disclosures in light of the new requirements; ‣ Assessing the impact of climate change on audited financial information and determining the reasonableness of disclosures; and ‣ Including key observations in our audit opinion.	At the date of this report we have had initial conversations with management and have received some elements of the draft climate disclosures which are in progress with our review including engagement with our CCaSS team. We are awaiting supporting working papers and assessment to support the financial statement impact and disclosures. We will provide our conclusions to the Audit and Assurance Committee in our audit results report.

Areas of Audit Focus (cont'd)

Other areas of audit focus and response to significant risks

Complexity of accounting and disclosures for TfL's borrowing and treasury management

What is the risk ?	What did we do?	Status of work
Complexity of accounting and disclosures for TfL's borrowing and treasury Management TfL holds a number of derivative balances including FX forwards and interest rate swaps. Whilst the recalculation of derivative fair values is relatively complex the type of derivatives held by TfL (FX and Interest rate swaps) are not considered highly complex investment vehicles. In addition to this, TfL holds material levels of borrowing and determining the fair value of this borrowing contains some assumptions would can be open to judgement.	TfL is required to disclose the fair value amount of these derivatives. The fair value amount of this derivative is not included in the bank confirmation. The closing balance of the derivative positions held as at 31 March 2024 year end is £14.3m. In order to evaluate the accuracy of the fair value amount computed using Quantum system, we randomly select a of sample of 6 derivatives (2 FX Swaps , 2 FX forwards and 2 cashflow hedge relationships) and requested the our EY Financial Accounting Advisory Services (FAAS) team to assist us in recomputing an independent fair value amount. The closing balance of borrowings held as at 31 March 2024 is £12.95bn. The engagement team, using independent valuation agency risk spreads obtained by our EY FAAS team, has assessed the reasonableness of managements fair value assessment of Bonds and Borrowings. Additionally in terms of new agreements entered in the current period , the engagement team has obtained and inspected the agreements agreeing them to management's Quantum reports ensuring the accuracy of the recorded information inputted into the system as well as assessing the existence and rights and obligations of each agreement. The engagement team has also obtained 3rd party confirmations confirming the nominal amounts of borrowings provided.	From a derivatives perspective, we are currently awaiting receipt of one outstanding confirmation along with final review procedures before we can communicate the results of our work. For cash and borrowing there were two instances where we were unable to obtain direct confirmation of balances and so we performed alternative procedures to obtain assurance over these balances. This involved obtaining the bank statements and observing the download of the statement from the online portal as at the 31 March 2024 by the finance team. For several short-term investments, specifically treasury bills held with UK Debt Management Office, commercial paper, and long-term borrowings the engagement team were unable to successfully obtain 3rd party confirmations directly from the banks holding these investments. This communication is required as the unconfirmed balance is noted to be material. As a result, we undertook alternative procedures to gain comfort over the balances of these investments. This was done by obtaining the treasury teams email communications from the banks confirming that the deals were made and the outstanding balances as well as through the Bloomberg confirmations portal provided by the finance team. The engagement team has observed the extraction of the Bloomberg confirmations per a Microsoft Teams call. Where emails from the banks have been shared the engagement team has verified the email addresses of the senders and corresponded with the banks to ensure the authenticity of the information shared. At the date of this report 32 confirmations are outstanding from counterparties which will need to be received, or alternative procedures performed, before we can conclude on the work.

Areas of Audit Focus (cont’d)

Other areas of audit focus and response to significant risks

Judgemental assumptions impacting TfL’s pension position

What is the risk ?	What did we do?	Status of work
The Local Authority Accounting Code of Practice and IAS19 require TfL to make extensive disclosures within its financial statements regarding its membership to the various schemes. TfL’s pension fund position is a material estimated balance and the Code requires that this be disclosed on the TfL’s balance sheet. At 31 March 2024, the TfL Pension Fund Section position reported a net surplus £2,313m (2023: net surplus of £1,630m) and the Crossrail Section of Railway Pension Scheme reported a surplus position of £3.39m *(2023:* net surplus of £1.4m). The LPFA IAS19 disclosure is yet to be received from TfL. The Group’s balance sheet reflects the position from the Public Sector Section of the TfL Pension Fund Scheme, Local Government Pension Fund Scheme, the Crossrail section of the Railways Pension Scheme and the unfunded scheme provisions. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.	We have : ‣ Liaised with the auditors of TfL Pension Fund to obtain assurances over the information supplied to the actuary in relation to Transport for London. We will meet with the auditor to discuss audit risks and findings and also obtain a copy of the audit findings reports to assess the impact to the schemes of TfL; ‣ For the LGPS and Crossrail schemes we have performed substantive analytical procedures on the fair value of plan assets movement from the latest audited financial statement of the pension funds to 31 March 2024 using indices to form an expectation over the year-end asset position; ‣ Assessed the work of the Pension Fund’s actuary (Barnett Waddingham and XPS Group) including the assumptions they have used by engaging our EY Pension Consulting team to review and assess the assumptions used; ‣ Reviewed and tested the accounting entries and disclosures made within the TfL’s financial statements in relation to IAS19; and ‣ Engaged our EY Pensions Consulting team to carry out roll forward calculations related to the accounting numbers for the fund, to reconcile the year-end fair value of the scheme's assets and actuarial valuation of deficit benefit obligation figures with those from the previous year disclosures. We have also engaged our EY Pensions Consulting team to perform a review of assumptions for all schemes.	Our work in relation to the present value of defined benefit obligations is still under review by our EY Pensions Advisory Group (EY PAG) having received the information from the actuary. At the date of preparing this report, we are waiting for the IAS19 disclosures for LPFA – Local Government Pension Scheme. Our work in relation to the fair value of plan assets is in progress. We are in regular communications with the auditors of the TfL Pension Fund (RSM) who have communicated that they will provide the audit findings report of the net assets pension fund on and around the 12th July, after which we will be able to undertake our audit of the fair value of the plan assets. We are in progress with our substantive analytical procedures for LPFA – LGPS and expect to receive the audited accounts for the Crossrail Section of the Railway Pension Scheme on or around the 4th July. This will enable us to complete our substantive analytical review procedures in relation to this scheme. We are also still waiting for all IAS19 adjustments and IAS19 disclosures from the draft accounts to complete our work on the disclosures. We will provide our conclusions to the Audit and Assurance Committee in our audit results report.

Areas of Audit Focus (cont'd)

Other areas of audit focus and response to significant risks

Minimum Revenue Provision (MRP)

What is the risk ?	What did we do?	Status of work
Minimum Revenue Provision (MRP) Under the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [as amended], TfL has a duty to make a revenue provision in respect of the financing of capital expenditure incurred by the local authority in that year or in any financial year prior to that year. As part of the FY23 audit we carried out a detailed review and challenge of the MRP position and as a result we raised several recommendations. There is a risk that these have not been appropriately considered and addressed during FY24 which could impact on the organisations arrangements to secure financial sustainability from a value for money perspective.	We have : ‣ Obtained and reviewed management's updated MRP policy and assessed whether this addresses the recommendations raised in the previous year; ‣ Obtained and reviewed management's reconciliation of the Capital Financing Requirement to the balance sheet; and ‣ Considered the impact of management's MRP policy on arrangements to secure financial sustainability as part of our work on value for money work.	Our audit procedures in respect of MRP remain in progress at the date of this report. We will provide our conclusions to the Audit and Assurance Committee in our audit results report.

Areas of Audit Focus (cont'd)

Other areas of audit focus and response to significant risks

Red route bay enforcement income on the Group's road network

What is the risk ?	What did we do?	Status of work
Red route bay enforcement income on the Group's road network In the 2022/23 financial statements TfL disclosed a contingent liability in respect of Red route bay enforcement income on the Group's road network. This was because, at the time of signing of the 2022/23 financial statements, TfL were in the process of seeking a judicial review at the High Court and on the 17 July 2023 the Chief Adjudicator of the London Tribunals refused TfL's application to review a decision by a panel of Parking Adjudicators (the Determination) that red route bay contraventions cannot be enforced remotely using CCTV as currently done on the TfL Road Network. As an audit team we will need to monitor and understand this position as it evolves over the FY24 year and assess the implication, if any, on the financial statements.	We have : ‣ Obtained an understanding and evidence of the outcome of the judicial review and obtained management's assessment of how they will respond to the outcome including any implication on the financial statements; ‣ Considered the implications on our responsibilities towards objectors and also arrangements for value for money.	The judicial review found in favour of TfL and concluded that the method of raising PCNs, and the fact of the parking bays being within a red route, was sufficient to raise PCNs within the law. The outcome was formally provided in November 2023. We have obtained and reviewed legal advice taken by management and also engaged our own specialists from EY Law in review of this information. At the date of this report we are working to close our responsibilities in relation to the objection received but do not expect this to have a material impact on the financial statements following the judicial review outcome.

03 Audit Differences

Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as ‘known’ or ‘judgemental’. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of audit differences

- At this stage of the engagement no audit misstatements have been quantified.
- We have raised a number of challenges in our work over investment property which are not yet concluded at the date of this report and could lead to audit differences. The most significant of such relates to a number of properties held under long term lease arrangements that should be accounted for as finance lease receivables rather than investment property. At the date of this report we are awaiting management’s assessment whereby this will be quantified, including considerations of the prior year impact as well as the impact on rental income and tax. We will provide our conclusions on this work, along with any audit adjustments, in our audit results report.

04 Value for Money

Value for money

The Authority's responsibilities for value for money (VFM)

The Authority is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Authority is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the CIPFA code of practice on local authority accounting. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Risk assessment

We are required to consider whether the Authority has put in place ‘proper arrangements’ to secure economy, efficiency and effectiveness on its use of resources.

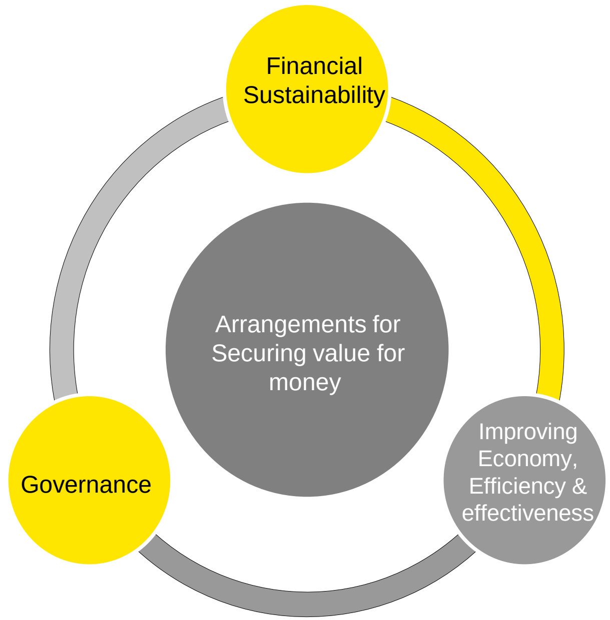
For 2023/24, proper arrangements are defined by 2020 statutory guidance issued by the National Audit Office on 1 April 2020, as:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

Having completed our VFM planning work we identified one risk of significant weakness:

- Financial sustainability: Longer term funding impact

We have completed our planned VFM procedures and have no matters to report by exception in the auditor’s report. We include, on the next page, our findings from our work on the risk of significant weakness we identified. We plan to issue the VFM commentary by the end of September as part of issuing the Auditor’s Annual Report.



Value for money

Responding to a risk of significant weakness in VFM arrangements

What is the risk of significant weakness ?	What did we do?	What are our conclusions?
Limitation of the Authority's ability to fully manage, commit and prioritise critical asset renewal schemes and capital enhancement programmes as a result of changes in funding for the capital programme which may lead to significant impact on the effectiveness of service delivery by the Authority to the public. *Reporting Criteria* ***Financial Sustainability: How the body plans to bridge its funding gaps and identifies achievable savings.*** The effectiveness of service delivery and ensuring the rail network remains safe and operable are dependent largely on the continuous investment in enhancement programs and reinvestment on asset renewals. The achievement of this is set out in the Business Plan published by TfL in 2023. The Business Plan detailed a capital renewals investment plan of £850m and the Authority plans to spend an average of £1.35bn per year on the enhancement programme and new capital investment. TfL budgeted for £500m of support from central government in the coming year with business planning assumptions that TfL is not expecting to pay for major signalling or rolling stock. The Government considered TfL's request for capital funding in the context of the current financial and funding environment and agreed to provide £250m to TfL which is £250m short of the planned assumption. As a result of this, TfL has had to consider contingency plans, detailing which elements of capital expenditure (i.e. assets renewals and enhancement programmes) can be re-prioritised or delayed. There is a risk that this could have a significant impact of the achievement of the strategic outcomes and long-term commitments which includes the Mayor's Transport Strategy, asset management objectives as well other corporate plans. This could also result in a significant impact on the effectiveness of service delivery where a key priority is to ensure the rail network remains safe and operable.	To address this risk, we performed the following procedures: • Considered and assessed the mitigations identified by the management as a result of the shortage in capital funding. • Reviewed the revised plan to assess the actions taken by management to address the shortages in capital funding. • Reviewed the latest budget, business plan and other related documents that would demonstrate that management have considered this matter in their forecasts.	Our work and assessment confirmed that management has reflected and considered the shortage of £250m in their Business Plan and Budget for 2024/25. We have noted that management has taken action to reprioritize some of the capital enhancement and renewals spend as a mitigation to cover the shortage in the capital funding. Further, TfL were able to reach an arrangement with a key supplier to provide an opportunity for management to significantly rephase the cash profile. As management were able to mitigate the impact of a shortage in capital funding settlement through the matters discussed, we concluded that the risk identified does not result in a significant weakness in arrangement in relation to reporting criteria of *Financial Sustainability: How the body plans to bridge its funding gaps and identify achievable savings.*

05 Appendices

Appendix A – Audit approach update

Audit approach update

We summarise below our approach to the audit of the balance sheet and any changes to this approach from the prior year audit.

Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:

- Existence: An asset, liability and equity interest exists at a given date
- Rights and Obligations: An asset, liability and equity interest pertains to the entity at a given date
- Completeness: There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- Valuation: An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded
- Presentation and Disclosure: Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

Our audit approach is designed to place reliance on controls in the following areas:

- Fixed assets (Manual and IT)
- Revenue (Manual)
- Purchase and payable (IT)
- Payroll (Manual and IT)

- For all other areas we take a substantive audit approach. This approach is consistent with our audit approach in the prior year.

Appendix B – Summary of communications

Summary of communications

Date	Nature	Summary
13 November 2023	Report	The audit planning report, including confirmation of independence, was issued to the audit and assurance committee.
29 November 2023	Meeting	The partner in charge of the engagement, along with other senior members of the audit team, met with the audit and assurance committee to discuss the audit plan.
9 January 2024	Meeting	The partner in charge of the engagement, accompanied by other senior members of the audit team, met with senior members of the management team to discuss forward planning
Oct 2023-July 2024	**Meetings**	The partner in charge of the engagement, accompanied by other senior members of the audit team, met with senior members of the management team to discuss key business plans, budgets, risks and perform mandatory audit enquiries.
22 May 2024	Letter	Letter issued to the audit and assurance committee confirming and detailing our Audit Fees for the year ended 31 March 2024.
22 May 2024	Letter	The letter issued to the audit and assurance committee confirming and detailing our independence.
29 May 2024	Meeting	Audit status report was issued to the audit and assurance committee

In addition to the above specific meetings and letters the audit team met with the management team multiple times throughout the audit to discuss audit findings.

Appendix C - Required communications with the Audit and Assurance Committee

Required communications with the Audit Committee

There are certain communications that we must provide to the Audit Committees of UK entities. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies
Planning and audit approach	Communication of: ▸ The planned scope and timing of the audit ▸ Any limitations on the planned work to be undertaken ▸ The planned use of internal audit ▸ The significant risks identified When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit Planning Report in November 2023
Significant findings from the audit	▸ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▸ Significant difficulties, if any, encountered during the audit ▸ Significant matters, if any, arising from the audit that were discussed with management ▸ Written representations that we are seeking ▸ Expected modifications to the audit report ▸ Other matters if any, significant to the oversight of the financial reporting process	Audit results report in July 2024.

Appendix C - Required communications with the Audit and Assurance Committee(cont'd)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Public Interest Entities	For the audits of financial statements of public interest entities our written communications to the audit committee include: ▸ A declaration of independence ▸ The identity of each key audit partner ▸ The use of non-EY firms or external specialists and confirmation of their independence ▸ The nature, frequency and extent of communications ▸ A description of the scope and timing of the audit ▸ Which categories of the balance sheet have been tested substantively or controls based and explanations for significant changes to the prior year, including first year audits ▸ Materiality ▸ Any going concern issues identified ▸ Any significant deficiencies in internal control identified and whether they have been resolved by management ▸ Subject to compliance with regulations, any actual or suspected non-compliance with laws and regulations identified relevant to the audit committee ▸ Subject to compliance with regulations, any suspicions that irregularities, including fraud with regard to the financial statements, may occur or have occurred, and the implications thereof ▸ The valuation methods used and any changes to these including first year audits ▸ The scope of consolidation and exclusion criteria if any and whether in accordance with the reporting framework ▸ The identification of any non-EY component teams used in the group audit ▸ The completeness of documentation and explanations received ▸ Any significant difficulties encountered in the course of the audit ▸ Any significant matters discussed with management ▸ Any other matters considered significant	Audit results report in July 2024.

Appendix C - Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: ▶ Whether the events or conditions constitute a material uncertainty related to going concern ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The appropriateness of related disclosures in the financial statements	Audit results report in July 2024.
Misstatements	▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management	Audit results report in July 2024.

Appendix C - Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Fraud	▸ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▸ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▸ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▸ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▸ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▸ Any other matters related to fraud, relevant to Audit Committee responsibility.	Audit results report in July 2024. Audit planning report in November 2023
Related parties	Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▸ Non-disclosure by management ▸ Inappropriate authorisation and approval of transactions ▸ Disagreement over disclosures ▸ Non-compliance with laws and regulations ▸ Difficulty in identifying the party that ultimately controls the entity	Audit results report in July 2024.

Appendix C - Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Independence	Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence. Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: ▸ The principal threats ▸ Safeguards adopted and their effectiveness ▸ An overall assessment of threats and safeguards ▸ Information about the general policies and process within the firm to maintain objectivity and independence Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place. ▸ Communication of relevant information to those charged with governance, to enable them to provide concurrence on the non-audit services being provided. For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2019: ▸ Relationships between EY, the company and senior management, its affiliates and its connected parties ▸ Services provided by EY that may reasonably bear on the auditors' integrity, objectivity and independence ▸ Related safeguards ▸ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees ▸ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit	Letter shared with the Audit and Assurance Committee date 22 May 2024.

Appendix C - Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
	▸ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy ▸ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▸ The audit committee should also be provided an opportunity to discuss matters affecting auditor independence	
External confirmations	▸ Management's refusal for us to request confirmations ▸ Inability to obtain relevant and reliable audit evidence from other procedures.	Audit results report in July 2024.
Consideration of laws and regulations	▸ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▸ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of	Audit results report in July 2024.
Significant deficiencies in internal controls identified during the audit	▸ Significant deficiencies in internal controls identified during the audit.	Audit results report in July 2024.

Appendix C - Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Group Audits	▸ An overview of the type of work to be performed on the financial information of the components ▸ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▸ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▸ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▸ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements.	Audit planning report in November 2023 and Independence letter in May 2024.
Written representations we are requesting from management and/or those charged with governance	▸ Written representations we are requesting from management and/or those charged with governance	Audit results in July 2024
System of quality management	▸ How the system of quality management (SQM) supports the consistent performance of a quality audit	Audit results in July 2024
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	▸ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results in July 2024
Auditors report	▸ Key audit matters that we will include in our auditor's report ▸ Any circumstances identified that affect the form and content of our auditor's report	Audit results in July 2024

Appendix C - Required communications with the Audit Committee (cont'd)

		Our Reporting to you
Required communications	**What is reported?**	**When and where**
Fee Reporting	► Breakdown of fee information when the audit plan is agreed ► Breakdown of fee information at the completion of the audit ► Any non-audit work	Audit fee letter in May 2024.
Value for Money	► Risks of significant weakness identified in planning work ► Commentary against specified reporting criteria on the VFM arrangements, including any exception report on significant weaknesses.	Audit status report – May 2024 Auditors Annual Report – September 2024

Appendix D - Outstanding matters

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:

Item	Actions to resolve	Responsibility
Annual Report and accounts	Completion of the technical review of the financial statements including disclosures review and tie out to underlying audit work.	EY and management
Going concern review and disclosures	Review of management's disclosure and downside scenario analysis. EY central review process and finalisation of disclosures and opinion wording.	EY and management
Investment Property Valuation	Completion of sample testing by our EY Real Estate Specialists and completion of sample testing by our audit team including resolution of accounting challenges raised	EY and management
Pensions	Review of IAS 19 actuarial reports, review of RSM's audit report in respect of TfL pension fund, assessment of accounting for surpluses and individual membership data testing for LPFA.	EY and management
Fares Revenue	Review of KPMG's ISAE3402 report and agreed upon procedures report	EY and management
Congestion Charging revenue	Review of controls reports issued by Capita and IPE procedures	EY
Rental income	Testing of sample selected	EY and management
Taxi Private Hire revenue	Completion of reconciliation procedures	EY and management
Climate Risk assessment	Review of climate disclosures by our EY Climate Change specialist once disclosures have been prepared.	EY and management
Tax	Testing in progress including review by EY Tax specialists	EY
Leases	Review of IBR and assessment of audit differences	EY
Cash	Resolution of cash confirmation from HSBC which did not include certain bank accounts.	EY and management
Debtors	Completion of substantive sample testing and receipt of outstanding evidence and response to queries.	EY and management
Creditors	Completion of substantive sample testing and receipt of outstanding evidence and response to queries.	EY and management

Appendix D – Outstanding matters

Outstanding matters

Item	Actions to resolve	Responsibility
Investments	A number of confirmations outstanding from counterparties	Management
Intercompany	Testing to be performed on intercompany adjustments	EY and management
Capital projects & accruals	Final documentation procedures for our capital projects sample. Outstanding evidence to be received for accruals.	EY and management
PPE	Responses to challenges raised on impairment and evidence to support additions.	Management
Provisions	Completion of testing including EY specialist involvement.	EY
Income and Expenditure	Completion of substantive sample testing and receipt of outstanding evidence and response to queries.	EY and management
Payroll	Queries to resolve on reconciliation of headcount figures.	EY and management
Journals testing	Completion of substantive testing for sample selected.	EY
Review procedures	Internal review procedures must take place across all areas before we can finalise our conclusions.	EY

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion, but we should point out that key disclosures on going concern, climate-related matters and pensions remain to be finalised and audited. We will share a draft of our proposed opinion with the Audit and Assurance Committee in July.

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