**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRANSPORT FOR LONDON**

## Opinion

We have audited the financial statements of Transport for London ('the Corporation') and its subsidiaries ('the Group') for the year ended 31 March 2024. The financial statements comprise the:

- Group Comprehensive Income and Expenditure Statement,
- Group Balance Sheet,
- Group Movement in Reserves Statement,
- Group Statement of Cash Flows,
- Corporation Comprehensive Income and Expenditure Statement,
- Corporation Balance Sheet,
- Corporation Movement in Reserves Statement,
- Corporation Statement of Cash Flows,
- Accounting Policies, and
- the related notes 1 to 44.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion the financial statements:

- give a true and fair view of the financial position of Transport for London and the Group as at 31 March 2024 and of its expenditure and income for the year then ended;

- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and

- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities and the Code of Audit Practice 2020, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and Corporation's ability to continue to adopt the going concern basis of accounting included:

► We understood management's assessment of funding requirements and commitments for the going concern period to 31 March 2026.

► We considered the historical accuracy of management's budgets and forecasting by comparing the last two years variances in actual outturn as well as the post-year end period.

► We validated performance to date on efficiency savings programmes, to determine the potential risk of non-delivery of the savings assumed within the budget

► We validated the performance against conditions set out in the DfT funding agreement dated 30 August 2022 to assess the likelihood of a clawback of funding or a dispute being raised by the Department for Transport.

►We corroborated management's base case model for 2024/25 and 2025/26 through to the approved budget and challenged the key assumptions with the model including fare increases, passenger increases and RPI increase.

► We challenged each material element of downside risk Identified by management, including those related to inflation and passenger income and tested to supporting evidence to assess the underlying assumptions and the appropriateness of TfL calculations.

► We stress tested the downside risk, using plausible downside parameters and calculated a "worst case" downside risk– this included no increase to passenger demand, further non-delivery of savings and reduced funding.

► We considered the mitigations available to TfL, challenged the assumptions over access to further borrowing and other potential mitigations to determine the reasonableness of those options. We assessed the headroom available against TfL's Authorised Prudential Borrowing Limit over the going concern period and considered the accessibility of borrowing from the Public Works Loans Board.

► We assessed the adequacy of the going concern disclosures relating to the ability to deliver current planned operational services within available sources of funding in the financial statements.

Management has concluded that the Group has access to sufficient mitigations including accelerating planned borrowing within their Authorised Prudential Borrowing Limit and descoping and deferring planned capital investment in its 2024 Business Plan to mitigate the risks of insufficient funding being received as outlined in their going concern assessment. The Authority's management has determined, having set a balanced budget for 2024/25 and 2025/26, that they have sufficient income to continue to provide services within the going concern period without having to make unplanned service reductions.

**Going concern has also been determined to be a key audit matter**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Corporation's ability to continue as a going concern for a period to 31 March 2026.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

## Overview of our audit approach

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| Audit scope | • We performed an audit of the complete financial information of two components.<br>• The components where we performed full audit procedures accounted for 100% of expenditure, 100% of Revenue and 100% of Total assets. |
| Key audit matters | • Going Concern<br>• Fares Revenue<br>• Capital Projects<br>• Property Valuation |
| Materiality | • Overall group materiality of £131.5m which represents 1% of group operating and capital expenditure. |

## An overview of the scope of the parent and group audits

**Tailoring the scope**

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Corporation and Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Corporation and Group and effectiveness of group wide controls, changes in the business environment, the potential impact of climate change and other factors such as recent Internal audit results when assessing the level of work to be performed.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the three reporting components Transport for London Corporation, Transport Trading Limited and London Transport Insurance (Guernsey) Limited, only Transport Trading Limited and the Corporation are material to the Group, representing 100% of the Group's expenditure. The other entity represents less than 0.5% of Group's expenditure, revenue and total assets and is considered immaterial to the Group.

We performed an audit of the complete financial information of Transport for London Corporation and Transport Trading Limited ("full scope components") which were selected based on their size or risk characteristics. For the remaining component we performed other audit procedures including analytical review, testing of consolidation journals and intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

The reporting components where we performed audit procedures accounted for 100% (2023: 99%) of the Group's operating and capital expenditure, 100% (2023: 100%) of the Group's Revenue and 100% (2023x: 99%) of the Group's Total assets.

**Changes from the prior year**
There were no changes in scope in the current year.

**Involvement with component teams**
All audit work performed for the purposes of the audit was undertaken by the Group audit team.

**Climate change**
Stakeholders are increasingly interested in how climate change will impact Transport for London. The Group has determined that the most significant future impacts from climate change on its operations will be from impact of the increase in frequency of extreme weather events with periods of hot and cold weather, flash flooding and storm events.  Such events can cause widespread disruption to operations and damage to assets whether caused by falling debris, flooding or failure of assets. These are explained on pages 26 to 42, in the Task Force On Climate Related Financial Disclosures and on pages 24 to 39 in the principal risks and uncertainties, which form part of the "Other information" rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in its climate change accounting policy its articulation of how climate change has been reflected in the financial statements. There are no significant judgements or estimates relating to climate change in the notes to the financial statements as it is not considered that climate change risks have a material impact on the Group's judgements or sources of estimation uncertainty.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition and their climate commitments, and whether these have been appropriately reflected in asset values, retirement benefits and the going concern assessment (see accounting policy aj). As part of this evaluation, we performed our own risk assessment, supported by our climate change internal specialists to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

| **Fares revenue** | | |
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| **Risk** | **Our response to the risk** | **Key observations communicated to the Audit Committee** |

| Fares revenue | | |
|---|---|---|
| **Passenger income £4,843.1m (2022 £4,046.6m)** - refer to note 1 in the consolidated financial statements.<br><br>Transport for London (TfL) generated 72.1% per cent of its revenue from fares charged to customers during FY23/24.<br><br>Fares revenue remains a focus of the financial statements audit due to the complexity of the IT systems and arrangements with service organisations used to record revenue and the amount of judgement required to determine the apportionment of revenue due to TfL and other Train Operating Companies. This risk over revenue recognition specifically arises in the following judgemental areas, where there is risk of overstatement of revenue:<br><br>• Oyster Pay As You Go and Contactless Pay<br><br>• Travelcard and Through Ticket | Our testing of revenue recognition included both tests of control and substantive testing.<br><br>Our test of controls focused on the effectiveness of the cash collection process and sales made at various sales outlets to provide evidence of existence of passenger income and services delivered.<br><br>We obtained an understanding of the processes for recording fares revenue including the IT applications.<br><br>We tested IT controls using our IT specialists for the SAP, CPAY and OXNR systems.<br><br>We evaluated the conclusions, with the support of our IT specialists, from the ISAE3402 reports on the controls operated by service organisations over contactless ticketing and Oyster Pay as You Go.<br><br>Our substantive testing of revenue relating to Oyster Pay as You Go, Contactless Pay, Travelcard and Through Ticket included:<br><br>• We selected a sample of sales included in the sales database and agreed the information to sales returns received, analysed by outlets. 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.<br><br>• We 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 | We concluded that the basis on which fares revenue is recognised is in accordance with the requirements of IFRS15 – Revenue from contracts with customers as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. The judgements made related to fares revenue in the financial statements have been appropriately described. |

| Fares revenue | | |
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| | 2023/24 year. We tested the parameters used in the report to confirm the appropriate calculation of this amount as payments received in advance.<br><br>• We 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.<br><br>•We performed journals testing over manual journal posted to fares revenue.<br><br>We performed full scope audit procedures over this risk area for the whole Group, which covered 100 per cent of passenger income. | |

| Capital Projects | | |
|---|---|---|
| **Risk** | **Our response to the risk** | **Key observations communicated to the Audit Committee** |
| **Additions to Group property, plant and equipment £1,981.1m (2023: £1,978.3m).** Refer to note 13 in the consolidated financial statements.<br><br>The TfL Group undertakes multiple capital projects at any point in time. These projects vary in size, complexity and length of time to complete and therefore there is a risk of inappropriate capitalisation of costs that do not meet the criteria of IAS16: Property, Plant and Equipment as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. | Testing of capital expenditure included both tests of controls and substantive testing to assess whether the expenditure capitalised in property, plant and equipment met the criteria under IAS16.<br><br>We have gained an understanding of key controls and governance surrounding capital project accounting and management.<br><br>Our test of controls focused on the effectiveness of the approval process for expenditure and for capitalisation, by testing controls related to the approval of capital expenditure recorded in property, plant and equipment to evidence of appropriate authorisation and of review of amounts capitalised.<br><br>The following procedures were performed as part of our substantive testing:<br><br>• 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.<br><br>• We met with project managers for a sample of projects to understand the scope, progress and viability of the project, 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.<br><br>• We have 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. | We are satisfied that the capitalised costs in the year meet the criteria for capitalisation of IAS16: Property, Plant and Equipment as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. |

| Capital Projects | | |
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| | • We have also performed detailed testing on a sample of capital accruals to source documentation to test completeness of costs recognised at 31 March 2024.<br><br>• We visited a sample of project sites 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.<br><br>• We performed journals testing over unusual manual journals posted to capital during the year.<br><br>We performed full scope audit procedures over this risk area for the whole Group, which covered 100 per cent of the risk amount. | |

| Property Valuation | | |
|---|---|---|
| **Risk** | **Our response to the risk** | **Key observations communicated to the Audit Committee** |
| **Investment properties £1,615.1m (2023: £1,573.4m)** Refer to note 16 in the consolidated financial statements.<br><br>The TfL Group has an extensive and diversified property portfolio across London. Any changes to the assumptions used to value properties within the portfolio could have a significant impact on the financial statements due to the nature of the properties. External valuers perform a detailed valuation across the property portfolio during each financial year. Significant judgement is used during the valuation of the property portfolio due to the uniqueness thereof. Inaccuracies in inputs or inappropriate bases used in these judgements (in respect of estimated rental value and yield profile applied) could result in a material misstatement of the balance sheet. | The following procedures were performed as part of our substantive testing:<br><br>• We obtained an understanding of management's process and controls around the valuation of properties.<br><br>• We obtained management's valuations report for properties valued at 31 March 2024.<br><br>• We evaluated the competence of the Group's external valuers, CBRE, which included consideration of their qualifications, expertise and independence.<br><br>• We tested 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.<br><br>• We 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.<br><br>• We challenged whether certain assets were classified correctly as Investment Property under IAS 40 or whether they should be classified as operational assets under IAS 16 or lease receivables under IFRS 16.<br><br>• We selected a sample of investment properties based on a number of factors including size, risk and representation across asset classes. For all assets in this sample of properties, we tested source documentation provided by the Group to | We conclude that the balances and disclosures in the financial statements and notes appropriately reflect the risk factors identified and are in compliance with the requirements of IAS40: Investment Property as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. |

| Property Valuation | | |
|---|---|---|
| | CBRE and the appropriateness of assumptions applied. This included agreeing a sample back to underlying lease data.<br><br>• For certain assets within this sample, we used our valuation experts to assist in our testing of assumptions. Assets tested by our valuation experts were determined based on risk factors such as properties valued on a project basis and properties with significant movements in valuation from the prior year. Our valuation experts reviewed and challenged the approach and assumptions that have been applied in the valuation of these assets. They compared the yields applied to each property to an expected range of yields taking into account available market data and asset specific considerations. They assessed whether the other assumptions applied by the external valuers, such as the estimated rental values, voids and tenant incentives were supported by available data. They also considered whether other market transactions contradict the assumptions used in the valuation.<br><br>We performed full scope audit procedures over this risk area for the whole Group, which covered 100 per cent of the risk amount. | |

## Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

**Materiality**
*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Group to be £131.5 million (2023: £86.8million), which is 1% (2023: 1%) of operational and capital expenditure.  TfL Group's key responsibilities are to provide transportation services across London and to continue to develop the capital's transport infrastructure. TfL has two key purposes: operational responsibilities for transport services and the development of London's transport infrastructure. Both of these elements are of significant interest to the users of the financial statements identified above and we therefore determined that TfL expenditure in these areas is an appropriate measure for planning materiality. The increase in materiality reflects the increased expenditure incurred by the group following the return of activity to pre-pandemic levels. Materiality has increased due to an increase in operational and capital costs in year.

We determined materiality for the Transport for London Corporation to be £165.6 million (2023: £163.4 million), which is 0.5% (2023:0.5%) of total assets. As this results in a higher materiality for Corporation than Group (based on total assets rather than gross expenditure for group), we reduced materiality for Corporation to the lower group level of £131.5 million.

**Performance materiality**
*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2023:50%) of our planning materiality, namely £65.8m (2023: £43.4m). We have set performance materiality at this percentage based on our assessment of the Group's internal control environment and the extent and nature of audit findings identified in the prior period.

Audit work at Transport for London Corporation and Transport Trading Limited for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total group performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, we set performance materiality for the Transport for London Corporation of £39.5 million (2023: £15.2 million) and Transport Trading Limited £55.9 million (2023: £36.9 million).

**Reporting threshold**
*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit and Assurance Committee that we would report to them all uncorrected audit differences in excess of £6.6m (2023: £4.3m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

## Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## Opinion on other matters prescribed by the National Audit Office's Code of Audit Practice 2020

In our opinion:

• the parts of the Remuneration Report identified as subject to audit have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

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

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Group and the Corporation
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Group and the Corporation has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in these respects.

## Responsibilities of the Statutory Chief Financial Officer

As explained more fully in the directors' responsibilities statement set out on page 47, the directors are responsible for the preparation of the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, 2023/24 and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Authority and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are Accounts and Audit Regulation 2015, the Local Government Act 2003 and the Local Government Finance Act 2012. In addition, we considered that there are certain specific laws and regulations which could have an effect on the determination of the amounts and disclosures in the financial statement, in particular, the Civil Enforcement of Road Traffic Contraventions Regulations.

- We engaged appropriate internal specialists to support in our procedures concerning management's compliance with these laws and regulations.
- We understood how the Group is complying with those frameworks by making enquiries with management and those responsible for legal and compliance procedures. We understood the oversight of those charged with governance, the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. We corroborated our enquiries through our reading of board minutes and papers provided to the Audit and Assurance Committee.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by meeting with management within various parts of the business to understand where they considered there was susceptibility to fraud. Where the risk was considered higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements are free from fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved reading of board minutes to identify any non-compliance with laws and regulations, a review of the reporting to the Audit and Assurance Committee on compliance with regulations, enquiries of the Head of Counter-Fraud and Corruption, enquiries of legal and enquiries of management.
- To address our fraud risk around the manipulation of reported financial performance through improper recognition of revenue, we have completed the procedures set out in the key audit matter above on revenue recognition relating to the allocation of fares received based on time periods, services provided by other parties and refunds.
- To address our fraud risk of inappropriate capitalisation of revenue expenditure we have completed the procedures set out in the key audit matter above on capital projects.
- To address our fraud risk of misstatement due to fraud or error, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.

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

## Other matters we are required to address

We were appointed by Public Sector Audit Appointments on 6 December 2022 to audit the financial statements for the year ending 31 March 2024 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is nine years, covering the years ending 31 March 2016 to 31 March 2024. The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or Corporation and we remain independent of the Group and Corporation in conducting the audit. The audit opinion is consistent with the additional report to the Audit and Assurance Committee.

### Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in May 2024, as to whether the Transport for London had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Transport for London put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether Transport for London had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

## Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance certificate in respect of the Whole of Government Accounts consolidation pack and the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of Transport for London. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have completed our procedures related to objections we have received. We are satisfied that this work does not have a material effect on the financial statements or on our value for money work.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

## Use of our report

This report is made solely to the members of Transport for London, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Janet Dawson
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
[Date]