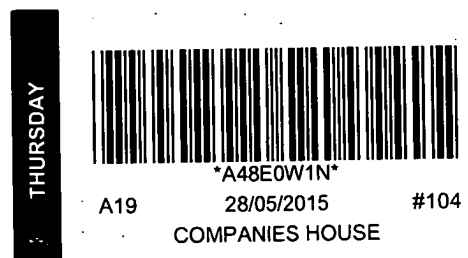




CITY GREENWICH LEWISHAM RAIL LINK PLC

ACCOUNTS AND DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014



COMPANY REGISTRATION NUMBER 3169276

CITY GREENWICH LEWISHAM RAIL LINK PLC

STRATEGIC REPORT

Business review

The principal activity of the Company is the execution of a concession ("the Concession Agreement") from Docklands Light Railway Limited ("DLR Limited") to design, construct, finance and maintain the "Lewisham Extension" to the DLR system. The concession length is 24 ½ years to 2021 and was financed in the main through the issue of a bond in 1996 by the Company of £165m. The "Lewisham Extension" takes the DLR system under the River Thames from its previous terminus at Island Gardens on the Isle of Dogs, via Greenwich and onto Lewisham. The operating phase commenced on 20 November 1999.

Financial Performance and Financial Position

The financial performance for the year ended 31 December 2014 was in line with the higher end of the Board's expectations and the business plan. Turnover for the year was £18.9m (2013: £14.4m). The Company's main income stream from DLR is a Usage Fee revenue stream which is based on the use of the Lewisham Extension by passengers.

Profit on ordinary activities before taxation increased by £4.0m to £13.3m (2013: £9.3m), mainly as a result of increased passenger numbers using the Lewisham Extension.

Profit on ordinary activities after taxation increased to £10.7m (2013: £7.4m) as a result of an increase in profit on ordinary activities before taxation, and a deferred tax credit due to the reversal of timing differences. The deferred tax credit for 2014 was (£1.5m) (2013: credit of £2.0m). The decrease in the deferred tax credit recognised compared to the prior period reduced the growth in profit after tax.

The Company's key challenge for 2015 is to continue to deliver train operation infrastructure which is both reliable and safe for passenger usage.

The financial covenants in place under the funding agreements for the company have all been met and are forecast to be met for the foreseeable future. Payments of Bond principal, in accordance with the repayment profile, totalling £13.5m were made in 2014 (2013: £11.0m).

The Directors consider the FRS5 debtor is recoverable over the life on the Concession Agreement.

Safety

The Company maintains its OHSAS 18001:2007 accreditation for its occupational Health & Safety Management System for its operation of the Lewisham Extension to the DLR.

Risks

The key risk that the business faces over the medium term is that actual passenger numbers do not meet the passenger forecast prepared by the Company in December 2014.

There is a risk that the infrastructure will not meet the hand-back criteria as set out in the Concession Agreement. This risk is mitigated by considering, at Board level, each major asset group's condition and maintenance program in relation to the hand-back criteria.

Environmental

The Company has a low net environmental impact and therefore environmental information has not been disclosed.

By Order of the Board



A Meyer
Director

5 March 2015

CITY GREENWICH LEWISHAM RAIL LINK PLC

DIRECTORS' REPORT

The Directors submit their Report and the financial statements for the year ended 31 December 2014.

Political contributions

During the year ended 31 December 2014, no contributions were made for political purposes (2013: £nil).

Dividends

Dividends of £5.0m (2013: £5.2m) were approved by the Board of Directors and paid during the year.

Directors

The Directors during the year were:

<u>Director</u>	<u>Status</u>	
N Middleton	Non-Executive Chairman	
A Yew	Non-Executive Director	
A Pearson	Non-Executive Director	
D Mitchell	Non-Executive Director	
J Cavill	Non-Executive Director	
D Sussams	Alternate Director	
C Dennis	Managing Director	Resigned 31 January 2014
M Knight	Chief Executive	
A Meyer	Finance & Commercial Director	Appointed 14 October 2014

Financial instruments

The Company's principal financial instruments comprise short term bank deposits and fixed rate bonds. The main purpose of these financial instruments is to ensure, via the terms of the financial instruments, that the profile of the debt service costs is tailored to match expected revenues arising from the Concession Agreement.

The Company does not undertake financial instrument transactions which are speculative or unrelated to the Company's trading activities. Board approval is required for the use of any new financial instrument and are subject to financial covenants under existing funding agreements.

Exposure to liquidity, credit and interest rate risk arise in the normal course of the Company's business. Further details relating to these risks are given in note 14 to the accounts.

Directors' shareholdings

The Directors have no interests in the shares of the Company.

Share capital

There were no changes in the current or prior year.

CITY GREENWICH LEWISHAM RAIL LINK PLC

Internal control

The directors are responsible for the Company's system of internal control and for reviewing its effectiveness. They recognise the importance of a robust control environment to mitigate the key risks of the company and while they consider that the material risks are managed adequately, they have adopted certain of the principles which underpin the Combined Code of Corporate Governance. Responsibility for overseeing the adoption of this rests with the Audit Committee whose terms of reference have been amended accordingly.

Baker Tilly has been appointed as the Company's internal audit resource and report to the Audit Committee. An internal audit plan has been agreed by the Audit Committee. As at the date of approval of this directors' report Baker Tilly have reviewed the effectiveness of the following control environments:

- Asset Management
- IT Security
- Stock
- Routine Financial Controls
- Procurement Systems

The Board has designed the Company's system of internal control in order to provide the shareholders with assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss.

There are no significant issues for the year ended 31 December 2014 that have required the Board to deal with any related material internal control issues.

The directors confirm that the Board has reviewed the effectiveness of the system of internal control as described during the period and confirms that the systems and controls that are currently in place are considered sufficient to be satisfied that all key risks to the business are adequately managed and mitigated.

Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

In accordance with Section 489 of the Companies Act 2006 a resolution to reappoint KPMG LLP, as auditor will be put to the forthcoming annual general meeting.

By Order of the Board



A Meyer
Director

5 March 2015

CITY GREENWICH LEWISHAM RAIL LINK PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT AND THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report and the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

CITY GREENWICH LEWISHAM RAIL LINK PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY GREENWICH LEWISHAM RAIL LINK PLC

We have audited the financial statements of City Greenwich Lewisham Rail Link PLC for the year ended 31 December 2014 set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

CITY GREENWICH LEWISHAM RAIL LINK PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY GREENWICH LEWISHAM RAIL LINK PLC (continued).

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Huw Brown (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Arlington Business Park
Theale
Reading RG7 4SD

10 March 2015

CITY GREENWICH LEWISHAM RAIL LINK PLC

PROFIT AND LOSS ACCOUNT for the Year Ended 31 December 2014

	Notes	2014 £'000	2013 £'000
Turnover	1	18,867	14,396
Cost of sales:			
Operating expenses		(7,993)	(7,448)
Operating profit		<u>10,874</u>	<u>6,948</u>
Net interest for the year	5	2,468	2,298
Profit on ordinary activities before taxation	2	<u>13,342</u>	<u>9,246</u>
Taxation charge on profit on ordinary activities	6	(2,642)	(1,808)
Profit on ordinary activities after taxation and profit for the financial year		<u><u>10,700</u></u>	<u><u>7,438</u></u>

There are no recognised gains and losses for the current and preceding financial years other than the profit of £10.7m (2013: £7.4m) shown above. Accordingly no statement of recognised gains and losses is presented.

The notes on pages 11 to 22 form part of these financial statements.

CITY GREENWICH LEWISHAM RAIL LINK PLC

BALANCE SHEET At 31 December 2014

	Notes	2014		2013
		£'000	£'000	£'000
FIXED ASSETS				
Tangible assets	10	333		358
CURRENT ASSETS				
Stock		569	553	
Debtors - due within one year	11	13,962	16,129	
Debtors - due after more than one year	11	86,529	97,761	
		100,491	113,890	
Investments	12	17,822	13,092	
Cash at bank and in hand		168	184	
		119,050	127,719	
CREDITORS				
Amounts falling due within one year	13	(22,368)	(21,098)	
NET CURRENT ASSETS		96,682		106,621
TOTAL ASSETS LESS CURRENT LIABILITIES		97,015		106,979
CREDITORS				
Amounts falling due after more than one year	14	(66,981)		(80,891)
Provision for liabilities and charges	15	(11,674)		(13,428)
NET ASSETS		18,360		12,660
CAPITAL AND RESERVES				
Called up share capital	16	1,500		1,500
Profit and loss account	17	16,860		11,160
SHAREHOLDERS' FUNDS		18,360		12,660

These financial statements were approved by the board of directors on and were signed on its behalf by:



A Meyer
Director

5 March 2015

Company registration number: 3169276

The notes on pages 11 to 22 form part of these financial statements.

CITY GREENWICH LEWISHAM RAIL LINK PLC

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS for the Year Ended 31 December 2014

	2014 £'000	2013 £'000
Profit for the financial year	10,700	7,438
Dividend declared and paid during year	(5,000)	(5,200)
Opening Shareholders' funds	12,660	10,422
Closing Shareholders' funds	<u>18,360</u>	<u>12,660</u>

CITY GREENWICH LEWISHAM RAIL LINK PLC

CASH FLOW STATEMENTS

For the Year ended 31 December 2014

RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Notes	2014 £'000	2013 £'000
Operating profit		10,874	6,948
Depreciation		82	78
(Increase) in stock		(16)	(135)
Decrease in debtors and prepayments		13,397	5,570
Increase in provisions and creditors		570	870
Net cash inflow from operating activities		<u>24,907</u>	<u>13,331</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities		24,907	13,331
Returns on investments and servicing of finance:			
Interest received		10,880	11,852
Interest paid		(8,601)	(9,680)
Tax paid		(3,916)	(2,822)
Capital expenditure		(56)	(66)
Dividends paid	17	(5,000)	(5,200)
		<u>18,214</u>	<u>7,415</u>
Management of liquid resources	7	(4,730)	3,458
Financing	8	(13,500)	(11,000)
		<u>(16)</u>	<u>(127)</u>
Decrease in cash			

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

(Decrease) in cash in the period		(16)	(127)
Cash movements in respect of increase/ (decrease) in liquid resources		4,730	(3,458)
Amortisation of net Bond issue costs		(90)	(90)
Cash outflow from decrease in loans and loan stock financing		13,500	11,000
Movement in net debt	9	<u>18,124</u>	<u>7,325</u>

The notes on pages 11 to 22 form part of these financial statements.

CITY GREENWICH LEWISHAM RAIL LINK PLC

ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

a) Basis of preparation of accounts

These accounts have been prepared under the historical cost accounting rules in accordance with the reporting requirements of the Companies Act 2006, together with applicable accounting standards.

The Company has financial resources and a long term contract with DLR Limited. The directors have a reasonable expectation based on its financial projections, allowing for reasonably possible risks in operations, that the Company has adequate resources to meet its liabilities as they fall due and to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further information regarding the Company's business activities, together with the factors likely to affect its future development, performance and position is set out in the Strategic Review on page 1.

b) Fixed assets and depreciation

Tangible fixed assets are stated at historic cost less provision for depreciation. These consist of freehold properties, motor vehicles, plant & machinery and computers & office equipment and are depreciated at appropriate rates on a straight line basis to write down the cost of assets to residual value over their estimated useful economic lives, making due allowance for obsolescence in addition to normal wear and tear. The periods over which assets are depreciated are as follows:

Motor Vehicles	3 years
Computers and Office Equipment	3 years
Plant & Machinery	Between 3 and 5 years
Depot Building	22 years

c) Deferred taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation. In accordance with FRS 19 'Deferred Tax' deferred taxation is provided fully and on a non-discounted basis at expected future corporation tax rates in respect of timing differences between profits computed for taxation and accounting purposes.

d) Stock

Stock is stated at the lower of cost and net realisable value.

e) Debtors and turnover

On commencement of operations, the construction costs of the Lewisham Extension were treated as being due from DLR Limited and the amounts recoverable over the life of the concession in relation to this are shown as an FRS5 Finance debtor. This treatment was adopted as the underlying asset is not deemed to be a tangible asset of the Company under FRS 5 Application Note F because the risks and rewards of ownership as set in that standard are deemed to lie principally with DLR Limited. Payments received over the life of the concession are apportioned between principal repayments, finance income and service income. Owing to the demand risk on service income the service income has been recognised on the basis of unitary charge actually due for the period, after allocations are made to the repayment of the finance debtor principal and interest thereon.

CITY GREENWICH LEWISHAM RAIL LINK PLC

f) Heavy maintenance provision

The Company is obliged by its Concession Agreement inter alia, to repair and maintain the Lewisham Extension and to hand back the Lewisham Extension to DLR Limited on termination in a specified condition. A provision is therefore made, on a discounted basis, for heavy maintenance costs other than regular maintenance and repairs expenditure, based upon a specific maintenance programme. The provision will be utilised against these lifecycle costs on works required to maintain the rail link in the specified condition.

g) Financial instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Company are as follows:

Trade debtors

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost.

Cash at bank and investments

Cash at bank is carried in the Balance Sheet at nominal value.

Investments are readily convertible into known amounts of cash at or close to their carrying values and are classified as investments within the Balance Sheet. They are treated as held-to-maturity instruments as defined in paragraph 9 of FRS 26, which are initially recognised at fair value and subsequently measured at amortised cost.

Trade creditors

Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

Fixed rate bond and subordinated debt

Fixed rate bond and subordinated debt are recognised initially at fair value net of issue costs and premium. All borrowings are subsequently measured at amortised cost with the difference between initial net proceeds and value at maturity recognised in the profit and loss account over the period to maturity.

Finance debtor

The Finance debtor is classified as loans and receivables as defined in paragraph 9 of FRS 26, which are initially recognised at fair value and subsequently measured at amortised cost.

CITY GREENWICH LEWISHAM RAIL LINK PLC

NOTES TO THE ACCOUNTS

1. TURNOVER

	2014 £'000	2013 £'000
Amounts receivable under Concession Agreement	39,096	34,739
Interest and capital repayment	(20,971)	(20,971)
Maintenance service fee	18,125	13,768
Other income	742	628
Total Turnover	<u>18,867</u>	<u>14,396</u>

Other income relates to revenue received from third party contracts and from DLR Limited in relation to work completed by the Company as enhancements to the infrastructure. All items in the profit and loss account relate to continuing operations in the UK.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation is stated after charging:		
Fee paid to the auditor for:		
audit services	28	27
non-audit services	32	41
Depreciation	82	78
Operating lease expense	<u>-</u>	<u>632</u>

3. EMPLOYEES

The average number of persons employed during the year was 35 (2013: 35).

	2014 £'000	2013 £'000
The aggregate payroll cost was:		
Wages and salaries	1,540	1,614
Social security costs	164	181
Pension costs	48	44
	<u>1,752</u>	<u>1,839</u>

The Company contributes to a defined contribution pension scheme for its employees. The total cost in the year was £47,675 (2013: £44,231). At the year-end £352 (2013: £620) contribution was owed to the scheme administrator.

CITY GREENWICH LEWISHAM RAIL LINK PLC

NOTES TO THE ACCOUNTS (continued)

4. DIRECTORS' REMUNERATION

	2014 £'000	2013 £'000
Salaries and benefits	240	295
Pension contributions	19	15
Compensation to a director for loss of office	-	41
	<u>259</u>	<u>351</u>

The highest paid director received £203,063 (2013: £172,020), including pension contributions of £17,813 (2013: £15,090).

Included in the accounts and detailed below, are charges made by the shareholder companies for the services of directors as follows:

	2014		2013	
	Executive £'000	Non-Executive £'000	Executive £'000	Non-Executive £'000
Duchesspark Limited	-	33	-	32
UK Power Networks Services (Enterprises) Limited	-	16	-	16
John Laing Investments Limited	-	33	-	32
	<u>-</u>	<u>82</u>	<u>-</u>	<u>80</u>

5. INTEREST

	2014 £'000	2013 £'000
Interest received from bank deposits	71	77
Interest paid on Eurobond	(8,324)	(9,453)
Other interest received/ (paid)	4	(11)
Premium on issue of Eurobond amortised in period	24	24
Issue costs of Eurobond amortised in period	(114)	(114)
Other interest received	10,807	11,775
	<u>2,468</u>	<u>2,298</u>
Net interest credited to profit and loss		

Other interest received relates to financing income due on the DLR debtor as described in note 11.

CITY GREENWICH LEWISHAM RAIL LINK PLC

NOTES TO THE ACCOUNTS (continued)

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge in the period

	2014 £'000	2013 £'000
<i>UK corporation tax</i>		
Current tax on income for the year	(4,182)	(3,777)
Total current tax	<u>(4,182)</u>	<u>(3,777)</u>
<i>Deferred tax (see note 15)</i>		
Restatement of opening balance due to rate change	60	1,656
Origination/ reversal of timing differences	1,480	313
Total deferred tax	<u>1,540</u>	<u>1,969</u>
 Tax on profit on ordinary activities	 <u><u>(2,642)</u></u>	 <u><u>(1,808)</u></u>

Factors affecting the tax charge for the current period

The current tax assessed differs from the application of the standard rate of corporation tax in the UK 21.5%, (2013: 23.25%) to the Company's profit before taxation. The differences are explained below:

Current tax reconciliation

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	13,342	9,246
Current tax at 21.5% (2013:23.25%)	<u>2,869</u>	<u>2,150</u>
 <i>Effects of:</i>		
Disallowable expenses	104	61
Other allowable expenses	(31)	(56)
Amortisation/ depreciation for period in excess of capital allowances	-	1,622
Amortisation of the FRS5 Debtor	1,240	-
Total current tax charge (see above)	<u><u>4,182</u></u>	<u><u>3,777</u></u>

Factors that may affect future current and total tax charges

The main rate of UK corporation tax has reduced from 23% to 21% on 1 April 2014. On 20 March 2013 the Chancellor announced a further reduction in the main rate of UK corporation tax to 20% with effect from 1 April 2015. This rate change became substantively enacted on 2 July 2013. The rate at which deferred tax is provided at is 20%, being the average rate at which the Company expects the timing differences to reverse.

On 28 June 2013 the Company changed its tax basis from a Capital Tax basis to a Revenue Tax basis (commonly known as Composite Trade). The transition followed the Company receiving confirmation from HMRC under HMRC's non statutory clearance procedure which states the Company satisfies HMRC's criteria for Composite Trade Tax Treatment.

Being on a Revenue Tax basis the Company prepares its tax return on a revenue basis and does not claim Capital Allowances for the construction costs of the Lewisham Extension. Instead the Company will treat its unamortised construction expenditure as revenue expenditure for Corporation Tax purposes.

CITY GREENWICH LEWISHAM RAIL LINK PLC

NOTES TO THE ACCOUNTS (continued)

7. MANAGEMENT OF LIQUID RESOURCES

	2014 £'000	2013 £'000
(Increase)/ net receipt from fixed term and call deposits	(4,730)	3,458

8. FINANCING

	2014 £'000	2013 £'000
Repayment of Bond capital	(13,500)	(11,000)

9. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2014 £'000	Cash Flows £'000	Debts Now Due £'000	Other Changes £'000	At 31 Dec 2014 £'000
Cash at bank	184	(16)	-	-	168
Debt due within one year	(13,500)	13,500	(14,000)	-	(14,000)
Debt due after more than one year	(80,891)	-	14,000	(90)	(66,981)
Current asset investments	13,092	4,730	-	-	17,822
	<u>(81,115)</u>	<u>18,214</u>	<u>-</u>	<u>(90)</u>	<u>(62,991)</u>

CITY GREENWICH LEWISHAM RAIL LINK PLC

NOTES TO THE ACCOUNTS (continued)

10. TANGIBLE FIXED ASSETS

	Freehold Building £'000	Plant & Machinery £'000	Other Fixed Assets £'000	Total Fixed Assets £'000
Cost				
At the beginning of the year	648	71	429	1,148
Additions	8	3	46	57
At the end of the year	<u>656</u>	<u>74</u>	<u>475</u>	<u>1,205</u>
Depreciation				
At the beginning of the year	346	64	380	790
Charge for the year	42	8	32	82
At the end of the year	<u>388</u>	<u>72</u>	<u>412</u>	<u>872</u>
Net Book Value				
At 31 December 2014	<u>268</u>	<u>2</u>	<u>63</u>	<u>333</u>
At 31 December 2013	<u>302</u>	<u>7</u>	<u>49</u>	<u>358</u>

11. DEBTORS

	2014 £'000	2013 £'000
Amounts falling due within one year:		
Trade debtors	2,324	5,368
Interest receivable	2	4
Prepayments	241	286
FRS5 debtor	11,231	10,163
Other debtors	164	308
	<u>13,962</u>	<u>16,129</u>
Amounts falling due after more than one year:		
FRS5 debtor	<u>86,529</u>	<u>97,761</u>

FRS5 debtor represents payments due from DLR Limited in respect of the Concession Agreement. These payments are recoverable over the remaining life of the Concession Agreement starting from the date operation commenced, 20 November 1999. The debtor can be analysed as follows:

CITY GREENWICH LEWISHAM RAIL LINK PLC

NOTES TO THE ACCOUNTS (continued)

11. DEBTORS (continued)

	2014 £'000	2013 £'000
FRS5 debtor due within one year	11,231	10,163
FRS5 debtor due after more than one year	86,529	97,761
Total DLR debtor	<u>97,760</u>	<u>107,924</u>
At beginning of year	107,924	117,120
Interest receivable	10,807	11,775
Interest and capital repayments	(20,971)	(20,971)
At end of year	<u>97,760</u>	<u>107,924</u>

On commencement of operations, the construction costs of the Lewisham Extension were treated as being due from DLR Limited and the amounts recoverable over the life of the concession in relation to this are shown as an FRS5 Finance debtor. Usage fee payments received over the life of the concession are apportioned between principal repayments, finance income and service income. Usage fee is calculated based on passenger numbers. Passenger numbers could vary to those used in the Company's financial model leading to fluctuations in revenue cash flows of the Company. Owing to the demand risk on service income the service income has been taken on the basis of unitary charge actually due for the period.

12. CURRENT ASSET INVESTMENTS

	2014 £'000	2013 £'000
Fixed term and call deposits	17,822	13,092
Original maturity dates are as follows:		
Within three months	17,822	13,092
	<u>17,822</u>	<u>13,092</u>

All investments can be drawn down immediately as cash.

13. CREDITORS - Amounts falling due within one year

	2014 £'000	2013 £'000
VAT payable	825	733
Trade creditors	1,203	532
Deferred income	169	177
Eurobonds	14,000	13,500
Interest payable on Eurobonds	1,677	1,954
Accruals	1,585	1,302
Other creditors	644	901
Corporation tax payable	2,265	1,999
	<u>22,368</u>	<u>21,098</u>

CITY GREENWICH LEWISHAM RAIL LINK PLC

NOTES TO THE ACCOUNTS (continued)

14. CREDITORS - Amounts falling due after more than one year

	2014 £'000	2013 £'000
Eurobonds (see below)	80,981	94,391
Eurobonds – amounts falling due within one year	(14,000)	(13,500)
	<u>66,981</u>	<u>80,891</u>

At 31 December 2014 the bond of £80,981,000 (2013: £94,391,000) is stated net of unamortised issue costs and premium of £519,000 (2013: £609,000).

	2014 £'000	2013 £'000
Eurobonds at beginning of year	94,391	105,301
Redemption of Eurobond	(13,500)	(11,000)
Amortisation of issue costs	114	114
Amortisation of premium received on issue	(24)	(24)
	<u>80,981</u>	<u>94,391</u>

The net issue costs are amortised on an effective interest rate over the total life of the Bonds. The Bonds are secured by first priority charges over the whole of the Company's undertaking, property and assets. The market value of the Bonds at 31 December 2014 was £90,714,000 (2013: £102,191,000).

Financial instruments

An explanation of the Company's objectives, policies and strategies for the role of financial instruments in creating and changing the risks of the risks of the Company in its activities can be found in the directors' report. The details relating to credit, liquidity and interest rate risks are explained below:

Credit risk

DLR Limited is the main customer of the Company and the directors are satisfied that it will be able to fulfil its obligations under the Concession Agreement.

Demand risk

Usage fee is calculated based on passenger numbers. Passenger numbers could vary to those used in the financial model leading to fluctuations in revenue cash flows of the Company.

Interest rate risk

The Company is exposed to interest rate fluctuations on cash on deposit. Other interest bearing assets and liabilities are at a fixed rate of interest.

CITY GREENWICH LEWISHAM RAIL LINK PLC

14. CREDITORS - Amounts falling due after more than one year (continued)

Effective interest rates and maturity profile

In respect of income earning financial assets and interest-bearing financial liabilities, the following tables indicate their respective interest rates at balance sheet date and the periods in which they mature, or, if earlier, are re-priced.

2014

	Effective interest rate	Total	One year or less	One – two years	Two – five years	Five years and over
		£'000	£'000	£'000	£'000	£'000
Bond	9.375%	(81,500)	(14,000)	(15,000)	(41,500)	(11,000)
Trade creditors	-	(1,203)	(1,203)	-	-	-
Finance debtor	10.25%	97,760	11,231	12,412	45,629	28,488
Bank balance*	-	168	168	-	-	-
Investments*	0.32% to 0.54%	17,822	17,822	-	-	-
Trade debtor	-	2,324	2,324	-	-	-
At 31 December 2014		35,371	16,342	(2,588)	4,129	17,488

2013

	Effective interest rate	Total	One year or less	One – two years	Two – five years	Five years and over
		£'000	£'000	£'000	£'000	£'000
Bond	9.375%	(95,000)	(13,500)	(14,000)	(43,500)	(24,000)
Trade creditors	-	(532)	(532)	-	-	-
Finance debtor	10.25%	107,924	10,163	11,232	41,288	45,241
Bank balance*	-	184	184	-	-	-
Investments*	0.35% to 0.50%	13,092	13,092	-	-	-
Trade debtor	-	5,368	5,368	-	-	-
At 31 December 2013		31,036	14,775	(2,768)	(2,212)	21,241

CITY GREENWICH LEWISHAM RAIL LINK PLC

14. CREDITORS - Amounts falling due after more than one year (continued)

Set out below is a comparison by category of book values and fair values of all the Company's financial assets and financial liabilities as at 31 December 2014 with 31 December 2013.

	Book Value 2014	Fair Value 2014	Book Value 2013	Fair Value 2013
	£'000	£'000	£'000	£'000
Bond	(81,500)	(90,714)	(95,000)	(102,191)
Trade creditors	(1,203)	(1,203)	(532)	(532)
Finance debtor	97,761	130,360	107,924	149,924
Bank balance*	168	168	184	184
Investments*	17,822	17,822	13,092	13,092
Trade debtor	2,324	2,324	5,368	5,368
At 31 December	<u>35,372</u>	<u>58,757</u>	<u>31,036</u>	<u>68,845</u>

*Floating rate for cash at bank, fixed rate for investments.

The Fair Value of the Bond for 2014 has been calculated using the market value of the Bonds on 31 December 2014.

The Fair Value of the Bond for 2013 has been calculated using the market value of the Bonds on 28 May 2013, and not 31 December as usually is the case, as a market value of the Bond at 31 December 2013 was not available. The directors consider that the closest market price to the year end is the best indicator of fair value and it was not materially different to the fair value at 31 December 2013.

Fair value of the Finance debtor is calculated by discounting the future cash flows at an appropriate discount rate. The future cash flows are defined by apportioning the revenue received from DLR Limited under the Concession Agreement between principal repayments, finance income and service income at an effective interest rate of 10.25%. The discount rate that has been applied to the finance debt is 1.18% (2013: 1.12%) and is calculated by adding a risk premium of 0.5% (2013: 0.5%) to the 6 month Libor at 31 December 2014 of 0.68% (2013: 0.62%).

15. PROVISION FOR LIABILITIES AND CHARGES

	Deferred Tax £'000	Heavy Maintenance £'000	Total £'000
At beginning of the year	11,298	2,130	13,428
Charge in the year	-	970	970
Utilised in the year	<u>(1,540)</u>	<u>(1,184)</u>	<u>(2,724)</u>
At end of year	<u>9,758</u>	<u>1,916</u>	<u>11,674</u>

Analysis of deferred tax provision

	2014 £'000	2013 £'000
Accelerated capital allowances and other timing differences	<u>9,758</u>	<u>11,298</u>
At end of year	<u>9,758</u>	<u>11,298</u>

The deferred tax liability consists of timing differences between accounting and tax treatment of the Finance Debtor. The heavy maintenance provision is expected to be utilised over the lifetime of the concession based on planned works.

CITY GREENWICH LEWISHAM RAIL LINK PLC

NOTES TO THE ACCOUNTS (continued)

16. SHARE CAPITAL

Allotted, called up and fully paid	Number of shares	£'000
As at beginning and end of year		
Ordinary shares of £1 each fully paid	1,500,000	1,500

17. PROFIT AND LOSS ACCOUNT

	Profit & Loss Account £'000
As at beginning of year	11,160
Profit for the year	10,700
Dividends declared and paid during the year	(5,000)
As at end of year	16,860

18. RELATED PARTIES

During the year the Company paid £1.332m (2013: £1.295m) to UK Power Networks Services (Contracting) Limited as a licence payment for the right of use of electrical assets. The licence agreement has been entered into in the normal course of business and on an arm's-length basis. The agreement is for the remainder of the life of the concession, 6.25 years (2013: 7.25 years), with the payments increasing by inflation each year. It is therefore not possible to quantify the exact payment liability in future periods. UK Power Networks Services (Enterprises) Limited holds an 8% shareholding in City Greenwich Lewisham Rail Link plc. UK Power Networks Services (Contracting) Limited and UK Power Networks Services (Enterprises) Limited have the same parent, UK Power Networks Services Holdings Limited.

There were no other material transactions with related parties.

19. POST BALANCE SHEET DATE EVENT

John Laing Infrastructure Limited transferred 47% of its 52% shareholding in the Company to John Laing Pension Trust Limited. The transaction was concluded on 17 February 2015.

There is no ultimate controlling party.

There are no other material post balance sheet events that require disclosure.