

CROSS LONDON RAIL LINKS LIMITED

Report and Financial Statements

Year ended 31 March 2003

**Deloitte & Touche
London**



REPORT AND FINANCIAL STATEMENTS 2003

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REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir Christopher Benson	(Chairman)
Richard Bowker	
Ian Brown	
Peter Hansford	(resigned 27 September 2002)
Robert Kiley	
Nicholas Newton	(resigned 9 August 2002)
Jay Walder	
Jim Steer	(appointed 9 August 2002)
Doug Sutherland	(appointed 27 September 2002)

SECRETARY

Toni Eastland	(resigned 24 June 2002)
Henry Snow	(appointed 24 June 2002)

REGISTERED OFFICE

1 Butler Place
London
SW1H 0PT

BANKERS

The Royal Bank of Scotland
Corporate Banking Office
PO Box 450
5-10 Great Tower Street
London
EC3P 3HX

SOLICITORS

Ashurst Morris Crisp
Broadwalk House
5 Appold Street
London
EC2A 2HA

AUDITORS

Deloitte & Touche
Chartered Accountants
London

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2003.

ACTIVITIES

Cross London Rail Links Limited has been established by the Strategic Rail Authority and Transport for London for the purpose of developing and promoting a scheme, or schemes, for new rail links across Central London.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

Development work on the schemes has continued throughout the current year with a specific focus on defining the routes to be taken by the rail links. This work will continue and over the next several months the Company will be concentrating on the development of a scheme to be authorised by an Act of Parliament.

DIVIDENDS AND TRANSFERS TO RESERVES

The company made neither a loss nor a profit (2002: loss of £2,000) during the year. No dividend has been proposed (2002: £nil).

DIRECTORS AND THEIR INTERESTS

The directors who served on the Board throughout the year, except as noted, are shown on page 1.

None of the directors held any interest in the shares of the company during the current year and prior period.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made a charitable donation totalling £500 (2002: £nil) to the Salvation Army.

DIRECTORS' AND OFFICERS' LIABILITY

Directors' and officers' liability insurance has been renewed by the company during the year.

AUDITORS

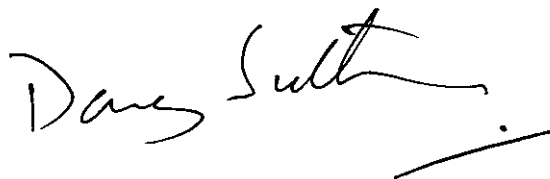
Deloitte & Touche were appointed as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Jay Walder
Director

22nd July 2003



Doug Sutherland
Director

22nd July 2003

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 proper accounting records which 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 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CROSS LONDON RAIL LINKS LIMITED**

We have audited the financial statements of Cross London Rail Links Limited for the year ended 31 March 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2003 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Deloitte & Touche**Chartered Accountants and Registered Auditors
London

25 July 2003

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2003

		31 March 2003 £'000	8 May 2001 to 31 March 2002 £'000
	Note		
GROSS RESULT		-	-
		-	-
Administrative expenses	- Project	(16,511)	(2,475)
	- Other	(8,777)	(2,918)
		(25,288)	(5,393)
Grants		25,248	5,380
OPERATING LOSS	3	(40)	(13)
Interest receivable		50	13
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		10	-
Tax on profit on ordinary activities	4	(10)	(2)
RESULT ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED RESULT FOR THE FINANCIAL YEAR/PERIOD	10	-	(2)

All transactions are derived from continuing operations.

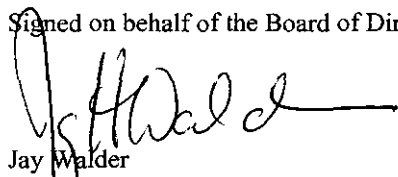
There are no recognised gains or losses or movements in shareholders' funds in the current financial year or preceeding financial period other than the result disclosed in the profit and loss account. Accordingly, no statement of total recognised gains and losses or reconciliation of movements in shareholders' funds is presented.

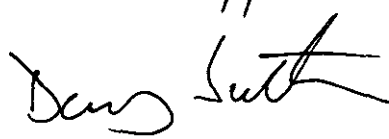
BALANCE SHEET
As at 31 March 2003

	Note	2003 £'000	2002 £'000
FIXED ASSETS			
Tangible assets	5	844	924
		<u>844</u>	<u>924</u>
CURRENT ASSETS			
Debtors	6	3,958	2,722
Cash at bank and in hand		12	4
		<u>3,970</u>	<u>2,726</u>
CREDITORS: amounts falling due within one year	7	(4,238)	(3,213)
NET CURRENT LIABILITIES		<u>(268)</u>	<u>(487)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		576	437
CREDITORS: amounts falling due after more than one year	8	(578)	(439)
NET LIABILITIES		<u>(2)</u>	<u>(2)</u>
CAPITAL AND RESERVES			
Called up share capital	9	-	-
Profit and loss account	10	(2)	(2)
TOTAL EQUITY SHAREHOLDERS' FUNDS - DEFICIT		<u>(2)</u>	<u>(2)</u>

These financial statements were approved by the Board of Directors on 22/7/2003.

Signed on behalf of the Board of Directors


Jay Walder
Director
22 July 2003


Doug Sutherland
Director
22 July 2003

CASH FLOW STATEMENT
Year ended 31 March 2003

	Note	31 March 2003 £'000	8 May 2001 to 31 March 2002 £'000
Net cash outflow from operating activities	11	(41)	(9)
Return on investment and servicing of finance			
Interest received		50	13
Net cash inflow from return on investment and servicing of finance		50	13
Taxation			
Tax paid		(1)	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(155)	(658)
Capital grants received		155	658
Net cash outflow from capital expenditure and financial investment		-	-
Increase in cash in the year	12, 13	8	4

NOTES TO THE ACCOUNTS**Year ended 31 March 2003****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. No depreciation is charged in the month of acquisition. The rates of depreciation are as follows:

Fixtures and fittings	3 years
IT equipment	3 years
Freehold property	50 years

Grants

Grants and other contributions received towards the cost of tangible fixed assets are included in creditors as deferred income and credited to the profit and loss account over the life of the asset.

Revenue grants are taken to the profit and loss account so as to match them with the expenditure to which they relate.

Leases

Operating lease rentals are charged to profit and loss in equal amounts over the lease term.

NOTES TO THE ACCOUNTS**Year ended 31 March 2003****2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	2003	2002
	£'000	£'000
Remuneration of the Chairman	60	25
Wages and salaries	530	-
Social security costs	55	-
Other pension costs	102	-
	<u>747</u>	<u>25</u>

No directors, other than the Chairman, received any emoluments or pension contributions during the current year or prior period.

The average number of employees, excluding Chairman and directors, during the year was:

	2003	2002
	Number	Number
Administration	5	-
Consultation	4	-
Engineering	5	-
Planning	1	-
	<u>15</u>	<u>-</u>

Staff are seconded from The Strategic Rail Authority and Transport for London as per note 17.

3. OPERATING LOSS

	2003	2002
	£	£
Operating loss is stated after charging:		
Depreciation	236	-
Rentals under operating leases - other	745	287
Auditors' remuneration - audit fees	25	15
	<u>1,006</u>	<u>302</u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003	2002
	£	£
United Kingdom corporation tax at 19% (2002: 15%)	10	2
	<u>10</u>	<u>2</u>

Tax has been provided at the Small Companies' rate (less marginal relief) on the interest income. The company's financing arrangements do not constitute taxable income.

NOTES TO THE ACCOUNTS
Year ended 31 March 2003

5. TANGIBLE FIXED ASSETS

	Fixtures and fittings £'000	Freehold property £'000	IT equipment £'000	Total £'000
Cost				
At 1 April 2002	440	266	218	924
Additions	40	-	116	156
At 31 March 2003	480	266	334	1,080
Accumulated depreciation				
At 1 April 2002	-	-	-	-
Charge for the year	(151)	(5)	(80)	(236)
At 31 March 2003	(151)	(5)	(80)	(236)
Net book value				
At 31 March 2003	329	261	254	844
At 31 March 2002	440	266	218	924

The fixtures and fittings and IT equipment were acquired using capital grants, see note 17.

6. DEBTORS

	2003 £'000	2002 £'000
VAT debtor	1,049	604
Prepayments and accrued income (see note 17)	2,909	2,118
	3,958	2,722

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £'000	2002 £'000
Trade creditors	1,665	165
Taxation	11	2
Accruals and deferred income	2,562	3,046
	4,238	3,213

Within accruals and deferred income there is deferred grant income of £156,000 relating to fixtures and fittings, £105,000 relating to IT assets and £5,000 relating to freehold property as disclosed in note 5.

NOTES TO THE ACCOUNTS

Year ended 31 March 2003

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003 £'000	2002 £'000
Accruals and deferred income	578	439

Within accruals and deferred income there is deferred grant income of £173,000 relating to fixtures and fittings, £149,000 relating to IT assets and £256,000 relating to freehold property as disclosed in note 5.

9. CALLED UP SHARE CAPITAL

	2003 £	2002 £
Authorised:		
50 "A" ordinary shares of £1 each	50	50
50 "B" ordinary shares of £1 each	50	50
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
50 "A" ordinary shares of £1 each	50	50
50 "B" ordinary shares of £1 each	50	50
	<u>100</u>	<u>100</u>

Class A and Class B shares hold equal voting rights.

10. RESERVES

	2003 £
At 1 April 2002	(2)
Result for the year	-
At 31 March 2003	<u>(2)</u>

11. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2003 £'000	2002 £'000
Operating loss	(40)	(13)
Depreciation	236	-
Increase in debtors	(1,236)	(2,722)
Increase in creditors	999	2,726
	<u>(41)</u>	<u>(9)</u>

NOTES TO THE ACCOUNTS**Year ended 31 March 2003****12. RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS**

	2003 £'000
Balance at 1 April 2002	4
Net cash inflow	8
	<hr/>
Balance at 31 March 2003	12
	<hr/>

13. ANALYSIS OF NET FUNDS

	2002 £'000	Change in year £'000	2003 £'000
Cash at bank and in hand	4	8	12
	<hr/>	<hr/>	<hr/>

14. OPERATING LEASE COMMITMENTS

At 31 March 2003 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings 2003 £'000	Other 2003 £'000
Leases which expire: After five years	569	-
	<hr/>	<hr/>

15. CAPITAL COMMITMENTS

At 31 March 2003 the company was committed to purchase a property valued at £606,000 (2002: £nil).

16. ULTIMATE CONTROLLING PARTIES

The share capital is held in equal portions by Strategic Rail Authority Investment Company Limited and Transport Trading Limited. These are 100% owned by The Strategic Rail Authority (SRA) and Transport for London (TfL) respectively. These are deemed to be the ultimate controlling parties and to share control.

NOTES TO THE ACCOUNTS**Year ended 31 March 2003****17. RELATED PARTY TRANSACTIONS**

The related party transactions for the year were as follows:

Description	SRA £'000	TfL £'000	Total £'000
Grant received	11,205	11,205	22,410
Accrued grant income	1,419	1,419	2,838
Release of grant income in relation to fixed assets	118	118	236
Grant received to purchase tangible fixed assets	78	78	156
IT costs	-	254	254
Rental expense	-	745	745
Study costs	425	-	425
Staff costs for secondees	237	1,995	2,232