

CROSS LONDON RAIL LINKS LIMITED
(Formerly Hackremco 1811 Limited)

Report and Financial Statements

For the period from 8 May 2001 to 31 March 2002

Deloitte & Touche
London



CROSS LONDON RAIL LINKS LIMITED
(Formerly Hackremco 1811 Limited)

REPORT AND FINANCIAL STATEMENTS 2002

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REPORT AND FINANCIAL STATEMENTS 2002

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Sir Christopher Benson - Chairman (appointed 1 November 2001)
Richard Bowker (appointed 11 January 2002)
Ian Brown (appointed 1 August 2001)
Michael Grant (appointed 1 August 2001 and resigned 17 December 2001)
Peter Hansford (appointed 1 August 2001 and resigned 27 September 2001)
Robert Kiley (appointed 1 August 2001)
Robert Linnard (appointed 1 August 2001 and resigned 10 April 2002)
Richard Morris (appointed 1 August 2001 and resigned 20 September 2001)
Nicholas Newton (appointed 11 January 2002 and resigned 9 August 2002)
Jim Steer (appointed 9 August 2002)
Doug Sutherland (appointed 27 September 2002)
Jay Walder (appointed 1 August 2001)
Hackwood Directors (appointed 8 May 2001 and resigned 1 August 2001)

SECRETARY

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

CROSS LONDON RAIL LINKS LIMITED
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DIRECTORS' REPORT

The directors present their report, together with the financial statements and the auditors' report for the period ended 31 March 2002.

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. As part of this process proposals are developed to aid in the construction of the lines in question.

DATE OF INCORPORATION

Hackremco 1811 Limited was incorporated on 8 May 2001. The company changed its name to Cross London Rail Links Limited on 31 July 2001 when the activities of the company commenced.

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 a loss during the period. No dividend is proposed.

DIRECTORS AND THEIR INTERESTS

The directors who served on the Board throughout the period are shown on page 1.

None of the directors held any interest in the shares of the company during the period.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made no political or charitable donations during the period.

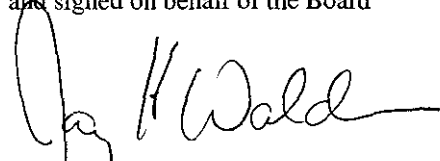
DIRECTORS' AND OFFICERS' LIABILITY

Directors' and officers' liability insurance has been purchased by the company during the period.

AUDITORS


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

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



Jay Walder
Director

31 January 2003



Doug Sutherland
Director

31 January 2003

CROSS LONDON RAIL LINKS LIMITED
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STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period. 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, 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 period ended 31 March 2002 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

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.

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.

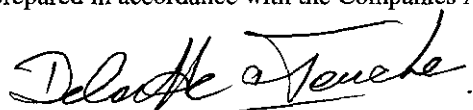
Basis of opinion

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 2002 and of its loss for the period from 8 May 2001 to 31 March 2002 and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche
Chartered Accountants and Registered Auditors
London

31 January 2003

CROSS LONDON RAIL LINKS LIMITED
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PROFIT AND LOSS ACCOUNT

For the period from 8 May 2001 to 31 March 2002

	Note	8 May 2001 to 31 March 2002 £'000
GROSS RESULT		-
		-
Administrative Expenses – Project		(2,475)
– Other		(2,918)
		(5,393)
Grants		5,380
OPERATING LOSS	3	(13)
Interest receivable and other income		13
RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION		-
Taxation on ordinary result on ordinary activities	4	(2)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR THE FINANCIAL PERIOD		(2)

All transactions are derived from continuing operations.

There are no recognised gains or losses in the current financial period other than the loss disclosed in the profit and loss account. Accordingly, no statement of total recognised gains and losses is presented.

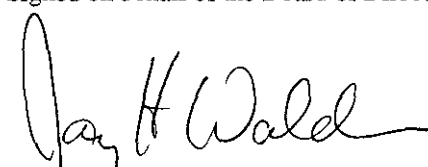
CROSS LONDON RAIL LINKS LIMITED
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BALANCE SHEET
31 March 2002

	Note	31 March 2002 £'000
FIXED ASSETS		
Tangible assets	5	924
		<u>924</u>
CURRENT ASSETS		
Debtors	6	2,722
Cash at bank and in hand		4
		<u>2,726</u>
CREDITORS: amounts falling due within one year	7	<u>(3,213)</u>
NET CURRENT LIABILITIES		<u>(487)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		437
CREDITORS: amounts falling due after more than one year	8	<u>(439)</u>
		<u>(2)</u>
CAPITAL AND RESERVES		
Called up share capital	9	-
Profit and loss account		<u>(2)</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS - DEFICIT		<u>(2)</u>

These financial statements were approved by the Board of Directors on 31 January 2003.

Signed on behalf of the Board of Directors


J Walder
Director


D Sutherland
Director

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CASH FLOW STATEMENT

For the period from 8 May 2001 to 31 March 2002

	Note	8 May 2001 to 31 March 2002 £'000
Net cash outflow from operating activities	10	(9)
Returns on investments and servicing of finance		
Interest received		13
Net cash inflow from returns on investment and servicing of finance		13
Taxation		
Tax paid		-
Capital expenditure		
Purchase of tangible fixed assets		(658)
Capital grants received		658
Cash inflow before management of liquid resources and financing		4
Increase in cash in the year	11,12	4

CROSS LONDON RAIL LINKS LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
For the period from 8 May 2001 to 31 March 2002

1. ACCOUNTING POLICIES

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Comparatives

No comparatives have been presented as this is the first set of financial statements following the incorporation of the company.

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
Rental Property	50 years

Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

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

Assets held under finance leases and hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over the shorter of the period of the lease and the estimated useful economic lives of the assets. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding and are charged to the profit and loss account.

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

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company did not have any employees during the period except the Chairman. No other directors received any emoluments or pension contributions during the period. Staff is seconded from The Strategic Rail Authority and Transport for London as per note 15.

	8 May 2001 to 31 March 2002 £'000
Remuneration of the chairman	25

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NOTES TO THE FINANCIAL STATEMENTS
For the period from 8 May 2001 to 31 March 2002

3. OPERATING LOSS

	8 May 2001 to 31 March 2002 £'000
Operating loss is after charging:	
Auditors' remuneration	15
	<u>15</u>

4. TAX ON RESULT ON ORDINARY ACTIVITIES

	8 May 2001 to 31 March 2002 £'000
United Kingdom corporation tax charge	2
	<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.

5. TANGIBLE FIXED ASSETS

	Fixtures and fittings £'000	Freehold rental property £'000	IT equipment £'000	Total £'000
Cost				
At 8 May 2001	-	-	-	-
Additions	440	266	218	924
	<u>440</u>	<u>266</u>	<u>218</u>	<u>924</u>
At 31 March 2002	440	266	218	924
	<u>440</u>	<u>266</u>	<u>218</u>	<u>924</u>
Accumulated depreciation				
At 8 May 2001	-	-	-	-
Charge for the year	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2002	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value				
At 31 March 2002	440	266	218	924
	<u>440</u>	<u>266</u>	<u>218</u>	<u>924</u>
At 8 May 2001	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

All assets were acquired in March 2002, hence there is no depreciation charge for the period end. The fixtures and fittings and IT equipment were acquired using capital grants, see note 15.

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NOTES TO THE FINANCIAL STATEMENTS
For the period from 8 May 2001 to 31 March 2002

6. DEBTORS

	2002 £'000
Other debtors	604
Prepayments and accrued income (see note 15)	2,118
	<u>2,722</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £'000
Trade creditors	165
Taxation and social security	2
Accruals and deferred income	3,046
	<u>3,213</u>

Within accruals and deferred income there is deferred grant income of £146,538 relating to fixtures and fittings and £72,667 relating to IT assets as disclosed in note 5. Amounts due after more than one year are shown in note 8.

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

	2002 £'000
Accruals and deferred income	439
	<u>439</u>

Within accruals and deferred income there is deferred grant income of £293,076 relating to fixtures and fittings and £145,334 relating to IT assets as disclosed in note 5.

9. CALLED UP SHARE CAPITAL

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

Class A and Class B shares hold equal voting rights and in all other respects are equal.

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NOTES TO THE FINANCIAL STATEMENTS
For the period from 8 May 2001 to 31 March 2002

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

	2002 £'000
Operating loss	(13)
Increase in debtors	(2,722)
Increase in creditors	2,726
	<u>(9)</u>

11. RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS

	2002 £'000
Balance at 8 May 2001	-
Net cash inflow	4
	<u>4</u>
Balance at 31 March 2002	<u>4</u>

12. ANALYSIS OF NET FUNDS

	8 May 2001 £'000	Change in period £'000	31 March 2002 £'000
Cash at bank and in hand	-	4	4
Bank overdrafts	-	-	-
	<u>-</u>	<u>4</u>	<u>4</u>

13. OPERATING LEASE COMMITMENTS

At 31 March 2002 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings 2002 £'000	Other 2002 £'000
Leases which expire:		
After five years	713	-
	<u>713</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS
For the period from 8 May 2001 to 31 March 2002

14. 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 and Transport for London respectively. There is no ultimate controlling party.

15. RELATED PARTY TRANSACTIONS

During the period, the company received £2,689,829 grant income from each of The Strategic Rail Authority and Transport for London, of which £1,050,615 was accrued income from each party at the period end.

The registered office for Cross London Rail Links Limited was rented from Transport for London at a cost of £269,123 for the period.

Both The Strategic Rail Authority and Transport for London provided assistance in the setting up of the company for which they were reimbursed £147,125 and £134,285 respectively.

Staff have also been provided by The Strategic Rail Authority and Transport for London during the period for which Cross London Rail Links Limited have paid the following amounts. The Strategic Rail Authority provided consultants valued at £86,266, and administration staff valued at £72,120. Transport for London provided administration staff valued at £261,489.

Cross London Rail Links Limited also received £657,527 in equal portions, used to fund the purchase of fixed assets. The IT equipment in note 5 of £217,913 was purchased from Transport for London in March 2002. Cross London Rail Links Limited also purchased fixtures and fittings valued at £439,614 in March 2002.

IT consumables valued at £71,860 and application consumables valued at £149,076 were purchased from Transport for London.