

Registered Office  
25 Canada Square  
Canary Wharf  
London  
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Registered in England & Wales  
Number 04212657

## Crossrail Limited

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### Annual Report and Financial Statements Year ended 31 March 2010



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# **Directors' Report and Business Review**

## **Introduction**

The directors present their annual report on the affairs of Crossrail Limited ("CRL"), together with the audited financial statements for the year ended 31 March 2010

## **Principal Activity**

The principal activity of CRL ("the Company") is the construction of rail infrastructure in London

## **Business Review**

CRL is currently based upon a single project. The Company continues to be confident that it will deliver the project successfully. As the delivery of the project is underway, project costs are capitalised as tangible fixed assets in the balance sheet.

Land continues to be safeguarded to enable the future development of the Chelsea-Hackney Line (Crossrail Line 2).

The Company made a profit of £nil (2009: £2,000) during the year. No dividend has been proposed (2009: £nil).

# Directors' Report and Business Review (continued)

## Directors

The directors who served during the year were

	Appointed	Resigned
D O Allen		
M J Cassidy		
J P S Crawford		
Sir J Dwyer		
Sir M Hodgkinson		
H V Rabbatts		
R D Holden	1 April 2009	
R A Jennings	30 April 2009	
A H Mitchell	1 September 2009	
T K Morgan	1 June 2009	
D E Oakervee		31 May 2009
Dr G W Plant		14 August 2009

None of the directors had any beneficial interest in the shares of Crossrail Limited or its parent company

The Company maintains directors' and officers' liability insurance

## Risk Management

CRL has a maturing risk management process that identifies and establishes mitigating strategies to counter both strategic and operational risks

CRL is exposed to price risks, including market and interest rate risk, and to credit and liquidity risk. CRL has adopted risk management policies that seek to mitigate these risks in a cost-effective manner

Financial assets that expose the Company to financial risk consist principally of cash and accrued income. Financial liabilities that expose the Company to financial risk consist principally of trade payables and other payables. The financial value of these risks is considered to be minimal.

## Credit Risks

CRL's ultimate parent company Transport for London ("TfL") provides treasury management services to CRL. Deposits are placed with creditworthy institutions and total cash balances deposited on the Company's behalf represent the most important credit risk that CRL is exposed to.

## Liquidity Risk

The Company is dependent on TfL and the Department for Transport ("DfT") for continued financial support. The directors are satisfied that the financial support will continue to be available when required.

# **Directors' Report and Business Review (continued)**

## **Employee Practice**

CRL values the contribution of all its employees and aims to ensure that employees and job applicants are treated fairly, equally and with respect and dignity

The Company is committed to providing equal opportunities to all employees, irrespective of their gender, sexual orientation, marital status, creed, colour, race, ethnic origin or disability. The commitment extends to recruitment and selection, training, career development, flexible working arrangements and promotion and performance appraisal.

## **Health, Safety and Environmental Matters**

The Company is committed to continuous improvement in health, safety and environmental performance. CRL has a Health, Safety and Environmental (HSE) Management System, based on the TfL group model and tailored to suit the needs of the Company. The Management System sets out the HSE standards for each area of the organisation, the arrangements for achieving and methods for checking compliance with those standards, and the processes for reporting on performance.

Safety objectives are set annually and progress against them is monitored closely at the CRL Health, Safety and Environment Committee. This Committee is a sub-committee of the CRL Board and its primary function is to review the HSE performance of CRL, its partners and its suppliers.

## **Charitable and Political Donations**

There were no political contributions or charitable donations in the year (2009: £nil).

## **Payment of Suppliers**

Appropriate terms and conditions are agreed with suppliers. These range from standard terms to individually-negotiated contracts. Payment is made in accordance with the agreed terms and conditions, provided that the supplier has also complied with them. At the period end the amount owed to trade creditors was equivalent to 17 days of purchases from suppliers (2009: 19 days). This is calculated from the supplies and services invoiced in the period and the invoices outstanding at the period end.

## **Disclosure of Information to Auditors**

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which CRL's auditors are unaware, and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that CRL's auditors are aware of that information.

## **Directors' Report and Business Review (continued)**

### **Auditors**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

Signed by order of the Board by

A handwritten signature in black ink, appearing to read 'D. O. Allen'.

D O Allen  
Director

24 June 2010

## Statement of Directors' Responsibilities

The directors are responsible for preparing 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 United Kingdom Accounting Standards and applicable law (United Kingdom 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 judgements and estimates that are reasonable and prudent,
- state whether applicable United Kingdom 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

# **Independent Auditors' Report**

## **To the Members of Crossrail Limited**

We have audited the financial statements of Crossrail Ltd for the year ended 31 March 2010 set out on pages 8 to 19. 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 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 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 Company's members for our audit work, for this report, or the opinions we have formed.

## **Respective Responsibilities of Directors and Auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 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 (APB'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 APB's web-site at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

## **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 March 2010 and of its result 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



# Independent Auditors' Report

To the Members of Crossrail Limited (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



**Andrew Marshall (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
London

29 July 2010

## Profit and Loss Account

	Notes	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Turnover		-	-
Cost of operations		(7,229)	(7,418)
	1	<u>(7,229)</u>	<u>(7,418)</u>
Grant income	5	10,948	7,226
Other operating income		9	58
Operating profit / (loss)		<u>3,728</u>	<u>(134)</u>
Interest income and finance charges (net)	6	(3,726)	180
Profit before taxation		<u>2</u>	<u>46</u>
Taxation	7	(2)	(44)
		<u></u>	<u></u>
Result for the financial year	14	<u>-</u>	<u>2</u>

The Company had no recognised gains or losses other than those included in the Profit and Loss Account and therefore no separate statement of total recognised gains and losses is presented

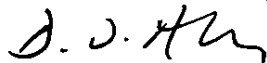
The result above is derived from continuing operations

# Balance Sheet

		As at 31 March 2010 £'000	As at 31 March 2009 £'000
<b>Fixed assets</b>			
Tangible fixed assets	8	<u>444,026</u>	<u>132,460</u>
<b>Current assets</b>			
Debtors	9	29,214	3,083
Cash at bank and in hand		<u>7</u>	<u>269</u>
<b>Total current assets</b>		<u>29,221</u>	<u>3,352</u>
Creditors amounts falling due within one year	10	<u>(115,367)</u>	<u>(50,255)</u>
<b>Net current liabilities</b>		<u>(86,146)</u>	<u>(46,903)</u>
<b>Total assets less current liabilities</b>		<b>357,880</b>	<b>85,557</b>
Creditors amounts falling due after more than one year	11	<b>(357,880)</b>	<b>(84,682)</b>
Deferred income	12	<u>-</u>	<u>(875)</u>
<b>Net assets / (liabilities)</b>		<u>-</u>	<u>-</u>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Profit and loss account	14	<u>-</u>	<u>-</u>
<b>Equity shareholders' funds</b>		<u>-</u>	<u>-</u>

The notes on pages 10 to 19 form part of these financial statements

These financial statements were approved by the Board on 24 June 2010 and signed on its behalf by



D O Allen  
Director

24 June 2010

Company registration number 04212657

# Accounting Policies

## **a) Form and content of financial statements**

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The main accounting policies are set out below and these have been applied consistently in dealing with items which are considered material

The Company is exempt from the requirement of FRS 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Transport Trading Limited (as referred to in Note 17 to the Financial Statements) and its cash flows are included within the consolidated financial statements of that company which are publicly available

## **b) Going concern**

The financial statements have been prepared on a going concern basis, notwithstanding the Company's net current liabilities position of £86.14m. The directors believe the preparation on a going concern basis to be appropriate for the following reasons

The Company is dependent on funds provided to it by, amongst others, Transport for London, its ultimate parent, in order to ensure working capital requirements are satisfied. Transport for London has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make such funds available to the Company.

The directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any Company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

## **c) Grants**

All grants received and receivable from Transport for London are available both to finance investment and to fund operations and are classified as Government grants. Grants in respect of fixed assets are held in the balance sheet as deferred income and are released to the profit and loss account over the expected useful economic lives of assets in line with the depreciation charge. Grants to fund operations are credited to the profit and loss account on an accruals basis.

## Accounting Policies (continued)

### d) Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at historical cost net of accumulated depreciation. Impairment losses, if any, are recognised in the year in which these are identified in accordance with FRS 11.

Land and property acquired by the Secretary of State for the Crossrail Project is not stated in the Balance Sheet of Crossrail Limited.

#### Assets in course of construction

Additions to assets in course of construction represent the capitalised costs of delivering the Crossrail Project (excluding land and property acquisitions). These assets are carried at cost and are not depreciated until they are available for customer service. During the year to 31 March 2010, the directors deemed it appropriate to capitalise such costs in the balance sheet under tangible fixed assets.

#### Depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

IT equipment	3 years
Vehicles, fixtures and fittings	3 years
Freehold property	50 years

No depreciation is charged in the month of acquisition.

### e) Pensions

The majority of employees are members of the Railways Pension Scheme, a defined benefit scheme to which the Company contributes. This scheme provides benefits based on final pensionable pay. However, it is not possible for the Company to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and, as permitted by the multi-employer exemption in FRS 17, it is accounted for as a defined contribution scheme. The Company's contributions are charged to the profit and loss account. The disclosures required under FRS 17 are given in Note 4 to the Financial Statements.

### f) Leases

Operating lease rentals are charged to profit and loss in equal amounts over the lease term. Rental income on blighted properties is credited to the profit and loss account over the period of the rental agreement.

# Notes to the Financial Statements

## 1 Cost of operations

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
	<i>Note</i>	
Staff costs		
Wages and salaries	16,006	9,171
Social security costs	1,552	858
Pension costs	4 <u>2,730</u>	<u>1,577</u>
	<b>20,288</b>	<b>11,606</b>
Property lease costs	1,589	7,979
Supplies and services	<u>297,793</u>	<u>119,418</u>
Cost of operations before capitalisation, depreciation and grants	<b>319,670</b>	139,003
Less amounts capitalised	8 <u>(318,630)</u>	<u>(131,585)</u>
Cost of operations before depreciation and grants	<b>1,040</b>	7,418
Depreciation for the year		
- on the historical cost of depreciated fixed assets	8 <b>7,064</b>	1,500
Release of grant to meet the depreciation charge on the historical cost of depreciated fixed assets	<u>(875)</u>	<u>(1,500)</u>
Total cost of operations	<u><b>7,229</b></u>	<u><b>7,418</b></u>
Supplies and services include the following amounts		
Auditors' remuneration Audit of these financial statements	<u><b>75</b></u>	<u><b>75</b></u>

## Notes to the Financial Statements (continued)

### 2 Average number of employees (including directors)

	Year ended 31 March 2010	Year ended 31 March 2009
	Number	Number
Executives and corporate	47	34
Corporate affairs	21	34
Finance and IT	15	22
Land and property	24	18
Engineering, interface and implementation	123	56
Delivery operations	36	18
	<b>266</b>	<b>182</b>

### 3 Directors' emoluments

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
<b>Directors' emoluments received and receivable</b>		
Directors' emoluments	1,850	1,004
Amounts receivable under long term incentive schemes	309	-
Compensation for loss of office	256	-
Company contributions to defined benefits pension scheme	51	12
Company contribution to defined contribution pension scheme	35	-
	<b>2,501</b>	<b>1,016</b>

The aggregate emoluments received by the highest paid director were £554,495 (2009 £414,329). In addition, the Company made contributions of £35,004 (2009 £nil) to a defined contribution pension scheme on the director's behalf.

Eleven directors received remuneration from the Company during the year (2009 nine). The Company made payments to a third party of £46,667 (2009 £20,000) in respect of the services of another director.

D O Allen received a season ticket loan of £nil (2009 £2,480) in the year. The outstanding balance on the season ticket loan that was received in the prior year was £nil (2009 £2,480) at 31 March 2010. The loan was provided on an arms length basis using normal commercial terms.

Pension payments of £53,167 (2009 £28,000) were made during the year to a former Chief Executive Officer of the Company. The agreement under which these payments were made has now ceased.

# Notes to the Financial Statements (continued)

## 4 Pensions

The Company offers retirement plans to its employees. CRL contributes to the Railways Pension Scheme ("RPS"). The RPS is the defined benefit arrangement for rail industry employees.

CRL contributes to the Omnibus Section of the RPS. The Omnibus Section is made up of 53 participating employers, each (apart from CRL) having fewer than 51 active members in the scheme. The reporting functions and scheme communications are streamlined for the Omnibus Section. There is one quarterly report, one section report and accounts and one valuation report for the whole section rather than individual reports for each individual employer. The Omnibus Section will be valued as a whole and as a result of this, CRL is unable to identify its share of the underlying assets and liabilities.

An actuarial valuation was carried out on the Omnibus Section of the scheme at 31 December 2007. The actuarial report showed that there was a surplus between the assets and liabilities of £6,236m for the total Omnibus Section.

The findings of the 2007 valuation report have been translated into the current contribution level of 31.0%, effective from 1 July 2009. The Trustee believes that it would not be prudent to use the surplus disclosed by the valuation to reduce contributions to less than the future service joint contribution rate.

The Omnibus Section of the RPS is a multi-employer scheme, and is accounted for as a defined contribution scheme under FRS 17.

The pension charge for the year was £2,730,000 (2009: £1,577,000).

## 5 Allocation of grant income

	<b>Year ended 31 March 2010 £'000</b>	<b>Year ended 31 March 2009 £'000</b>
Grant from Transport for London to fund operations	<b><u>10,948</u></b>	<b><u>7,226</u></b>



## Notes to the Financial Statements (continued)

### 6 Interest income and finance charges

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Interest payable on loan from ultimate parent entity	(3,726)	-
Interest receivable	-	180
Interest income and finance charges (net)	<u>(3,726)</u>	<u>180</u>

### 7 Taxation

The Company is assessable to taxation in accordance with the Income and Corporation Taxes Act A reconciliation with the profit before taxation is as follows

	Year ended 31 March 2010 £'000	Year ended 31 March 2009 £'000
Profit before taxation	<u>2</u>	<u>46</u>
Profit multiplied by the standard rate of corporation tax in the United Kingdom of 28% (2009 28%)	-	12
Effects of		
Expenses not allowable for tax purposes	2	54
Consortium relief received	<u>-</u>	<u>(22)</u>
Current tax charge for the year	<u>2</u>	<u>44</u>

At 31 March 2010, the Company did not have any deferred tax assets or liabilities

## Notes to the Financial Statements (continued)

### 8 Tangible fixed assets

	IT Equipment	Vehicles, fixtures and fittings	Assets in course of construction	Freehold property	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 April 2009	10,694	4,929	120,723	964	137,310
Additions	19,813	155	298,662	-	318,630
Disposals	-	-	-	-	-
At 31 March 2010	<u>30,507</u>	<u>5,084</u>	<u>419,385</u>	<u>964</u>	<u>455,940</u>
<b>Accumulated depreciation</b>					
At 1 April 2009	(3,896)	(841)	-	(113)	(4,850)
Charge for the year	(5,593)	(1,452)	-	(19)	(7,064)
Disposals	-	-	-	-	-
At 31 March 2010	<u>(9,489)</u>	<u>(2,293)</u>	<u>-</u>	<u>(132)</u>	<u>(11,914)</u>
<b>Net book value</b>					
At 31 March 2010	<u>21,018</u>	<u>2,791</u>	<u>419,385</u>	<u>832</u>	<u>444,026</u>
At 31 March 2009	<u>6,798</u>	<u>4,088</u>	<u>120,723</u>	<u>851</u>	<u>132,460</u>

### 9 Debtors

	As at 31 March 2010 £'000	As at 31 March 2009 £'000
<b>Amounts due within one year</b>		
Deposits	216	128
Prepayments and accrued income	<u>28,998</u>	<u>2,955</u>
	<u>29,214</u>	<u>3,083</u>

## Notes to the Financial Statements (continued)

### 10 Creditors: amounts falling due within one year

	As at 31 March 2010 £'000	As at 31 March 2009 £'000
Trade creditors	12,220	6,823
Amounts owed to group undertakings	32,054	-
Taxation	2	44
Accruals	71,091	43,388
	<b>115,367</b>	<b>50,255</b>

### 11 Creditors: amounts falling due after more than one year

	As at 31 March 2010 £'000	As at 31 March 2009 £'000
Amounts due to Transport for London	<b>357,880</b>	<b>84,682</b>

The loan from Transport for London is repayable only after Transport for London has served notice. A two year notice period is required. Transport for London has not served notice on the loan to date and hence the loan is classified as a long-term loan in the balance sheet. The average interest rate charged on this loan in the year to 31 March 2010 was 4.4%.

### 12 Deferred income

	As at 31 March 2010 £'000	As at 31 March 2009 £'000
Opening deferred capital grant	875	2,375
Release of grant to meet the depreciation charge on the historical cost of depreciated fixed assets	(875)	(1,500)
Closing deferred capital grant	-	875

## Notes to the Financial Statements (continued)

### 13 Called up share capital

	As at 31 March 2010 £	As at 31 March 2009 £
<b>Authorised</b>		
50 "A" shares of £1 each	50	50
50 "B" shares of £1 each	<u>50</u>	<u>50</u>
	<u>100</u>	<u>100</u>
<b>Allocated, issued and fully paid up</b>		
50 "A" shares of £1 each	50	50
50 "B" shares of £1 each	<u>50</u>	<u>50</u>
	<u>100</u>	<u>100</u>

Class A and Class B shares hold equal voting rights

### 14 Reconciliation of movement in shareholders' funds

	As at 31 March 2010 £'000	As at 31 March 2009 £'000
Opening shareholders' funds	-	(2)
Result for the year	-	2
Closing shareholders' funds	<u>-</u>	<u>-</u>

## Notes to the Financial Statements (continued)

### 15 Commitments and contingencies

#### Capital commitments

The majority of the Company's costs incurred in delivering the Crossrail Project are capitalised in tangible fixed assets as assets in the course of construction. At the balance sheet date, many of the key contracts had not yet been awarded.

#### Operating leases

The total estimated annual amount payable under non-cancellable operating leases analysed by the period of expiry, is shown below.

	<b>As at 31 March 2010 £'000</b>	<b>As at 31 March 2009 £'000</b>
	<b>Land and buildings</b>	<b>Land and buildings</b>
Within one year	<b>1,980</b>	-
Between one and five years	-	401
Over five years	<b>4,052</b>	868
	<b>6,032</b>	1,269

### 16 Related parties

The Company has had no transactions during the period with related parties other than Group companies. Under FRS 8 – 'Related Party Disclosures' the Company is exempt from disclosing transactions with other wholly owned Group undertakings.

### 17 Ultimate holding company

CRL is a wholly owned subsidiary of Transport Trading Limited, a company controlled by Transport for London. Copies of Transport for London's financial statements are available from Windsor House, 42-50 Victoria Street, London, SW1H 0TL.