Crossrail Limited

Annual Report and Financial Statements
Year ended 31 March 2020

Registered Office
5 Endeavour Square
Stratford
London
E20 1JN

Registered in England and Wales
Number 04212657

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Directors' Report

Introduction

The directors present their annual report on the affairs of Crossrail Limited (the "Company" or "CRL") together with the Financial Statements for the year ended 31 March 2020. The Company is a subsidiary undertaking of Transport Trading Limited ("TTL") and is part of the group headed by Transport for London ("TfL"), the "TfL Group".

Principal Activity

The principal activity of the Company is the management of the construction of rail infrastructure.

Directors

The directors, who served throughout the year and up to the date of this Report, were as follows:

S. Atkins	Appointed 16 April 2019
K. Cearns OBE	Appointed 26 October 2019
J. Crawford	Appointed 30 January 2020
P. Gaffney	
D. Hendry	Resigned 20 December 2019
R. Jennings	Resigned 29 April 2019
S. Livingstone	Appointed 18 July 2019
R. Mclean	Appointed 2 January 2020
A. McMeel	
A. Meggs CB	
O. Ogunshakin OBE	
A. Pitt	
N. Raynsford	
C. Sexton	Resigned 30 January 2020
Baroness J. Valentine	Appointed 10 October 2019
M. Wild	

None of the directors had any beneficial interest in the shares of the Company or any other company within the TfL Group.

The Company maintains directors' and officers' liability insurance.

Employee and Supply Chain Involvement and Communications

The Company works actively to communicate with and engage everyone working on the Crossrail programme whether they are directly employed by CRL or not. Regular engagement from the Executive and senior leaders is in place, including weekly written updates and face to face/virtual engagement with all members of the Senior Leadership Team who then cascade to their teams; listening sessions and bi-monthly all colleague conferences; and daily on-site briefings where appropriate. The communications strategy and plan in place ensures that everyone working on the CRL programme is provided with information on matters of concern to them; ensures employees are consulted on matters that may affect them; encourages employee engagement in the Company's strategy and performance; and enables employees to be aware of financial and economic factors that affect the Company's performance.

Directors' Report

Employee Practice

The Company has a people strategy in place that aims to create a culture and environment for everyone to contribute and flourish, collaboratively as one team. The Company values the diversity which exists in our city and aspires to this being reflected in our workforce. This is reflected not only in its recruitment and selection processes, but also throughout the employment cycle. 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, learning and development, career development, flexible working arrangements, promotion and performance management. The HR Team works actively with the Company's Remuneration Committee to ensure that all matters relating to reward and remuneration are handled fairly and consistently. The Company is committed to comply with its legal responsibilities under the Equality Act 2010 to make reasonable adjustments to a person's working conditions wherever possible. Mental and physical wellbeing for all team members is a high priority and active support is in place and available to all. Employee numbers are disclosed in the notes to the accounts.

Health, Safety, Security and Environment

The Company is committed to continuous improvement in health, safety, security and environmental ("HSSE") performance. In addition to HSSE management as part of the normal business activity, HSSE objectives are identified and regularly reviewed to form short and longer term plans as a basis for improving health, safety, security and environment for customers, employees and suppliers. Progress against identified objectives is overseen by the CRL Board. The Company has a Health and Safety Management System and an Environmental Management System certified to OHSAS 18001 and ISO 14001 respectively. These systems set out the 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. The operation of the systems is audited in a structured manner and their appropriateness and effectiveness are regularly reviewed by senior management.

Charitable Donations and Political Contributions

No donations were made to charities during the year (2018/19 £nil). No political contributions were made during the year (2018/19 £nil).

Dividends

No interim dividends were paid during the year (2018/19 £nil) and the directors do not recommend the payment of a final dividend (2018/19 £nil).

Corporate Governance

Crossrail Limited is a wholly owned subsidiary of TTL, which in turn is controlled by TfL, which appoints all the directors of the Company. The Board of Crossrail Limited, through its management structure, implements the corporate aims and controls laid down by TfL. Particulars in respect of corporate governance can be found in TfL's Annual Governance Statement.

During the financial year, the CRL Board commissioned a Board Effectiveness Review. Following a tender exercise for external providers of Board Effectiveness Review services, Independent Audit Limited ("IAL") were selected. IAL had no prior connection with CRL.

IAL attended the CRL Board meeting on 30 January 2020 to present their final report and discuss the outcomes of the Board Effectiveness Review and respond to questions from the CRL Board – in doing so, IAL identified the strengths of, and areas of focus for the CRL Board.

Directors' Report

The funding and financing package for TfL agreed by the Government in May 2020 recognised that CRL remains a vital project for both London and the UK. That package contained a number of conditions relating to CRL, including requiring TfL to propose an action plan to support the successful transition of the project to TfL as it becomes closer to being an operational railway. TfL submitted this proposal by the deadline of 30 June 2020, and set out the plan to transition the Project from CRL into an operational railway whilst supporting its continued delivery.

CRL continue to work closely with TfL on actioning the transition plan jointly to ensure a smooth transfer of the programme into the operational Elizabeth Line.

Disclosure of Information to 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 Company's 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.

Additional disclosures

The Company has chosen, in accordance with Section 414c(11) of the Companies Act 2006, to include certain matters in its Strategic report that would otherwise be required to be disclosed in this Directors' report.

Other information that is relevant to the Directors' report can be located in the Strategic report as follows:

Future Developments	page 4
Principal Risks and Risk Management	page 4

Auditor

Pursuant to shareholders' resolution, the Company is not obliged to reappoint its auditor annually and Ernst & Young LLP will therefore continue in office.

Signed on behalf of the Board by:

Director

28 July 2020

Strategic Report

Activities and Future Developments

As stated in the Directors' Report, the principal activity of the Company is the management of the construction of rail infrastructure.

Financial and Business Review

During the year, £1,101m was spent on the Crossrail project.

The Company advised in November 2019 that forecast Project costs indicated a further funding requirement in the range of £400m to £650m beyond the revised funding package agreed in December 2018, and that the Elizabeth line would open as soon as practically possible in 2021. The financing of this additional cost was under discussion prior to the outbreak of Coronavirus ("COVID-19"). On 23 July 2020, the Company announced that the opening of the central section between Paddington and Abbey Wood next summer, as announced earlier this year prior to COVID-19, is no longer achievable.

Further work is required on the detailed recovery plan which re-sequences the remaining work to complete the railway and fully assess the financial implications of COVID-19 on the programme. A more comprehensive update will be issued in due course; work continues to refine and validate the remaining work schedule and associated costs. The Government stated in the Extraordinary Funding and Financing Agreement dated 14 May 2020 that CRL remains a vital project for both London and the UK and that in advance of the end of the initial support period on 17 October 2020, an additional funding package will need to have been identified and presented to the Project Sponsors.

Much of the central section is now substantially complete. Fit-out is nearing completion at all stations, except Bond Street and Whitechapel, with all physical works in the tunnels already complete. Dynamic Testing of the signalling and train systems is advanced. The major programme focus is commencing intensive operational testing, known as Trial Running, at the earliest opportunity and completing assurance and safety certification for the railway. From the start of Trial Running, it will take an extended period to fully test the Elizabeth line before it can open for passenger service. This includes a final phase known as Trial Operations involving people being invited onto train and stations to test real-time scenarios.

In March 2020, the Prime Minister announced unprecedented measures in the Government's bid to halt the spread of COVID-19 in the UK. In response, the Company brought non-essential construction activity at its project sites to a temporary stop. Works have now resumed in accordance with social distancing and other public health guidance.

Principal Risks and Risk Management

The Company identifies, manages and mitigates significant areas of business risk as part of the normal course of business. The Crossrail Limited Risk Management plan is set up to complement this basic management by the business and to provide a framework for the organisation to ensure that business risks are appropriately identified, reviewed regularly and that progress on the management of key business risks is tracked.

The principal risks to which the Company is exposed include safety, programme delivery, commercial, organisational, stakeholder and financial risks. The key business risks are recorded in a risk register. For each risk, an owner has been identified who is responsible for implementing the mitigation strategy that has been identified.

As part of its overall corporate governance brief within the TfL Group, the CRL Audit and Assurance Committee has specific responsibility for assuring the CRL Board that effective risk management arrangements are in place. The risk management process is subject to annual review by the CRL Head of Risk Management.

Strategic Report

Coronavirus

The global pandemic of Coronavirus has significantly impacted the Company's ability to execute its activities. In March 2020, the Prime Minister announced unprecedented measures in the Government's bid to halt the spread of COVID-19 in the UK. The Company therefore brought non-essential construction activity at its project sites to a temporary stop on 24 March 2020.

The Cabinet Office published Procurement Policy Note 02/20 ("PPN 02/20") which set out information and guidance for public bodies on payment of their suppliers to ensure service continuity during and after the current COVID-19 outbreak. The implementation of PPN 02/20 was discussed at length with Sponsors, and the main principles of PPN02/20 were applied on a risk-assessed basis by CRL.

During the period in which construction works were halted, the Company continued to pay for: protection, care and custody of the assets; light intrusive works which would be undertaken safely on site in compliance with social distancing rules; progression of works that could be delivered safely away from site e.g. assurance and software testing; and preparations required to restart Dynamic Testing at the end of May 2020.

Furthermore, with agreement of the Sponsors, CRL incurred expenditure to enable the retention of specific specialist supply chain resources who were not able to be deployed productively, but whose skills were identified as being critical to retain for when construction works restarted.

Construction works built up from a programme of "niche works" to a controlled re-start in June 2020 with the Project now working towards completing outstanding construction and assurance activities – while maintaining social distancing - a natural consequence of which, due to the nature of our sites, is a reduced level of throughput.

The Company has developed a number of recovery scenarios to model the probable impacts of COVID-19 on schedule and cost. The scenarios incorporate varying durations of social distancing, and a potential second lockdown. These were presented to the CRL Board and an execution strategy has been commissioned for their preferred scenario. The Directors continue to develop this, and the early elements of the chosen recovery plan are now underway.

As part of its immediate response to the crisis, CRL's ultimate parent organisation, TfL, modelled the impact of a number of revenue scenarios based on Imperial College's modelling of the impact on the UK. These indicated a possible reduction in passenger revenues ranging from £1.4bn to £ 3.5bn by the end of 2020/21. As a consequence, and alongside seeking opportunities to further minimise its expenditure and maximise its other sources of income, TfL has worked and continues to work closely with the Government to secure additional support to alleviate the financial impact of the pandemic on the TfL Group.

The Company has availed itself of the Job Retention Scheme for a small number of employees, receiving grant income for up to a maximum of £2,500 or 80 per cent of salary per month for each individual furloughed. The Company continues to pay 100 per cent of salary and pension and other benefits as normal.

TfL has also secured an Extraordinary Funding and Financing Agreement from the Secretary of State which gives the Group secure access to funding in the form of a mixture of Government grant and borrowing from the Public Works Loan Board ("PWLB") for an initial Support Period until 17 October 2020. At that point in time, as the longer-term impact of the COVID-19 outbreak becomes clearer, a further, medium-term support package will be put in place, if required.

As part of the ongoing response to the COVID-19 pandemic, the Company and the Group will continue to monitor, manage and mitigate significant areas of business risk which may arise or change as a consequence of the pandemic.

Strategic Report

Brexit

On 23 June 2016, a public vote in the UK resulted in the decision for the United Kingdom to leave the European Union. As at the date of signing these Financial Statements, the UK has left the EU and is now in a transition period, before new rules come into place from 1 January 2021. The Company's exposure to Brexit related risks is managed centrally by the Company's ultimate parent undertaking, TfL, through its Brexit Working Group, comprised of representatives from across all of TfL's activities.

The TfL Group is relatively isolated from many common Brexit-related issues. Its largest financial exposure is to macro-economic shifts, including any economic contractions that may result from a disruptive Brexit outcome. The Group's income is highly dependent on public transport ridership, which is itself dependent to some degree on economic performance including the number of jobs in central London. Ridership trends are monitored closely. The Group also holds financial reserves to allow fluctuations in revenues to be managed. Any necessary changes to the Group's financial plans resulting from a reduction in revenues would be managed through its normal financial planning processes.

More short-term risks include potential disruptions to operations and commercial contracts, exposure to financial risks (FX and interest rate), and the wellbeing of our people. The Brexit Working Group has developed, and is implementing, significant mitigation plans to enable the Group to continue to serve its customers in all scenarios. This includes a command and control structure that would be implemented in the event of a No Deal Brexit, working with other bodies across London and the South East. Many Brexit-related risks are key risks already under close management.

The TfL Group sources relatively few goods directly from the EU, but supply chain risks, including sub-contractors, are being actively managed to ensure contracts can continue. Where necessary, the TfL Group hedges to reduce exchange rate risk and places orders for critical supplies at fixed prices. The Group's Treasury function works with lenders to manage interest rate risks and seeks to increase certainty by fixing borrowing rates in advance.

We are supporting our non-UK, EU citizen staff by providing guidance on applying for Settled Status and are engaging through our Human Resources team and internal communications.

Liquidity Risk

Liquidity Risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's exposure to liquidity risk is low as the Company's ultimate parent, TfL, and the DfT provide financial support to the Company. The directors are satisfied that adequate financial support will continue to be available when required. The Company's ultimate parent, TfL, 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 Company's management policy regarding liquidity risk is to ensure that it always has sufficient committed facilities available to meet its foreseeable needs.

Credit Risk

TfL provides treasury management services to the Company and deposits are placed with creditworthy institutions in order to minimise the credit exposure.

Signed on behalf of the Board by:

Director

28 July 2020

Statement of Directors' Responsibilities

In Respect of the Directors' Report, the Strategic Report and the Financial Statements

The directors are responsible for preparing the Directors' Report, the Strategic 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 International Financial Reporting Standards as adopted by the European Union ("Adopted IFRSs") and applicable law.

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 they have been prepared in accordance with Adopted IFRSs; 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Independent Auditor's Report

To the members of Crossrail Limited

Opinion

We have audited the financial statements of Crossrail Limited for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes1 to 31, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2020 and of its results for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

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

Material uncertainty relating to going concern

We draw your attention to note g) of Accounting Policies, which indicates that there is a material uncertainty over the availability of funding for the Crossrail project which may cast significant doubt on the Company's ability to continue as a going concern and to deliver the planned capital programme.

No adjustments have been made in the financial statements to the carrying value of assets in the course of construction should the funding not be forthcoming.

Our opinion is not modified in respect of this matter.

Other information

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

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

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

Independent Auditor's Report

To the members of Crossrail Limited (continued)

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the

Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Independent Auditor's Report

To the members of Crossrail Limited (continued)

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.

Karl Havers (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

29 July 2020

Income Statement

For the year ended 31 March	Note	2020 £m*	2019 £m
Revenue	1	0.1	0.2
Gross profit		0.1	0.2
Net operating costs		(1.3)	(1.0)
Operating loss	3	(1.2)	(0.8)
Grant income	2	6.9	5.5
Other gains and losses	4	-	(0.5)
Total profit from operations		5.7	4.2
Financial income	7	0.2	0.2
Financial expenses	8	(5.8)	(4.3)
Profit before taxation		0.1	0.1
Income tax expense	9	(0.1)	(0.1)
Result for the year attributable to the owners of the Company		-	-

* IFRS 16 Leases has been adopted for the first time in 2019/20. 2018/19 comparatives have not been restated for this change. Further information on the impact of the implementation of this new standard is set out in note 30.

Statement of Comprehensive Income

For the year ended 31 March		2020 £m	2019 £m
Result for the year		-	-
Items that will not be subsequently reclassified to profit or loss			
Net remeasurement gain/(loss) on defined benefit pension scheme	20	14.2	(1.0)
Total comprehensive income and expenditure for the year attributable to owners of the Company		14.2	(1.0)

Statement of Financial Position

	Note	31 March 2020 £m*	31 March 2019 £m
Non-current assets			
Property, plant and equipment	11	**13,979.0**	12,877.8
Right-of-use assets	12	**1.7**	-
Investment property	13	**1.8**	1.8
		13,982.5	12,879.6
Current assets			
Trade and other receivables	14	**60.8**	48.9
Cash and cash equivalents	15	**0.3**	0.5
		61.1	49.4
Current liabilities			
Trade and other payables	16	**(245.9)**	(312.6)
Right-of-use lease liabilities	12	**(1.6)**	-
Provisions	18	**(14.2)**	(9.7)
Current tax liabilities	9	**-**	(0.1)
		(261.7)	(322.4)
Non-current liabilities			
Borrowings	17	**(2,000.0)**	(2,000.0)
Provisions	18	**-**	-
Deferred grants and other contributions	19	**(309.8)**	(297.1)
Retirement benefit obligation	20	**(18.3)**	(29.9)
		(2,328.1)	(2,327.0)
Net assets		**11,453.8**	10,279.6
Equity			
Share capital	21	**11,460.0**	10,300.0
Revaluation reserve		**1.6**	1.6
Retained deficit		**(7.8)**	(22.0)
Total equity attributable to the owners of the Company		**11,453.8**	10,279.6

* IFRS 16 Leases has been adopted for the first time in 2019/20. 2018/19 comparatives have not been restated for this change. Further information on the impact of the implementation of this new standard is set out in note 30.

The notes on pages 26 to 47 form part of these Financial Statements. These Financial Statements were approved by the Board on 28 July 2020 and signed on its behalf by:

Director
Company Registration Number 04212657

Statement of Changes in Equity

	Called up share capital	Revaluation reserve	Retained earnings	Total
	£m	£m	£m	£m
At 1 April 2018	8,740.0	1.6	(21.0)	8,720.6
Result for the year	-	-	-	-
Other comprehensive income and expenditure: Actuarial losses on defined benefit pension scheme	-	-	(1.0)	(1.0)
Issue of share capital	1,560.0	-	-	1,560.0
At 31 March 2019	10,300.0	1.6	(22.0)	10,279.6
Result for the year	-	-	-	-
Other comprehensive income and expenditure: Actuarial gain on defined benefit pension scheme	-	-	14.2	14.2
Issue of share capital	1,160.0	-	-	1,160.0
At 31 March 2020	**11,460.0**	**1.6**	**(7.8)**	**11,453.8**

Statement of Cash Flows

For the year ended 31 March	Note	2020 £m*	2019 £m
Cash generated from operating activities			
Result for the year		-	-
Adjustments for			
Amortisation of intangible assets	10	-	0.5
Depreciation of property, plant and equipment	11	-	0.5
Depreciation of right-of-use assets	12	1.0	
Change in fair value of investment properties	4	-	0.5
Financial income	7	(0.2)	(0.2)
Financial expenses	8	5.8	4.3
Reversal of tax expense	9	0.1	0.1
Reversal of charge to profit for defined benefit pension scheme	20	3.3	4.1
Cash flow from operating activities before movements in working capital		10.0	9.8
Increase in trade and other receivables		(11.9)	(5.1)
Decrease in trade and other payables		(42.7)	(107.8)
Increase/(decrease) in provisions		4.5	(23.6)
Cash utilised by operations		(40.1)	(126.7)
Employer contributions to defined benefit schemes		(1.6)	(2.0)
Taxation paid		(0.1)	-
Net cash utilised by operating activities		(41.8)	(128.7)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		-	29.0
Purchase of property, plant and equipment and investment property		(1,125.2)	(1,548.0)
Capital grants received		12.7	91.8
Interest received		0.2	0.2
Net cash utilised by investing activities		(1,112.3)	(1,427.0)
Cash flows from financing activities			
Proceeds from issue of share capital		1,160.0	1,560.0
Cash payments for reduction of the outstanding liabilities relating to leases		(1.0)	-
Interest paid		(5.1)	(3.7)
Net cash generated from financing activities		1,153.9	1,556.3
(Decrease)/increase in net cash during the year		(0.2)	0.6
Net cash and cash equivalents/(overdraft) at the start of the year		0.5	(0.1)
Net cash and cash equivalents at the end of the year		0.3	0.5

* IFRS 16 Leases has been adopted for the first time in 2019/20. 2018/19 comparatives have not been restated for this change. Further information on the impact of the implementation of this new standard is set out in Accounting Policies section (e).

Accounting Policies

a) Reporting entity

Crossrail Limited, the "Company" or "CRL", is a Company domiciled in the United Kingdom. The Company's registration number is 04212657. The address of the Company's registered office is 5 Endeavour Square, Stratford, London E20 1JN. The Company is a subsidiary of Transport Trading Limited ("TTL") which is in turn a subsidiary of Transport for London ("TfL").

b) Statement of accounting policies

This section explains the Company's main accounting policies, which, unless otherwise stated, have been applied to all periods presented in these Financial Statements.

c) Basis of preparation

Statement of Compliance

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("Adopted IFRSs").

Basis of measurement

The accounts are made up to 31 March and have been prepared under the accruals concept and in accordance with the historical cost accounting convention, modified by the revaluation of certain categories of financial asset.

Where items are sufficiently significant by virtue of their size or nature, they are disclosed separately in the Financial Statements in order to aid the reader's understanding of the Company's financial performance.

d) Uses of estimates and judgements

The preparation of Financial Statements in compliance with Adopted IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the Financial Statements are disclosed below. It is not considered likely that any reasonably possible changes in key assumptions in the next 12 months would have a material impact on the carrying amounts of Statement of Financial Position items not already held on the Statement of Financial Position at fair value.

Investment property

Investment property, which is property held to earn rentals and/or capital appreciation, is stated at its fair value as calculated by external professionally qualified surveyors in accordance with Royal Institution of Chartered Surveyors (RICS) Guidelines. Gains and losses from changes in the fair value of investment property are included in the Income Statement for the period in which they arise.

Provisions

Estimation techniques are employed in the calculation of the best estimate of the amount required to settle obligations, including determining how likely it is that expenditure will be required by the Company. This can be very complex, especially when there is a wide range of possible outcomes.

Useful economic life of property, plant and equipment

When determining the useful economic life of property, plant and equipment, judgement must be exercised in estimating the lengths of time the assets will be operational.

Availability of future capital funding

In assessing whether any impairment of the carrying value of assets under construction date is required at the date of the Statement of Financial Position, management exercises judgement as to the level of funding that may be available to fund future expenditure on these projects through to completion. If insufficient future funding is anticipated, management reviews the carrying value of existing assets under construction for possible impairment.

Accounting Policies

e) New standards and interpretations adopted for the first time in these Financial Statements

Standards and interpretations issued by the International Accounting Standards Board ("IASB") are only applicable if endorsed by the EU. The following amendments have been applied for the first time in these Financial Statements:

IFRS 16 (mandatory for years beginning on or after 1 January 2019) was issued in January 2016, replacing IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-Statement of Financial Position model similar to the accounting for finance leases under IAS 17. The Company applied this standard from 1 April 2019 (the date of initial application).

f) New standards and interpretations not yet adopted

At the date of authorisation of these Financial Statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective and, in some cases, have, not yet been adopted by the EU]:

Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

Accounting Policies

The Conceptual Framework for Financial Reporting

The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards.

The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

IFRS 17 Insurance Contracts (mandatory for years commencing on or after 1 January 2021).

IFRS 17 will replace IFRS 4 and provides an accounting model for insurance contracts that is more useful and consistent for insurers than existing standards. This standard is not applicable to the Company.

These standards are not expected to have a material impact on the entity in the current or future reporting periods.

g) Going concern

The Financial Statements have been prepared on a going concern basis, which the directors believe to be appropriate for the following reasons:

The Company is dependent on funds provided to it by TfL, its ultimate parent, in order to ensure working capital requirements are satisfied. TfL has indicated that CRL will remain a subsidiary until completion of the Project as defined in the Project Development Agreement, and consequently will provide the Company with sufficient financial means to enable it to pay its debts as they fall due.

CRL announced on 8 November 2019 that forecast Project costs indicated a further funding requirement in the range of £400m to £650m beyond the revised funding package agreed in December 2018. As set out in the Strategic Report, the COVID-19 pandemic has had a significant impact on the Project and has added further cost pressures. The directors are however developing a detailed programme recovery plan which includes several priority and strategic mitigations and cost reduction efforts in order to minimise the impact of COVID-19 on the Project.

Given the current stage of the Project, management believe it is a reasonable expectation that Sponsors will provide the necessary funding to completion, and/or agree to variations in the scope of the programme which may change the timing of completing scope to better align with future cash inflows. This is the case for all options currently under consideration, including Bond Street Station which is the station with the largest amount of work to complete.

The Company's ultimate parent, TfL, has secured an Extraordinary Funding and Financing Agreement from the Secretary of State for Transport which gives it secure access to funding in the form of a mixture of Government grant and borrowing from the PWLB for an initial Support Period until 17 October 2020. In advance of 17 October 2020, an undertaking has been given by TfL that an additional funding package for Crossrail will be identified, and revised funding presented to the Sponsors and agreed alongside the Government-led review of TfL's future financial position and future financial structure. Further, the Sponsors have confirmed they will make all reasonable efforts to complete Crossrail as soon as practicable. The TfL funding agreement including Crossrail is not expected to be concluded until October 2020 and therefore until then, there is a material uncertainty as to the level of funding that will be agreed and therefore what this means for the completion of the Crossrail Project. As a result, there is a material uncertainty which may cast significant doubt as to whether TfL will be able to provide sufficient funding to Crossrail to enable it to continue as a going concern and deliver its current capital plans.

As at 31 March 2020, Crossrail had capital projects in the course of construction totalling £14bn. Through the work outlined above, and through ongoing discussions with the Government and the GLA, management believe that all projects in progress at 31 March 2020 should continue to be funded. However, until the review is complete, and a longer-term financing package formally agreed, a material uncertainty remains as to whether all projects included in the Company's assets in the course of construction at 31 March 2020 will be fully funded to completion. If projects or

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non-essential elements of in-progress projects are not funded, there could be a possible impairment of carrying values at 31 March 2020, which is not reflected in these financial statements.

h) Revenue recognition

Property rental income on operating leases is recognised on a straight line basis over the term of the relevant lease.

i) Grants and other funding

Grants and other contributions received towards the cost of capital expenditure are recorded as deferred income in the Statement of Financial Position and released to the Income Statement over the estimated useful economic lives of the assets to which they relate.

Revenue grants received for the funding of operations are credited to the Income Statement on a systematic basis to match costs.

j) Employee benefits

Defined contribution scheme

A defined contribution plan, of which the majority of staff are members, is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the Income Statement in the periods during which services are rendered by employees.

Defined benefit plans

The defined benefit plan provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company.

On retirement, members of the scheme are paid their pensions from a fund which is kept separate from the Company. The Company makes cash contributions to that fund in advance of members' retirement.

The scheme has been accounted for as a defined benefit scheme under IAS19. Pension scheme assets are measured using current market bid values. Pension scheme liabilities are measured using a projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The difference between the value of the pension scheme assets and pension scheme liabilities is a surplus or a deficit. A pension scheme surplus is recognised to the extent that it is recoverable and a pension scheme deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges and financial income/expenses in the statement of total comprehensive income, actuarial gains and losses. Generally, amounts are charged to operating expenditure on the basis of the current service cost of the present employees that are members of the scheme.

Other employee benefits

Other short and long term employee benefits, including holiday pay and long service leave, are measured on an undiscounted basis and are recognised as an expense over the period in which they accrue.

k) Leases (the Company as lessee)

As explained in note (e) above, the Company has changed its accounting policy for leases where it is the lessee. The new accounting policy is described below and the impact of the change is in note 30.

The lease liabilities arising from a lease are initially measured on a present value basis comprising the

following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

Accounting Policies

- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option, and
- lease payments to be made under reasonably certain extension options.

The lease payments are discounted using the TfL Group's incremental borrowing rate, being the rate the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.. All the Company's former operating leases have been discounted using the TfL Group's incremental borrowing rate. TfL Group's incremental borrowing rate is used for the Company as all Company borrowings are passed down from TTL's parent, TfL, which is the body that raises financing from external parties on behalf of its operating subsidiaries.

TfL's incremental borrowing rate for each tenor consists of two elements: an underlying rate, which is the UK Gilt rate and a credit spread representing the percentage payable above the underlying rate to reflect the credit profile of the TfL Group. TfL has a number of outstanding public bonds that can be used to estimate the credit spread payable for a range of tenors. For rolling stock leased assets, an adjustment to the rate was made to reflect the additional credit risk inherent in these lease arrangements.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate takes effect, then the lease liability is re-measured using the changed cash flows and changed discount rate. Further, a corresponding adjustment is also made to the right-of-use asset.

Lease payments are allocated between the repayment of principal and a finance cost. The finance cost is charged to the Income and Expenditure Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use assets are measured at cost comprising the following:

- the amount of initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

The right-of-use assets are generally depreciated on a straight line basis over the shorter of the asset's useful life and the lease term. If it is reasonably certain that the Company will exercise a purchase option, then the right of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and with low-value assets are recognised on a straight-line basis as an expense in the Income and Expenditure Statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

IFRS 16 allows application of a practical expedient that permits lessees to make an accounting policy election, by class of underlying asset, to account for each separate lease component of a contract and any associated non-lease components as a single lease component. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Our Accounting Policy is to apply this expedient to other equipment as a class of underlying asset. If the total non-lease components over the contract duration is less than 5% of the total contract value or £500,000 whichever is lower, then the non-lease and lease components are treated as a single lease.

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l) Financial income and expenses

Financing and investment income consists of interest income on funds invested and interested receivable on leases. Interest income is recognised as it accrues in the Income Statement, using the effective interest rate method.

Financing costs comprise the interest expense on borrowings accrued using the effective interest rate method.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the Income Statement.

m) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Income Statement except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities, to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are disclosed net to the extent that they relate to taxes levied by the same tax authority and the Company has the right of set off.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

n) Intangible fixed assets

Software costs are measured at cost less accumulated amortisation and accumulated impairment losses. Assets under construction are measured at cost less accumulated impairment losses.

Amortisation is charged to the Income Statement on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, unless such lives are indefinite.

Software costs have useful lives of 1 - 2 years and are amortised on a straight-line basis.

o) Property, plant and equipment

Recognition and measurement

Additions to assets under construction represent the capitalised costs expended by CRL. During the year the directors deemed it appropriate to capitalise such costs in the Statement of Financial Position under property, plant and equipment.

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Assets under construction are measured at cost less accumulated impairment losses.

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Land and property acquired by the Secretary of State for the Crossrail project is not included in the Statement of Financial Position of the Company, but is included in the Statement of Financial Position of TfL, the acquiring entity.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use. Where there is a legal obligation to remove the asset and/or restore the site on which it is located at the end of its useful economic life, the costs of dismantling and removing the items and restoring the site on which they are located are also included in the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Income Statement as incurred.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the Income Statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Property	5-50 years
Plant and equipment	1-2 years

Assets under construction and freehold land are not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Gains and losses on disposal

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds of disposal with the carrying amount, and are recognised within net operating costs in the Income Statement.

When the use of a property changes such that an owner-occupied property becomes an investment property carried at fair value, IAS 16 will be applied up to the date of change in use. The property is fair valued at the date of transfer and any revaluation gain or loss, being the difference between fair value and the previous carrying amount, is accounted for as a revaluation surplus or deficit in equity. Increases are recognised directly in equity unless an impairment loss has been recognised for the same property in prior years, then a portion of the increase is recognised in the Income Statement to the extent of that impairment loss. Decreases are recognised in the Income Statement for any decrease in excess of the amount included in the revaluation surplus for that property.

p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are ready for their intended use. A qualifying asset is defined as

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an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. A substantial period of time has been interpreted as being one year or longer.

q) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value with any changes therein recognised in the Income Statement in the period in which they arise. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. Investment properties held at fair value are not subject to depreciation.

Properties are valued at fair value by external professional valuers in accordance with Royal Institution of Chartered Surveyors (RICS) Guidelines. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement methodology assumes the valuation is based on the highest and best use of the asset. Fair value is determined using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre. Properties are therefore categorised as level 2 in the fair value hierarchy, as the measurement technique uses observable inputs to determine the fair value measurements. Properties with a carrying value in excess of £5,000,000 are valued annually. Properties with a value in excess of £250,000 but less than £5,000,000 are revalued at least every three years. Properties with a value in excess of £100,000 but less than £250,000 are revalued at least every five years.

An investment property is derecognised upon disposal. Any gain or loss arising on derecognition of the property is included in the Income Statement in the period in which the property is derecognised. The gain or loss on disposal of the property is calculated as the difference between the proceeds on disposal and the carrying amount of the asset.

r) Impairment

Non-financial assets

Impairment occurs when an asset would otherwise be recorded in the Financial Statements at an amount more than is recoverable from its use or sale.

At each reporting date, the Company reviews the carrying amount of those assets that are subject to amortisation to determine whether there is an indication that any of those assets has suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

Impairment losses are recognised in the Income Statement.

s) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at management's best estimate of the consideration required to settle the obligation at the Statement of Financial Position date, and are discounted to present value where the effect is material.

t) Financial instruments

Financial instruments within the scope of IFRS 9 Financial Instruments (IFRS 9) are classified as:

- financial assets measured at amortised cost
- financial assets measured at fair value through other Comprehensive Income and Expenditure ('FVTOCI')
- financial assets measured at fair value through the Income Statement ('FVTPL')

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- financial liabilities measured at amortised cost
- financial liabilities at fair value through the Income Statement ('FVTPL')

The Company determines the classification of its financial instruments at initial recognition. Financial assets may be reclassified only when the Company changes its business model for managing financial assets, at which point all affected financial assets would be reclassified. Financial liabilities are not reclassified subsequent to initial recognition.

When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus any directly attributable transaction costs. The exception to this is for assets and liabilities measured at fair value, where transaction costs are immediately expensed.

The subsequent measurement of financial instruments depends on whether they are financial assets or financial liabilities and whether specified criteria are met.

Financial assets are measured at amortised cost if:

- it is the objective of the Group to hold the asset in order to collect contractual cash flows; and
- the contractual terms give rise to cash flows, which are solely repayments of a principle value and interest thereon

After initial recognition, these assets are carried at amortised cost using the effective interest rate method if the time value of money is significant. Gains and losses are recognised in the Income Statement when the asset is derecognised or a loss allowance is applied, as well as through the amortisation process.

Financial assets are measured at FVTOCI if:

- assets are non-derivative and held within a business model whose objective is to realise their value through either the collection of contractual cash flows or selling of the financial assets; and
- the contractual terms of the financial asset give rise to periodic cash flows that are the payment of principal and interest.

After initial recognition, interest is taken to the Income Statement using the effective interest rate method and the assets are measured at fair value with gains or losses being recognised in other Comprehensive Income and Expenditure (and taken to the Financial Instruments Revaluation Reserve), except for impairment gains or losses, until the investment is derecognised, or reclassified at which time the cumulative fair value gain or loss previously reported in reserves is included in the Income Statement. For equity instruments, unlike debt instruments, there is no transfer of accumulated amount in the Income Statement.

Financial assets are measured at FVTPL if they are:

- derivatives
- not held as amortised cost or at FVTOCI
- financial assets that were elected to be designated as measured at FVTPL

After initial recognition, assets are carried in the Statement of Financial Position at fair value with gains or losses recognised in the Income Statement.

Financial liabilities are measured at amortised cost if they are non-derivative with limited exceptions.

After initial recognition, non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are measured at FVTPL if they are:

- derivatives
- other liabilities held for trading
- financial liabilities that were elected to be designated as measured at FVTPL

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Cash and cash equivalents

Cash and cash equivalents comprise cash balances that are readily convertible to cash without significant penalty and with an outstanding maturity, at the date of acquisition, of less than or equal to three months. Cash and cash equivalents are classified as financial assets at amortised cost.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently classified as financial assets at amortised cost.

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the point of initial recognition. Fair values calculated using the market rate of interest at the reporting date are also determined for disclosure purposes.

Trade and other creditors

Trade and other creditors are recognised initially at fair value and subsequently at amortised cost using the effective interest rate method.

Interest bearing loans and borrowings

All loans and borrowings are classified as financial liabilities measured at amortised cost.

Impairment of financial assets

At each reporting date, the Company assesses whether the credit risk on a significant financial asset measured at amortised cost or FVTOCI has increased significantly since initial recognition and subsequently measures an expected credit loss allowance for that financial instrument.

The expected loss allowance is a measurement based on the probability of default over the lifetime of the contract for trade receivables, lease receivables or contract assets in scope of IFRS 15. For other financial assets, the allowance is based on the probability of default occurring in 12 months providing credit risk is assessed as low.

The expected credit loss is based on a forward-looking, probability-weighted measure considering reasonable and supportable information on past events, current conditions and the time value of money. Where financial assets are determined to have shared risk characteristics they are assessed collectively, otherwise, they are reviewed on an individual basis.

Expected credit loss allowances are recognised in the Income Statement.

u) Fair value measurement

IFRS 13 Fair Value Measurement requires that financial instruments and other assets and liabilities that are measured in the Statement of Financial Position at fair value are measured by level of the following fair value measurement hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

Level 2: inputs other than quoted prices included that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

The fair values of financial instruments that are not traded in an active market (for example over the counter derivatives or infrequently traded listed investments) are determined by using valuation techniques. These valuation

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techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

Specific valuation techniques, such as discounted cash flow analysis, are used to determine fair value of the remaining financial instruments.

Notes to the Financial Statements

1 Revenue

For the year ended 31 March	2020	2020	2019	2019
	£m	%	£m	%
Other revenue				
Rents receivable	0.1	100.0%	0.1	50.0%
Other revenue	-	-%	0.1	50.0%
Total revenue	0.1	100.0%	0.2	100.0%

2 Grant income

For the year ended 31 March	2020	2019
	£m	£m
Revenue grant income receivable		
Grant from TfL to fund operations	6.9	5.5

3 Operating loss

For the year ended 31 March		2020	2019
	Note	£m	£m
Operating loss is stated after charging/(crediting):			
Capital items			
Depreciation of right-of-use assets	12	1.0	-
Depreciation of property, plant and equipment - owned	11	-	0.5
Amortisation of intangible assets	10	-	0.5
Other operating costs			
Employee costs	5	29.0	34.8
Payments under operating leases		-	5.5

For the year ended 31 March	2020	2019
	£000	£000
Auditors' remuneration		
Fees for the audit of these Financial Statements	120	120

Notes to the Financial Statements

4 Other gains and losses

For the year ended 31 March	Note	2020	2019
		£m	£m
Change in fair value of investment property	13	-	(0.5)

5 Employee costs

For the year ended 31 March	2020	2019
	Number	Number
Average number of employees (including directors) in the year	324	352
	£m	£m
Wages and salaries	22.1	27.0
Social security	2.6	2.9
Defined contribution pension costs	1.0	0.8
Defined benefit pension costs	3.3	4.1
	29.0	34.8

Notes to the Financial Statements

6 Directors' emoluments

For the year ended 31 March	**2020**	2019
	Number	Number
Number of directors who received remuneration from the Company during the year	**16**	16
The Company made contributions to a defined contribution scheme on behalf of the following number of directors	**-**	-
Number of directors who were members of a defined benefit pension scheme	**1**	1

For the year ended 31 March	**2020**	2019
	£	£
Salaries, fees and benefits in kind	**1,668,413**	1,558,016
Compensation for loss of office	**-**	129,281
	1,668,413	1,687,297

No directors' emoluments and benefits were borne by other Group companies. (2018/19 1 director).

The highest paid director received the following remuneration:

	2020	2019
	£	£
Salaries, fees and benefits in kind	**447,839**	151,595

The highest paid director was only in office from 19 November in the 2018/19 financial year.

The Remuneration and Nomination Committee met five times in the financial year (2018/19 three times).

Notes to the Financial Statements

Named employees receiving a base annual salary in excess of £150,000 as at 31 March 2020

	Notes	Salary (including fees & allowances) 2019/20* £	Performance Related Pay (PRP) for 2018/19 paid in the year 2019/20	Compensation for loss of employment 2019/20 £	Benefits in kind 2019/20 £	Total remuneration excluding pension contributions 2019/20 £	Employer's contribution to pension 2019/20** £
Crossrail current office holders/employees							
Tony Meggs, Non-Executive Chairman	a	200,000	-	-	-	200,000	-
Nick Raynsford, Non-Executive Deputy Chairman	b	48,000	-	-	-	48,000	-
Mark Wild, Chief Executive	c	446,133	31,692	-	1,706	479,531	-
Chris Sexton, Deputy Chief Executive	d	302,784	100,000	-	1,706	404,490	32,064
Carole Bardell-Wise, Health, Safety, Quality and Environment Director	e	129,740	-	-	1,413	131,153	12,655
Susan Beadles, General Counsel		155,872	-	-	1,706	157,578	27,810
Chris Binns, Chief Engineer		179,618	-	-	1,706	181,324	17,749
Jim Crawford, Chief Programme Officer	f	61,381	-	-	289	61,670	-
Alexandra Kaufman, Communications Director	g	78,863	-	-	402	79,265	7,886
Rachel McLean, Chief Finance Officer	h	57,295	-	-	522	57,818	10,994
Howard Smith, Chief Operations Officer	i	182,447	21,175	-	1,706	205,328	-
Andy Weber, Delivery Construction Manager	j	149,356	-	-	769	150,125	15,084
Former Employees							
Jeremy Bates, Head of Assurance, Crossrail	k	96,282	67,320	-	956	164,558	17,809
Paul Grammer, Commercial Director, Crossrail	l	20,366	-	77,541	140	98,047	-
David Hendry, Chief Finance Officer, Crossrail	m	189,547	-	-	-	189,547	-

* salary, fees and allowances include an allowance paid as a result of the individual opting out of part or all of the benefits provided by the TfL Savings for retirement plan or TfL pension fund. The allowance is paid at the rate of the employer contributions foregone, discounted by the employer rate of national insurance in order to ensure no additional employer cost is incurred. It also includes an allowance available to employees on fixed term contracts who choose to join a defined contribution scheme rather than the TfL Pension Fund.

** a number of senior employees opted out of the TfL Pension Fund during 2015/16. They are instead accruing equivalent benefits under an unfunded defined benefit pension scheme

a entered service 14 January 2019. Paid for providing services two days per week.

b entered service 14 January 2019. Paid for providing services five days per month.

c role at Crossrail started 19 November 2018. Formerly Managing Director, London Underground and PRP received relates to that role and was paid by TfL. Salary sacrificed for Cycle to Work scheme of £nil (2018/19 £77)

d PRP disclosed relates to retention payment only

e entered service 3 June 2019

f entered service 30 January 2020

g entered service 23 September 2019

h entered service 2 January 2020

i salary sacrificed for pension of £8,306 (2018/19 £8,012). Up to 31 December 2019, 80% of the salary was paid by Crossrail Limited, from 1 January 2020 100% was paid by TfL. PRP was paid by TfL.

j salary sacrificed for childcare vouchers of £1,488 (2018/19 £1,488)

k left service 22 October 2019

l left service 30 April 2019

m left service 20 December 2019

Notes to the Financial Statements

7 Financial income

For the year ended 31 March	2020	2019
	£m	£m
Other investment income	0.2	0.2

8 Financial expenses

For the year ended 31 March	2020	2019
	£m	£m
Interest on loans from fellow Group undertakings	78.2	78.3
Net interest expense on defined benefit pension obligation	0.7	0.6
Interest capitalised into the cost of property, plant and equipment	(73.1)	(74.6)
	5.8	4.3

9 Taxation

For the year ended 31 March	2020	2019
	£m	£m
Current year UK Corporation Tax		
Current year UK Corporation Tax	0.1	0.1
Total income tax charge for the year	0.1	0.1

Reconciliation of tax expense

For the year ended 31 March	2020	2019
	£m	£m
Profit before tax	0.1	0.1
Profit before tax multiplied by standard rate of Corporation Tax in the UK of 19% (2018/19 19%)	-	-
Effects of:		
Non-taxable and non deductible items	0.1	0.1
Income tax expense for the year	0.1	0.1

Notes to the Financial Statements

Unrecognised deferred tax

There were no unrecognised deferred tax assets as at 31 March 2020 or 31 March 2019.

Recognised deferred tax

Deferred tax assets have been recognised to the extent of the deferred tax liabilities.

Movements were in respect of the following items:

	Opening balance	Movement in profit or loss	Closing balance
	£m	£m	£m
For the year ended 31 March 2020			
Deferred tax assets			
Deferred contributions	50.6	8.4	**59.0**
Deferred tax liabilities			
Tangible fixed assets	(50.6)	(8.4)	**(59.0)**
Net deferred tax asset/(liability)	-	-	-
For the year ended 31 March 2019			
Deferred tax assets			
Deferred contributions	35.0	15.6	50.6
Deferred tax liabilities			
Tangible fixed assets	(35.0)	(15.6)	(50.6)
Net deferred tax asset/(liability)	-	-	-

In September 2016 legislation was enacted setting the main rate of Corporation Tax to 17 per cent from 1 April 2020. However, the Finance Bill 2020 amends the main rate of Corporation Tax for all non-ring fenced profits to 19% from 1 April 2020. The Corporation Tax charge and the main rate will also be set at 19% from April 2021. As the Group's deferred tax balances are not expected to be settled until after April 2021, deferred tax balances at 31 March 2020 have been calculated at the rate of 19 per cent.

Notes to the Financial Statements

10 Intangible assets

a) Intangible assets at 31 March 2020 comprised the following elements:

	Software costs
	£m
Cost or valuation	
At 1 April 2019	0.5
At 31 March 2020	**0.5**
Amortisation	
At 1 April 2019	0.5
At 31 March 2020	**0.5**
Net book value at 31 March 2020	**-**
Net book value at 1 April 2019	-

b) Intangible assets at 31 March 2019 comprised the following elements:

	Note	Software costs
		£m
Cost or valuation		
At 1 April 2018		3.7
Transfer (to)/from assets held for sale		
Disposals		(3.2)
At 31 March 2019		0.5
Amortisation		
At 1 April 2018		3.2
Charge for the year	3	0.5
Transfer (to)/from assets held for sale		
Disposals		(3.2)
At 31 March 2019		0.5

Notes to the Financial Statements

11 Property, plant and equipment

a) Property, plant and equipment at 31 March 2020 comprised the following elements:

	Plant and equipment	Assets in the course of construction	Total
	£m	£m	£m
Cost or valuation			
At 1 April 2019	1.9	12,877.8	12,879.7
Additions	-	1,101.2	1,101.2
At 31 March 2020	**1.9**	**13,979.0**	**13,980.9**
Depreciation			
At 1 April 2019	1.9	-	1.9
At 31 March 2020	**1.9**	**-**	**1.9**
Net book value at 31 March 2020	**-**	**13,979.0**	**13,979.0**
Net book value at 1 April 2019	-	12,877.8	12,877.8

b) Property, plant and equipment at 31 March 2019 comprised the following elements:

	Note	Plant and equipment	Assets in the course of construction	Total
		£m	£m	£m
Cost or valuation				
At 1 April 2018		6.6	11,371.1	11,377.7
Additions			1,535.7	1,535.7
Disposals		(4.7)	(29.0)	(33.7)
At 31 March 2019		1.9	12,877.8	12,879.7
Depreciation				
At 1 April 2018		6.2	-	6.2
Charge for the year	3	0.5	-	0.5
Disposals		(4.8)	-	(4.8)
At 31 March 2019		1.9	-	1.9

Notes to the Financial Statements

12 Right-of-use assets and lease liabilities

This note provides information for leases where the Company is a lessee. For adjustments recognised on adoption of IFRS 16 on 1 April 2019, please refer to note 30.

a) Statement of Financial Position shows the following amounts relating to leases:

	Note	Infrastructure and office buildings	Other equipment	Total
		£m	£m	£m
Right-of-use assets				
Cost				
Finance leases at 1 April 2019		-	-	-
Operating leases at 1 April 2019		-	-	-
Additions		2.5	0.2	2.7
At 31 March 2020		2.5	0.2	2.7
Depreciation				
Finance leases at 1 April 2019		-	-	-
Operating leases at 1 April 2019		-	-	-
Charge for the year	3	0.9	0.1	1.0
At 31 March 2020		0.9	0.1	1.0
Net book value at 31 March 2020		1.6	0.1	1.7
Net book value at 1 April 2019		-	-	-

Notes to the Financial Statements

The lease liabilities on the Statement of Financial Position are calculated as the present value of minimum lease payments outstanding.

	2020	2019
	£m	£m
At 31 March		
Principal outstanding		
Current	1.6	-

	2020	2019
	£m	£m
Contractual undiscounted payments due in		
Less than one year	2.2	-
Less:		
Present value discount	(0.1)	-
Prepaid amounts	(0.3)	-
Exempt cashflows	(0.2)	-
Present value of minimum lease payments	1.6	-

b) Amounts recognised in the Income Statement

The Income and Expenditure Statement shows the following amounts relating to leases:

	2020	2019
	£m	£m
Depreciation charge of right-of-use assets	1.0	-
Interest expense (included in finance cost)	-	-
Expense relating to short-term leases (included in net operating costs)	2.8	-

c) Total cash outflow for leases

The total cash outflow for leases, including short term leases, in 2019/20 was £3.2m.

d) The Company's leasing activities and how these are accounted for

As a lessee, the Company leases various infrastructure and office buildings, motor vehicles and other equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The accounting of the above leases is described within Accounting Policies section (k).

Notes to the Financial Statements

e) Future cash flows to which the lessee is potentially exposed that are/are not reflected in the measurement of lease liabilities.

Variable lease payments:

Most of our infrastructure and office buildings have variable lease payments linked to a consumer price index. When there is a change in cash flows because of the change in consumer price index or change in floating rate, then we re-measure the lease liability to reflect those revised lease payments and make corresponding adjustment to the right-of-use asset.

Extension options and termination options:

Some of our lease contracts have extension and termination options. These options and related payments are only included when the Company is reasonably certain that it will exercise these options. At the date of this Annual Report, there are no facts and circumstances that create an economic incentive for the Company to extend or terminate the lease.

13 Investment properties

	Note	2020 £m	2019 £m
Valuation			
Fair value at 1 April		1.8	2.3
Change in fair value	4	-	(0.5)
Fair value at 31 March		1.8	1.8

The fair value of the Company's investment properties has been arrived at on the basis of a valuation carried out at 31 March 2019 by Knight Frank, a property valuation company not connected with the Company. Fair value is determined using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre. All properties have therefore been categorised at level 2 of the fair value hierarchy. In estimating fair value, the highest and best use of the properties is their current use. There were no transfers of properties in or out of level 2 of the fair value hierarchy during the year (2018/19 none).

Properties are valued in accordance with the Red Book, RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors. Properties with a carrying value in excess of £5,000,000 are valued annually. Properties with a value in excess of £250,000 but less than £5,000,000 are revalued at least every three years. Properties with a value in excess of £100,000 but less than £250,000 are revalued at least every five years.

The Company's investment properties are let on a tenant repairing basis. The Company's maintenance obligations are limited to common areas and vacant property units.

Notes to the Financial Statements

14 Trade and other receivables

	2020	2019
	£m	£m
Current		
Trade receivables	1.4	1.0
Amounts due from fellow Group undertakings	29.0	25.3
Other tax and social security	14.8	16.8
Prepayments	12.0	1.6
Other receivables	3.6	4.2
	60.8	48.9

15 Cash and cash equivalents

	2020	2019
	£m	£m
Cash at bank	0.3	0.5

16 Trade and other payables

	2020	2019
	£m	£m
Current		
Trade payables	1.4	5.8
Accruals and other payables	0.3	0.4
Project accruals	228.5	252.5
Amounts due to fellow Group undertakings	14.4	51.4
Deferred income	-	0.1
Salaries and wages	0.5	1.6
Other tax and social security creditors	0.8	0.8
	245.9	312.6

Notes to the Financial Statements

17 Borrowings

	2020	2019
	£m	£m
Long-term		
Amounts due to fellow Group undertakings	2,000.0	2,000.0

Amounts due to fellow Group undertakings

All borrowings due to fellow Group undertakings are repayable on demand with a two year notice period. No notice has been given on these loans as at the date of signing of these accounts.

The weighted average interest rates on borrowings outstanding at the year end were as follows:

	2020	2019
Weighted average interest rate	3.90%	3.92%

18 Provisions

	2020	2019
	£m	£m
Current		
Provisions	14.2	9.7

	At 1 April 2019	Utilised in the year	Charge for the year	Reversed during the year	At 31 March 2020
	£m	£m	£m	£m	£m
Movement on provisions					
Contractual provisions	9.7	(1.9)	13.0	(6.6)	14.2

	At 1 April 2018	Utilised in the year	Charge for the year	Reversed during the year	At 31 March 2019
	£m	£m	£m	£m	£m
Movement on provisions					
Contractual provisions	33.3	(3.6)	7.0	(27.0)	9.7

Contractual provisions

The Company has provisions for contractual claims that may emerge in respect of disputes arising in the ordinary course of business. The provisions recorded are based on management's best estimate at the Statement of Financial Position date of the likely amount to be incurred through settlement. Reflecting the inherent uncertainty with many legal proceedings and claim settlements, the timing and amount of the outflows could differ from the amount provided. Based on current estimates, management expect that these amounts, which are based on facts and take

Notes to the Financial Statements

account of past experience on other projects for similar items, will be settled within the next three years. Where material, the provision held is discounted to its present value.

19 Deferred grants and other contributions

	2020	2019
	£m	£m
Deferred grants and other contributions at start of year	**297.1**	205.3
Capital grant received during the year	**12.7**	91.8
Deferred grants and other contributions at end of year	**309.8**	297.1

20 Pensions

The Company contributes to a defined benefit pension scheme and a defined contribution scheme, details of which are disclosed below:

Crossrail Section of the Railways Pension Scheme

The Company contributes to the Crossrail Section of the Railways Pension Scheme. The Crossrail Section has been accounted for in these Financial Statements as a defined benefit pension scheme under IAS 19.

The last actuarial valuation of the Crossrail Section of the scheme was carried out at 31 December 2016. The actuarial report showed that there was a surplus of £5.9m. The findings of the 2016 valuation report were translated into a continuing current employer contribution level of 20.9%.

A separate valuation has been prepared for accounting purposes on an IAS 19 basis as at 31 March 2020. The resultant defined benefit obligation is a deficit of £18.3m. The discounted scheme liabilities have an average duration of approximately 21 years.

Actuarial assumptions at 31 March 2020

	2020	2019
	%	%
Inflation - RPI	**2.35%**	3.15%
Inflation - CPI	**1.45%**	2.15%
Rate of increase in salaries	**2.35%**	3.15%
Rate of increase in pensions in payment and deferred pensions	**1.45%**	2.03%
Discount rate	**2.30%**	2.35%

Notes to the Financial Statements

Fair value of Section assets and liabilities at 31 March

	2020	2019
	£m	£m
Equities	67.2	65.7
Bonds	8.7	8.3
Cash, property and other assets	0.6	0.3
Total market value of assets	76.5	74.3
Actuarial value of Section liabilities	(94.8)	(104.2)
Closing Section net obligation	(18.3)	(29.9)

The obligation recognised in the Statement of Financial Position in respect of the defined benefit scheme is as follows:

	2020	2019
	£m	£m
Present value of Section obligation	(94.8)	(104.2)
Fair value of Section assets	76.5	74.3
Retirement benefit obligation recognised in the Statement of Financial Position	(18.3)	(29.9)

Movements in the Section obligation are as follows:

	2020	2019
	£m	£m
Opening balance	104.2	95.6
Current service cost	3.3	4.1
Interest cost	2.5	2.3
Employee contributions	0.4	0.5
Net remeasurement - financial	(15.5)	4.8
Net remeasurement - demographic	0.2	(1.8)
Actual benefit payments	(0.3)	(1.3)
Closing balance	94.8	104.2

Notes to the Financial Statements

Movements in the Section assets are as follows:

	2020	2019
	£m	£m
Opening balance	74.3	69.5
Interest on assets	1.8	1.7
Return on assets excluding interest income	(1.1)	2.0
Actual employer contributions	1.6	2.0
Employee contributions	0.4	0.5
Actual benefits paid	(0.3)	(1.3)
Scheme expenses	(0.2)	(0.1)
Closing balance	76.5	74.3

Amounts recognised in the Income Statement in respect of the defined benefit scheme are as follows:

For the year ended 31 March	2020	2019
	£m	£m
Current service cost	3.3	4.1
Total employee costs	3.3	4.1
Net interest expense	0.7	0.6
Administrative cost	0.2	0.1
Amounts recognised in the Income Statement	4.2	4.8

Amounts recognised in Other Comprehensive Income and Expenditure in respect of the defined benefit scheme are as follows:

For the year ended 31 March	2020	2019
	£m	£m
Return on assets excluding interest income	1.1	(2.0)
Net remeasurement - financial	(15.5)	4.8
Net remeasurment - demographic	0.2	(1.8)
Net actuarial (gain)/loss	(14.2)	1.0

Sensitivities analysis

Retirement benefit plans typically expose a company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk. Sensitivity analyses for the most significant actuarial assumptions made in relation to these risks are as set out below in regard to the Crossrail Section of the Railways Pension Fund The analyses have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate were 0.1% higher/(lower), the defined benefit obligation would decrease by £2.0m (increase by £2.0m).

Notes to the Financial Statements

- If the expected salary growth were increased/(decreased) by 0.1%, the defined benefit obligation would increase by £0.6m (decrease by £0.6m).
- If life expectancy were increase/(decreased) by one year, the defined benefit obligation would increase by £2.9m (decrease by £3.1m).
- If the inflation rate were 0.1 per cent higher/(lower), the defined benefit obligation would decrease by £2.0m (increase by £2.0m).

The sensitivity analyses presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Other schemes

The Company also contributes to the TfL Savings for Retirement Plan, a defined contribution scheme open to employees who have joined the Company since 1 July 2014. The total contributions made for the year were £1.0 million (2018/19 £0.8 million).

21 Share capital

	2020	2019
	£m	£m
Share capital issued and fully paid		
5,730,000,000 'A' shares of £1 each	5,730.0	-
5,730,000,000 'B' shares of £1 each	5,730.0	-
5,150,000,000 'A' shares of £1 each	-	5,150.0
5,150,000,000 'B' shares of £1 each	-	5,150.0
	11,460.0	10,300.0

	Number	Number
Authorised share capital	million	million
Ordinary shares of £1 each	11,460.0	10,300.0

During the year ended 31 March 2020, 580,000,000 'A' shares of £1 each and 580,000,000 'B' shares of £1 each were issued at par to CRL's immediate parent company, TFL.

Notes to the Financial Statements

22 Reserves

Revaluation Reserve

The revaluation reserve is used to record increases in the fair value of investment properties and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in equity.

23 Financial instruments

Financial risk management

The Company's financial risk management operations are ultimately carried out by the Board of Directors.

The Company's financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables, right-of-use lease liabilities and borrowings. The Company finances operations from these financial instruments. The Company does not undertake speculative treasury transactions.

The Company is exposed to a number of financial risks in the normal course of its business operations, the key of which are laid out in the paragraphs below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet contractual obligations. Credit risk arises from deposits with banks and financial institutions and from the Company's customers and suppliers.

The Company follows guidelines that comply with the TfL Finance Manual with respect to assessing the credit-worthiness of potential customers. These guidelines include processes such as obtaining approval for credit limits over a set amount, performing credit checks and obtaining additional security when required.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk is low as TfL provides financial support to the Company.

In accordance with the Local Government Act 2003 TfL sets an affordable borrowing limit. As long as the affordable borrowing limit is not exceeded TfL is able to borrow from the Public Works Loan Board and raise debt on capital markets. There is no significant risk that TfL would be unable to raise finance to meet the TfL Group financial commitments.

Market risk

The Company is exposed to market risk in respect of interest rate on deposits, materials and equipment prices, and currency fluctuations. Mitigation measures have been put in place to manage the potential impact of these risks on the Company.

Interest rate risk

The Company does not have any exposure to interest rate risk on its financial liabilities as the only interest bearing financial instruments are fixed interest loans from TfL.

The Company is exposed to interest rate risk on cash balances. This risk is managed by TfL, the Company's ultimate parent.

Notes to the Financial Statements

Sensitivity analysis

Fair value sensitivity analysis for fixed interest instruments

Changes in the market interest rates of financial instruments with fixed interest rates only affect income if these are measured at their fair value. All the Company's financial instruments with fixed rates of interest are accounted for at amortised cost and are not subject to interest rate risk as defined in IFRS 7 Financial Instruments: Disclosures.

Contractual maturity of financial liabilities

Borrowings from TfL are repayable on demand with a two year notice period. Interest on borrowings from TfL is paid annually. All other financial instruments are due within one year.

Fair value of financial instruments

The fair value of the Company's financial instruments is not materially different to their carrying value.

Capital management

The capital structure of the Company consists entirely of shareholders' equity and borrowings from the Company's ultimate parent, TfL. The Company has no external borrowings and no externally imposed capital requirements. It is not anticipated that the Company will require external borrowings for the foreseeable future as it is provided with grants and borrowings from its ultimate parent, TfL, to fund operations and capital projects.

The Company does not have a credit rating but TfL, the Company's ultimate parent which provides financial support to the Company, has a credit rating of A+ with Fitch, A+ with Standard & Poor's and Aa3 with Moody's.

24 Financial commitments

Operating lease commitments - The Company as lessee in third party contracts

From 1 April 2019, the Company has recognised right-of-use assets for these leases, except for short-term and low-value leases, see note 12 for further information. Only prior year commitments are shown here.
The Company was committed to the following future minimum lease payments under non-cancellable operating leases with third parties. All leases were entered into on commercial terms.

	Land and property £m
At 31 March 2019	
Amounts due in less than one year	2.3

25 Capital and other financial commitments

a) At 31 March 2020, the Company had capital commitments of £295.9m which are contracted for but not provided for in the Financial Statements (2019 £413.7m).

b) At 31 March 2020, the Company had no other financial commitments which are contracted for but not provided for in the Financial Statements (2019 £nil).

Notes to the Financial Statements

26 Contingent liabilities

There are a number of uncertainties surrounding projects, including potential claims, which may affect the financial performance of the Company. Where claims are possible but not probable, or unquantifiable, such claims are treated as contingent liabilities. Contingent liabilities are not recognised in the Statement of Financial Position, but are monitored to ensure that, where a possible obligation has become probable or a transfer of economic benefits has become probable, a provision is made.

It is not currently possible to estimate any likely liability reliably.

27 Contingent assets

Where amounts due to the Company are not virtually certain, they are treated as contingent assets. Contingent assets are not recognised in the Statement of Financial Position, but are monitored to ensure that where future economic benefits are expected to flow, an asset is recognised.

It is not currently possible to estimate any likely assets reliably.

28 Related party transactions

During the year none of the Company's directors, key management personnel or parties related to them, have undertaken any material transactions with the Company (2018/19 none). Details of directors' emoluments can be found in note 6.

The Company is a wholly owned subsidiary of TfL. TfL is a statutory corporation established by section 154 of the Greater London Authority Act 1999 ("GLA Act 1999"). It is a functional body of the Greater London Authority ("GLA") and reports to the Mayor of London. TfL is classified as a government entity in accordance with IAS 24 *Related Party Disclosures* ("IAS 24") and the Company is therefore also classified as a government entity in accordance with IAS 24.

The GLA and its other functional bodies, and all other subsidiaries of TfL, are considered to be related parties of the Company.

The Crossrail Art Foundation, for which one of the Company's key management personnel serve as Directors, is considered to be a related party.

The Company has traded with the following related parties that are classified as government entities:

- Funding has been received from TfL in the form of grants, loans or share capital to fund the Crossrail project. The Department for Transport ("DfT") provides funding to the project. DfT contributions are routed to the Company via TfL; and
- Interest has accrued on loans from TfL as disclosed in note 8.

The Company has completed the following further transactions that are collectively significant transactions with related parties:

- Payments to London Underground Limited, a fellow subsidiary of TfL, for construction work completed on the Crossrail project for their respective infrastructure and engineering and maintenance resource;
- Payments to Rail for London Limited, a fellow subsidiary of TfL, for construction work completed on the Crossrail project for engineering resource and seconded staff;
- Payments to Rail for London (Infrastructure) Limited, a fellow subsidiary of TfL, for construction work completed on the Crossrail project for engineering resource;

Notes to the Financial Statements

- Payments to Transport Trading Limited, the Company's parent, for operational property services and consultants;
- Payments to TfL for use of group accommodation and IT services;
- Reimbursements from The Crossrail Art Foundation for costs incurred on their behalf relating to artwork design, manufacture and installation and for artist fees.

These transactions are conducted in the ordinary course of the Company's business on terms comparable to those with other entities that are not related.

29 Ultimate parent undertaking

The Company is a wholly owned subsidiary of TTL, a company controlled by TfL which is the ultimate parent undertaking.

The largest group in which the results of the Company are consolidated is that headed by TfL, a statutory corporation. The smallest group in which they are consolidated is that headed by TTL, a company incorporated in England and Wales.

The Board of Crossrail Limited has been given assurances of financial support by TfL.

Copies of the consolidated accounts for TfL are available from 5 Endeavour Square, Stratford, London E20 1JN.

30 Application of IFRS 16 Leases

(a) Lessee accounting

As outlined in the Accounting Policies, on adoption of IFRS 16 on 1 April 2019, the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These operating leases at 31 March 2019 were payments due in less than one year for which the short-term lease exemptions were applied. During the year, there were new leases entered by CRL and IFRS 16 has been applied for those new leases.

Practical expedient applied

In applying IFRS 16 for the first time, the Company has used the following exemptions available in the standard in respect of: lease contracts for which the lease terms ends within 12 months as of the date of initial application; lease contracts for which the underlying asset is of low value; the application of a single discount rate to a portfolio of leases with similar characteristics; exclusion of initial direct costs from the measurement of the right-of-use asset; and use of hindsight, for example, in determining the lease term where the contract contains options to extend or terminate the lease.

Notes to the Financial Statements

Measurement of total lease liabilities

	£m
Operating lease commitments disclosed as at 31 March 2019	2.3
less: exemption for leases with less than 12 months of lease term at 1 April 2019	(2.3)
Right-of-use lease liability as at 1 April 2019	-

(b) Lessor accounting

The Company did not need to make any adjustments to the accounting for assets held as lessor under finance leases and operating leases as a result of adoption of IFRS 16.

31 Events occurring after the reporting date

The impact of the Coronavirus pandemic on the Company is discussed in the Strategic Report.

As at 31 March 2020, the lockdown had started in the UK. As discussed in the going concern section of the Accounting Policies note to these Financial Statements, the directors are developing a detailed programme recovery plan including cost mitigations and initiatives to minimise the impact of the pandemic.

This includes Bond Street Station which is uniquely affected by the post-COVID world due to the volume of work remaining and the number of people required on site to complete the station.

CRL has been in discussions with Costain Skanska Joint Venture (CSJV) to agree a way forward for Bond Street and as a result, CRL and CSJV mutually agreed to conclude the existing contract as of midnight on 24 June 2020, and will work together to ensure a safe and effective transition. CRL will be putting in place new arrangements to complete the works which largely relate to fit-out and testing and commissioning activity.

Management have considered the impact of COVID-19 on the values at which assets and liabilities have been recorded in these accounts. However, until a longer-term financing package has been formally agreed, a material level of uncertainty remains as to whether there may be variations in the scope of the programme which may change the timing of the completion of scope to better align with future cash inflows. We consider any possible future impairments of the carrying value of existing assets under construction to be non-adjusting event after the reporting date for the purposes of these Financial Statements.

Throughout 2020/21 we will continue to work closely with our Sponsors to determine what sources of funding will be made available to the Company to progress construction of the Railway.