

Crossrail Limited

Annual Report and Financial Statements Year ended 31 March 2018

Registered Office
5 Endeavour Square
Stratford
London
E20 1JN

Registered in England and Wales
Number 04212657



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 2018. 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:

Pam Alexander OBE	resigned 30 June 2018
Michael Cassidy CBE	resigned 30 June 2018
Mathew Duncan	resigned 9 November 2018
Phil Gaffney	
Terry Hill CBE	resigned 30 June 2018
Robert Jennings CBE	
Anne McMeel	appointed 1 July 2018
Sir Terry Morgan CBE	resigned 5 November 2018
Dr Nelson Ogunshakin OBE	appointed 1 July 2018
Andy Pitt	appointed 1 July 2018
Christopher Sexton	appointed 1 April 2018
Mark Wild	
Andrew Wolstenholme OBE	resigned 31 March 2018
Simon Wright OBE	resigned 19 November 2018
David Hendry	appointed 10 November 2018

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 Practice

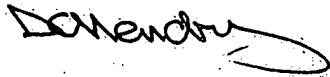
The Company values the diversity which exists in our city and aspires to this being reflected in our workforce. This is reflected not only in its recruitment and selection processes, but also throughout the employment cycle of every member of staff. The Company is committed to providing equal opportunities to all employees, irrespective of their gender, sexual orientation, marital status, creed, colour, race, ethnic origin or disability. The commitment extends to recruitment and selection, training, career development, flexible working arrangements and promotion and performance appraisal. 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. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and to provide specialised training where this is appropriate. Employee numbers are disclosed in the notes to the accounts.

Directors' Report

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:

A handwritten signature in black ink, appearing to read 'D Hendry', with a stylized flourish at the end.

David Hendry

Director

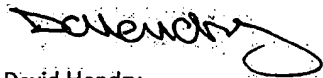
19 December 2018

Strategic Report

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:



David Hendry

Director

19 December 2018

Independent Auditor's Report

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 2018 which comprise Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 28, 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 2018 and of its result 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

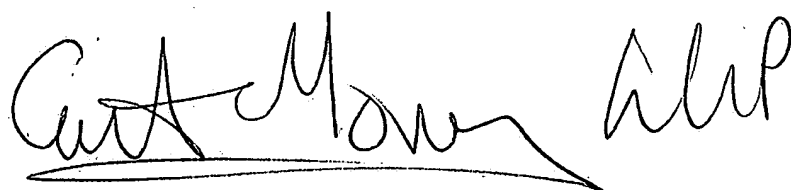
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially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

Independent Auditor's Report

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 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.

A handwritten signature in black ink, appearing to read 'Karl Hävers', with a horizontal line drawn underneath it.

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

20 December 2018

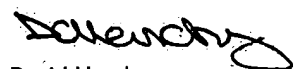
Notes:

1. The maintenance and integrity of the Crossrail Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Financial Position

		31 March 2018	31 March 2017
	Note	£m	£m
Non-current assets			
Intangible assets	9	0.5	1.8
Property, plant and equipment	10	11,371.5	9,772.4
Investment property	11	2.3	2.3
		<u>11,374.3</u>	<u>9,776.5</u>
Current assets			
Trade and other receivables	12	43.8	1,326.8
Cash and cash equivalents	13	-	0.1
		<u>43.8</u>	<u>1,326.9</u>
Current liabilities			
Trade and other payables	14	(432.7)	(338.4)
Bank overdraft		(0.1)	-
Provisions	16	(33.0)	(15.3)
		<u>(465.8)</u>	<u>(353.7)</u>
Non-current liabilities			
Borrowings	15	(2,000.0)	(2,000.0)
Provisions	16	(0.3)	(0.8)
Deferred grants and other contributions	17	(205.3)	(205.3)
Retirement benefit obligation	18	(26.1)	(32.0)
		<u>(2,231.7)</u>	<u>(2,238.1)</u>
Net assets		<u>8,720.6</u>	<u>8,511.6</u>
Equity			
Share capital	19	8,740.0	8,540.0
Revaluation reserve		1.6	1.6
Retained deficit		<u>(21.0)</u>	<u>(30.0)</u>
Total equity attributable to the owners of the Company		<u>8,720.6</u>	<u>8,511.6</u>

The notes on pages 14 to 41 form part of these Financial Statements. These Financial Statements were approved by the Board on 19 December 2018 and signed on its behalf by:



David Hendry

Director

Company Registration Number 04212657

Statement of Cash Flows

For the year ended 31 March

	Note	2018 £m	2017 £m
Cash generated from operating activities			
Result for the year		-	-
<i>Adjustments for</i>			
Amortisation of intangible assets	9	1.3	1.3
Depreciation of property, plant and equipment	10	1.3	3.0
Financial income	6	(0.1)	-
Financial expenses	7	4.5	4.1
Release of deferred grant to the Income Statement	17	-	(0.4)
Charge to profit for defined benefit pension scheme	18	5.6	3.3
Cash flow from operating activities before movements in working capital		12.6	11.3
Decrease in trade and other receivables		14.8	22.2
Increase in trade and other payables		59.5	83.6
Increase/(decrease) in provisions		17.2	(24.6)
Cash generated from operations		104.1	92.5
Employer contributions to defined benefit schemes		(3.2)	(1.7)
Taxation paid		-	(0.1)
Net cash generated from operating activities		100.9	90.7
Cash flows from investing activities			
Acquisition of intangible assets		-	(0.6)
Acquisition of property, plant and equipment		(1,565.5)	(1,634.3)
Interim funding advanced		1,268.0	17.2
Interest received		0.1	-
Net cash utilised by investing activities		(297.4)	(1,617.7)
Cash flows from financing activities			
Drawdown of loans from fellow group undertakings		-	230.5
Proceeds from issue of share capital		200.0	1,300.0
Interest paid		(3.7)	(3.7)
Net cash generated from financing activities		196.3	1,526.8
Decrease in net cash during the year		(0.2)	(0.2)
Net cash and cash equivalents at the start of the year		0.1	0.3
Net (overdraft)/cash and cash equivalents at the end of the year		(0.1)	0.1

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:

- 'Amendments to IAS 7 Disclosure Initiative' (mandatory for years beginning on or after 1 January 2017). The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.
- 'Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses' (mandatory for years on or after 1 January 2017). The amendments clarify that (i) unrealised losses on a debt instrument measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference, irrespective of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, or whether it is probable that the issuer will pay all the contractual cash flows. (ii) The carrying amount of an asset does not limit the estimation of probable future taxable profits. (iii) Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. (iv) An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.
- 'Amendments to IFRS 12 included in Annual Improvements to IFRS Standards 2014-2016 Cycle' (mandatory for years beginning on or after 1 January 2017). IFRS 12 Disclosure of Interests in Other Entities states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these and any other standards, amendments or interpretations issued by the IASB and applicable for the first time to these Financial Statements has not had a material impact on the accounts.

f) New standards and interpretations not yet adopted

The following new and revised IFRSs will be applicable in future periods, subject to endorsement where applicable. These have been issued by the EU, but have not been applied by the Company in these Financial Statements:

- 'IFRS 9 Financial Instruments' (as revised in 2014) (mandatory for years beginning on or after 1 January 2018). IFRS 9 (as revised in 2014) will supersede 'IAS 39 Financial Instruments: Recognition and Measurement'. The new standard contains the requirements for three areas: a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology and c) general hedge accounting. With respect to classification and measurement, all recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value. The standard also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. With respect to impairment methodology, the revised model reflects expected credit losses as opposed to the incurred credit losses recognised under IAS 39. And with regards to hedge accounting, IFRS 9 (as revised in 2014) introduces greater flexibility to the types of transactions eligible, specifically broadening the types of instruments that qualify as hedging instruments;
- 'IFRS 15 Revenue from Contracts with Customers' (mandatory for years beginning on or after 1 January 2018). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue-Barter Transactions Involving Advertising Services. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services;

Accounting Policies

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 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, of which the majority of staff are members, 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.

Up to 31 October 2016, it was not possible for the Company to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. This was a result of that plan exposing the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there was no consistent and reliable basis for allocating the obligation, plan assets and cost to individual entities participating in the plan. For this reason, as permitted by the multi-employer exemption in IAS 19 Employee Benefits ("IAS 19"), the scheme was accounted for as a defined contribution scheme and the Company's contributions were charged to the Income Statement as incurred. However, on 31 October 2016, the liabilities of the Company were transferred to a new separate section of the Railways Pension Scheme and it became possible to separately identify the Company's obligations in respect of the scheme. Therefore, from that date the scheme has been accounted for as a defined benefit scheme. 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, finance items and, 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.

Accounting Policies

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.

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.

Accounting Policies

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 assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") are classified as:

- financial assets at fair value through the Income Statement;
- loans and receivables; or
- available for sale financial assets.

Financial liabilities within the scope of IAS 39 are classified as either financial liabilities at fair value through the Income Statement or financial liabilities measured at amortised cost.

The Company determines the classification of its financial instruments at initial recognition and re-evaluates this designation at each financial year end. When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus any directly attributable transactional costs. The exception to this is for assets and liabilities measured at fair value through the Income Statement, where transaction costs are immediately expensed. The subsequent measurement of financial instruments depends on their classification as follows:

- ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, do not qualify as trading assets and have not been designated as either 'fair value through the Income Statement' or 'available for sale'. Such 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 loans and receivables are derecognised or impaired, as well as through the amortisation process.

- ***Trade and other receivables***

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost. For trade receivables this is after an allowance for estimated impairment. The allowance is based on objective evidence that the Company will not be able to recover all amounts due, through a review of all accounts and prior experience of collecting outstanding balances. Changes in the carrying amount of the allowance are recognised in the Income Statement.

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 reporting date. This fair value is determined for disclosure purposes.

- ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits with maturity, at the date of acquisition, of less than or equal to three months.

- ***Financial liabilities measured at amortised cost***

Notes to the Financial Statements

1 Revenue

<i>For the year ended 31 March</i>	2018	2018	2017	2017
	£m	%	£m	%
Other revenue				
Rents receivable	0.1	100.0%	0.1	50.0%
Other revenue	-	-%	0.1	50.0%
	<u>0.1</u>	<u>100.0%</u>	<u>0.2</u>	<u>100.0%</u>

2 Grant income

<i>For the year ended 31 March</i>	2018	2017
	£m	£m
Revenue grant income receivable		
Grant from TfL to fund operations	<u>6.9</u>	<u>7.8</u>

3 Operating loss

<i>For the year ended 31 March</i>		2018	2017
	Note	£m	£m
<i>Operating loss is stated after charging/(crediting):</i>			
Capital items			
Depreciation of property, plant and equipment - owned	10	1.3	3.0
Amortisation of intangible assets	9	1.3	1.3
Release of deferred capital grants to the Income Statement	17	-	(0.4)
Other operating costs			
Employee costs	4	45.9	53.1
Payments under operating leases		<u>6.4</u>	<u>7.5</u>
<i>For the year ended 31 March</i>			
		2018	2017
		£000	£000
Auditors' remuneration			
Fees for the audit of these Financial Statements		<u>80.0</u>	<u>80.0</u>

Notes to the Financial Statements

The highest paid director received the following remuneration:

	2018	2017
	£	£
Compensation for loss of office	97,734	-
Salaries, fees and benefits in kind	638,423	629,096
Amounts receivable under long term incentive schemes	-	317,300
	<u>736,157</u>	<u>946,396</u>

He is a member of a defined benefit scheme under which his accrued pension at the year end was £15,672 (2017 £13,317) and his accrued lump sum was £12,710 (2017 £10,563).

6 Financial income

For the year ended 31 March

	2018	2017
	£m	£m
Other investment income	<u>0.1</u>	<u>-</u>

7 Financial expenses

For the year ended 31 March

	2018	2017
	£m	£m
Interest on loans from fellow Group undertakings	78.3	73.3
Net interest expense on defined benefit pension obligation	0.8	0.4
Interest capitalised into the cost of property, plant and equipment	<u>(74.6)</u>	<u>(69.6)</u>
	<u>4.5</u>	<u>4.1</u>

8 Taxation

Reconciliation of tax expense

For the year ended 31 March

	2018	2017
	£m	£m
Result before tax	<u>-</u>	<u>-</u>
Result before tax multiplied by standard rate of Corporation Tax in the UK of 19% (2016/17 20%)	-	-
Effects of:		
Non-taxable and non deductible items	<u>-</u>	<u>-</u>
Income tax expense for the year	<u>-</u>	<u>-</u>

Unrecognised deferred tax

There were no unrecognised deferred tax assets as at 31 March 2018 or 31 March 2017.

Notes to the Financial Statements

9 Intangible assets

a) Intangible assets at 31 March 2018 comprised the following elements:

	Note	Software costs £m
Cost or valuation		
At 1 April 2017		9.2
Disposals		(5.5)
At 31 March 2018		3.7
Amortisation		
At 1 April 2017		7.4
Charge for the year	3	1.3
Disposals		(5.5)
At 31 March 2018		3.2
Net book value at 31 March 2018		0.5
Net book value at 1 April 2017		1.8

b) Intangible assets at 31 March 2017 comprised the following elements:

	Note	Software costs £m
Cost or valuation		
At 1 April 2016		8.6
Additions		0.6
At 31 March 2017		9.2
Amortisation		
At 1 April 2016		6.1
Charge for the year	3	1.3
At 31 March 2017		7.4

Notes to the Financial Statements

11 Investment properties

	2018	2017
	£m	£m
Valuation		
Fair value at 1 April	2.3	2.3
Fair value at 31 March	2.3	2.3

The fair value of the Company's investment properties has been arrived at on the basis of a valuation carried out at 31 March 2016 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 (2016/17 none).

Properties are valued in accordance with the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) 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 every three years. Properties with a value in excess of £100,000 but less than £250,000 are revalued 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

13 Cash and cash equivalents

	2018	2017
	£m	£m
Cash at bank	-	0.1

14 Trade and other payables

	2018	2017
	£m	£m
Current		
Trade payables	2.4	7.5
Accruals and other payables	4.3	4.7
Project accruals	264.8	230.0
Amounts due to fellow Group undertakings	157.3	91.8
Deferred income	0.2	0.2
Salaries and wages	2.3	3.1
Other tax and social security creditors	1.4	1.1
	432.7	338.4

15 Borrowings

	2018	2017
	£m	£m
Non-current		
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:

	2018	2017
Weighted average interest rate	3.92%	3.92%

Notes to the Financial Statements

18 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 ("Crossrail Section")

Until 31 October 2016, the Company contributed to the Omnibus Section of the Railways Pension Scheme (RPS). The RPS is a defined benefit arrangement for rail industry employees. At that date, the Omnibus Section was made up of 37 participating employers, each (apart from the Company) having fewer than 51 active members in the scheme. The Omnibus Section of the RPS is a multi-employer scheme and was valued as a whole. As a result of this, the Company was unable to identify its share of the underlying assets and defined benefit obligation. It was therefore accounted for as a defined contribution scheme under IAS 19. The pension charge for the period from 1 April 2016 to 31 October 2016 that was recognised as a defined contribution charge in respect of this scheme was £7.0 million (full year 2016 £5.4 million).

On 31 October 2016, CRL's liabilities were transferred from the Omnibus Section to a newly established section, the Crossrail Section, and it became possible for CRL to identify their pension liabilities in the accounts. From this date therefore the Crossrail Section has been accounted for in these Financial Statements as a defined benefit pension scheme under IAS 19. A net loss of £30.3m, which represented the net deficit balance of the Section as at 31 October 2016, was included within net remeasurement losses on defined benefit pension schemes within other comprehensive income and expenditure for the year ended 31 March 2017.

At 31 March 2018, the defined benefit obligation is a deficit of £26.1m (2017 £32.0m). The employer contributions for the year beginning 1 April 2018 are expected to be around £2.4m. The discounted scheme liabilities have an average duration of approximately 25 years.

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%.

Actuarial assumptions at 31 March 2018

	2018	2017
	%	%
Inflation - RPI	3.05%	3.40%
Inflation - CPI	2.05%	2.40%
Rate of increase in salaries	3.05%	3.40%
Rate of increase in pensions in payment and deferred pensions	1.95%	2.25%
Discount rate	2.45%	2.65%

Notes to the Financial Statements

Movements in the Section obligation are as follows:

	2018	2017
	£m	£m
Opening balance	96.9	-
Current service cost	5.6	3.3
Interest cost	2.5	1.1
Employee contributions	0.6	0.3
Obligation recognised at 31 October 2016	-	91.8
Net remeasurement – financial	(3.8)	1.1
Net remeasurement – experience	(3.5)	-
Net remeasurement – demographic	(1.4)	(0.7)
Actual benefit payments	(1.3)	-
Closing balance	95.6	96.9

Movements in the Section assets are as follows:

	2018	2017
	£m	£m
Opening balance	64.9	-
Assets recognised at 31 October 2016	-	61.5
Interest on assets	1.8	0.7
Return on assets excluding interest income	0.3	1.4
Actual employer contributions	3.2	1.7
Employee contributions	0.6	0.3
Actual benefits paid	(1.3)	(0.7)
Closing balance	69.5	64.9

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

<i>For the year ended 31 March</i>	2018	2017
	£m	£m
Current service cost	5.6	3.3
Total employee costs	5.6	3.3
Net interest expense	0.8	0.4
Amounts recognised in the Income Statement	6.4	3.7

Notes to the Financial Statements

19 Share capital

	2018 £m	2017 £m
Share capital issued and fully paid		
4,370,000,000 'A' shares of £1 each	4,370.0	-
4,370,000,000 'B' shares of £1 each	4,370.0	-
4,270,000,000 'A' shares of £1 each	-	4,270.0
4,270,000,000 'B' shares of £1 each	-	4,270.0
	8,740.0	8,540.0
	Number million	Number million
Authorised share capital		
Ordinary shares of £1 each	8,740.0	8,540.0

During the year ended 31 March 2018 £100 million 'A' shares of £1 each, and £100 million 'B' shares of £1 each, were issued at par to CRL's immediate parent company, TTL.

20 Reserves

Revaluation Reserve

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

21 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 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.

Notes to the Financial Statements

22 Operating lease commitments

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

The Company is committed to the following future minimum lease payments under non-cancellable operating leases with third parties. All leases have been entered into on commercial terms.

	Land and property £m
At 31 March 2018	
Amounts due in less than one year	4.4
Amounts due in years 1 to 5	0.1
	<hr/> 4.5
At 31 March 2017	
Amounts due in less than one year	4.9
Amounts due in years 1 to 5	2.3
	<hr/> 7.2

23 Capital and other financial commitments

a) At 31 March 2018, the Company had capital commitments of £374.7m which are contracted for but not provided for in the Financial Statements (2017 £510.1m).

b) At 31 March 2018, the Company had no other financial commitments which are contracted for but not provided for in the Financial Statements (2017 £nil).

24 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.

25 Contingent assets

The majority of Crossrail's works contracts are based on a target cost mechanism under which over or under spends on targets are shared with the contractor. It is possible that a cash inflow to the Company will result.

In addition, Crossrail together with TfL, are required to optimise development returns on Over Site Developments. TfL is entitled to the proceeds, and Crossrail is entitled to reimbursement of certain costs associated with the development. It is possible that a cash inflow to the Company will result.

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.

Notes to the Financial Statements

27 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 55 Broadway, London, SW1H 0BD.

28 Events occurring after the reporting date

CRL announced in August that it expected the Elizabeth line to open through central London in autumn 2019, rather than December 2018. It has since been confirmed that the time required to complete the infrastructure, and then commence the extensive testing necessary to ensure the railway opens safely and reliably, is likely to extend beyond this date. To date nothing has come to the attention of the directors that any of the works will fail to work as planned, however there is a significant amount of testing still to complete and therefore additional unforeseen risks could emerge.

The revised delivery schedule has generated a need for additional funding, of which £300m has been provided by the Sponsors in October 2018. The Mayor of London and the Government have agreed a financial package to cover the remaining funding required to complete the project. The Greater London Authority ("GLA") will borrow up to £1.3bn from the Department for Transport ("DfT"). The GLA will also provide a £100m cash contribution, taking its total contribution to £1.4bn which it will provide as a grant to TfL for the Crossrail project. A contingency arrangement has also been agreed between TfL and the Government. This will be in the form of a loan facility from the DfT of up to £750m, should there be a requirement for further funding.

This combined financing deal will replace the need for the £350 million interim financing package offered by the Government in October 2018. This overall funding arrangement is sufficient to fund the completion of the project based on current forecasts.