AMENDING

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

Contents

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

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 (2016/17 £nil). No political contributions were made during the year (2016/17 £nil).

Dividends

No interim dividends were paid during the year (2016/17 £nil) and the directors do not recommend the payment of a final dividend (2016/17 £nil).

Corporate Governance

The Company is a wholly owned subsidiary of TTL, which in turn is controlled by TfL. The Board of CRL, through its management structure, implements the corporate controls laid down by TfL and the aims established by the Sponsors (TfL and the Department for Transport ("DfT")).

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.

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:

David Hendry

Director

19 December 2018

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

By the end of the year, the Crossrail project was over 90% complete including completion of all tunnels and track installation. The new Elizabeth line central stations are 93% complete with installation of platform screen door panels, escalators and lifts nearing completion. At Paddington station, installation of the impressive glass cloud canopy marked the first of the completed art works for the Elizabeth line,

Stage 1 operational services were achieved when the first Class 345 train, operating as TfL Rail, entered passenger service departing from Liverpool Street station for Shenfield. Ongoing electrification works have allowed dynamic testing to commence in the central section, with the Class 345 train travelling under its own power between Abbey Wood and Connaught Tunnel.

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. CRL remain committed to delivering the final stages of the project and opening the Elizabeth line to passengers as quickly as possible

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, design and integration, employee relations, contractual claims, reputation and financial risks. All 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 TfL Audit and Assurance Committee has specific responsibility for assuring the TfL Board that effective risk management arrangements are in place. The risk management process is subject to annual review by the TfL Group's Director of Internal Audit.

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.

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

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

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

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.

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 by the parent company, 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 6, 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.

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.

Karl Havers (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.

Income Statement

For the year ended 31 March	Note	2018 £m	2017 £m
Revenue	1	0.1	0.2
Net operating costs		(2.6)	(3.9)
Operating loss	3	(2.5)	(3.7)
Grant income	2	6.9	7.8
Total profit from operations		4.4	4.1
Financial income	6	0.1	-
Financial expenses	7	(4.5)	(4.1)
Result before taxation		-	-
Income tax expense	8	-	-
Result for the year attributable to the owners of the Company		-	-

Statement of Comprehensive Income

For the year ended 31 March	2018 £m	2017 £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	9.0	(30.0)
Total comprehensive income and expenditure for the year attributable to owners of the Company	9.0	(30.0)

Statement of Financial Position

	Note	31 March 2018 £m	31 March 2017 £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
		11,374.3	9,776.5
Current assets			
Trade and other receivables	12	43.8	1,326.8
Cash and cash equivalents	13	-	0.1
		43.8	1,326.9
Current liabilities			
Trade and other payables	14	(432.7)	(338.4)
Bank overdraft		(0.1)	-
Provisions	16	(33.0)	(15.3)
		(465.8)	(353.7)
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)
		(2,231.7)	(2,238.1)
Net assets		8,720.6	8,511.6
Equity			
Share capital	19	8,740.0	8,540.0
Revaluation reserve		1.6	1.6
Retained deficit		(21.0)	(30.0)
Total equity attributable to the owners of the Company		8,720.6	8,511.6

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 Changes in Equity

	Called up share capital	Revaluation reserve	Retained earnings	Total
	£m	£m	£m	£m
At 1 April 2016	7,240.0	1.6	-	7,241.6
Result for the year	-	-	-	-
Other comprehensive income and expenditure: Actuarial loss on defined benefit pension scheme	-	-	(30.0)	(30.0)
Issue of share capital	1,300.0	-	-	1,300.0
At 31 March 2017	8,540.0	1.6	(30.0)	8,511.6
Result for the year	-	-	-	-
Other comprehensive income and expenditure: Actuarial gain on defined benefit pension scheme	-	-	9.0	9.0
Issue of share capital	200.0	-	-	200.0
At 31 March 2018	**8,740.0**	**1.6**	**(21.0)**	**8,720.6**

Statement of Cash Flows

For the year ended 31 March	Note	2018 £m	2017 £m
Cash generated from operating activities			
Result for the year		-	-
Adjustments for			
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

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 balance sheet items not already held on the Statement of Financial Position at fair value.

- ***Leases***

  In assessing whether a lease is an operating lease or a finance lease, judgement must be exercised in determining whether or not substantially all the risks and rewards of ownership of the leased asset are held by the Company. Given that finance leases are recognised as liabilities, and operating leases are not, this can have a significant effect on the reported financial position of the Company.

- ***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.

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

- 'IFRS 16 Leases' (mandatory for years beginning 1 January 2019). This standard replaces the current guidance in IAS 17 on leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting remaining substantially unchanged from the IAS 17 approach;
- 'Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (mandatory for years beginning on or after a date yet to be determined). The amendments require gains and losses resulting from transactions involving assets that do not constitute a business between and investor and its associate or joint venture to be recognised to the extent of the unrelated investors' interest in the associate or joint venture. Gains or losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognised in full in the investor's financial statements;
- 'Amendments to IAS 40 Transfers of Investment Property' (mandatory for years commencing on or after 1 January 2018). The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred.
- 'IFRIC 22 Foreign Currency Transactions and Advance Consideration' (mandatory for years commencing on or after 1 January 2018). IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability. The interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.
- 'IFRIC 23 Uncertainty over tax treatments (not yet endorsed by the EU; effective for periods beginning on or after 1 January 2019). The interpretation clarifies application of recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty over income tax treatments.

Other than where indicated above, the Company does not consider that these or any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the Financial Statements.

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 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; and
- The Directors have assessed whether the going concern principal is appropriate given current plans and delivery delays. The delays in opening, and complexity of completion of some of the elements of the project have led to additional forecast costs to complete. As a result the Directors have agreed financial support will be made available by the Sponsors, to ensure the project can be completed and liabilities paid as they fall due, barring an exceptional unforeseen risk coming to pass.

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

h) Revenue

Revenue relates to property rental income (which is recognised on a straight line basis over the term of the relevant lease) and sponsorship income.

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

k) Leases (the Company as lessee)

Leased assets

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Company's Statement of Financial Position.

Lease payments

Payments made under operating leases are recognised in the Income Statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

l) Financial income and expenses

Financing and investment income consists of interest income on funds. 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

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

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 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 every three years. Properties with a value in excess of £100,000 but less than £250,000 are revalued 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.

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***

All non-derivative financial liabilities are classified as financial liabilities measured at amortised cost. Non-derivative financial liabilities are initially recognised at the fair value of the consideration received, less directly attributable issue costs. After initial recognition, non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Income Statement when the liabilities are derecognised or impaired, as well as through the amortisation process.

- *Trade and other payables*

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

- *Interest bearing loans and borrowings*

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

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Individually significant assets are tested for impairment on an individual basis. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Income Statement.

All impairment losses 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 value 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 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	2018	2018	2017	2017
	£m	%	£m	%
Other revenue				
Rents receivable	0.1	100.0%	0.1	50.0%
Other revenue	-	-%	0.1	50.0%
	0.1	100.0%	0.2	100.0%

2 Grant income

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

3 Operating loss

For the year ended 31 March		2018	2017
	Note	£m	£m
Operating loss is stated after charging/(crediting):			
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		6.4	7.5

For the year ended 31 March	2018	2017
	£000	£000
Auditors' remuneration		
Fees for the audit of these Financial Statements	80.0	80.0

Notes to the Financial Statements

4 Employee costs

For the year ended 31 March	2018 Number	2017 Number
Average number of employees (including directors) in the year	499	596
	£m	£m
Wages and salaries	35.1	37.5
Social security	4.0	4.3
Defined contribution pension costs	1.2	8.0
Defined benefit pension costs	5.6	3.3
	45.9	53.1

5 Directors' emoluments

For the year ended 31 March	2018 Number	2017 Number
Number of directors who received remuneration from the Company during the year	9	10
Number of directors who were members of a defined benefit pension scheme	1	1

The directors received the following remuneration:

For the year ended 31 March	2018	2017
	£	£
Compensation for loss of office	97,734	-
Salaries, fees and benefits in kind	1,830,638	1,761,808
Amounts receivable under long term incentive schemes	56,572	410,633
	1,984,944	2,172,441

Directors' emoluments and benefits were borne by other Group companies for 1 director (2016/17 1 director).

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
	736,157	946,396

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	0.1	-

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	(74.6)	(69.6)
	4.5	4.1

8 Taxation

Reconciliation of tax expense

For the year ended 31 March	2018	2017
	£m	£m
Result before tax	-	-
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	-	-
Income tax expense for the year	-	-

Unrecognised deferred tax

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

Notes to the Financial Statements

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 2018			
Deferred tax assets			
Deferred contributions	35.0	-	**35.0**
Deferred tax liabilities			
Tangible fixed assets	(35.0)	-	**(35.0)**
Net deferred tax asset/(liability)	-	-	**-**
For the year ended 31 March 2017			
Deferred tax assets			
Deferred contributions	37.1	(2.1)	35.0
Deferred tax liabilities			
Tangible fixed assets	(37.1)	2.1	(35.0)
Net deferred tax asset/(liability)	-	-	-

The Corporation Tax rate was reduced from 21% to 20% on 1 April 2015. On 18 November 2015, further legislation was enacted setting the Corporation Tax rate at 19% for the years starting 1 April 2017, 2018 and 2019. In September 2016, the main rate of Corporation Tax was further reduced to 17% from 1 April 2020. As the Company's deferred tax balances are not expected to be settled until after April 2020 deferred tax balances at 31 March 2018 have therefore been calculated at the enacted rate of 17%.

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

10 Property, plant and equipment

a) Property, plant and equipment at 31 March 2018 comprised the following elements:

	Note	Plant and equipment	Assets in the course of construction	Total
		£m	£m	£m
Cost or valuation				
At 1 April 2017		12.2	9,770.7	9,782.9
Additions		-	1,600.4	1,600.4
Disposals		(5.6)	-	(5.6)
At 31 March 2018		**6.6**	**11,371.1**	**11,377.7**
Depreciation				
At 1 April 2017		10.5	-	10.5
Charge for the year	3	1.3	-	1.3
Disposals		(5.6)	-	(5.6)
At 31 March 2018		**6.2**	-	**6.2**
Net book value at 31 March 2018		**0.4**	**11,371.1**	**11,371.5**
Net book value at 1 April 2017		1.7	9,770.7	9,772.4

b) Property, plant and equipment at 31 March 2017 comprised the following elements:

	Note	Infrastructure and other property	Plant and equipment	Assets in the course of construction	Total
		£m	£m	£m	£m
Cost or valuation					
At 1 April 2016		9.2	12.2	8,113.9	8,135.3
Additions		-	0.5	1,656.4	1,656.9
Transfers (to)/from other asset classes		-	(0.4)	0.4	-
Disposals		(9.2)	(0.1)	-	(9.3)
At 31 March 2017		-	12.2	9,770.7	9,782.9
Depreciation					
At 1 April 2016		8.5	8.3	-	16.8
Charge for the year	3	0.7	2.3	-	3.0
Disposals		(9.2)	(0.1)	-	(9.3)
At 31 March 2017		-	10.5	-	10.5

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

12 Trade and other receivables

	2018	2017
	£m	£m
Current		
Trade receivables	1.4	2.9
Other tax and social security	20.7	23.7
Prepayments	15.1	26.2
Other receivables	6.6	1,274.0
	43.8	1,326.8

As at 31 March 2017, other receivables included funds totalling £1,268m advanced to Network Rail Infrastructure Limited to provide interim financing for the construction of assets related to the Crossrail project. This financing was fully repaid in the year. For 2016/17, this receivable was non- interest bearing and had been discounted to its fair value of £1,265m using a discount rate of 0.633%.

For 2017, the difference between the nominal value and the recorded value of the interim funding of £3.4m was recorded as an asset reflecting the significant future cost savings that this arrangement secures for the Company over the life of the agreement. This value was included within current 'Trade and other receivables' in the Statement of Financial Position, and has been unwound over the life of the agreement as the balance was accreted from its recorded value to its repayment value.

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

16 Provisions

	2018	2017
	£m	£m
Current		
Provisions	33.0	15.3
Non-current		
Provisions	0.3	0.8

	At 1 April 2017	Utilised in the year	Charge for the year	Reversed during the year	**At 31 March 2018**
	£m	£m	£m	£m	**£m**
Movement on provisions					
Contractual provisions	16.1	(3.1)	24.5	(4.2)	**33.3**

	At 1 April 2016	Utilised in the year	Charge for the year	Reversed during the year	At 31 March 2017
	£m	£m	£m	£m	£m
Movement on provisions					
Contractual provisions	40.7	(35.6)	11.3	(0.3)	16.1

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 balance sheet 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 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.

17 Deferred grants and other contributions

	Note	2018	2017
		£m	£m
Deferred grants and other contributions at start of year		**205.3**	205.7
Released to the income statement:			
To meet the depreciation charge	3	-	(0.4)
Deferred grants and other contributions at end of year		**205.3**	205.3

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

Fair value of Section assets and liabilities at 31 March

	2018	2017
	£m	£m
Equities	54.9	46.1
Bonds	14.2	18.4
Cash, property and other assets	0.4	0.4
Total market value of assets	69.5	64.9
Actuarial value of Section liabilities	(95.6)	(96.9)
Closing Section net obligation	(26.1)	(32.0)

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

	2018	2017
	£m	£m
Fair value of Section assets	69.5	64.9
Present value of Section obligation	(95.6)	(96.9)
Retirement benefit obligation recognised in the Statement of Financial Position	(26.1)	(32.0)

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:

For the year ended 31 March	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

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 £2.2m (increase by £2.2m).
- If the expected salary growth were increased/(decreased) by 0.1%, the defined benefit obligation would increase by £0.5m (decrease by £0.5m).
- If life expectancy were increased/(decreased) by one year, the defined benefit obligation would increase by £2.6m/(decrease by £2.6m).
- If the inflation rate were 0.1 per cent higher/(lower), the defined benefit obligation would increase by £2.2m/(decrease by £2.2m).

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 £1.2 million (2016/17 £1.0 million).

Notes to the Financial Statements

19 Share capital

	2018	2017
	£m	£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

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.

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 AA- with Fitch, AA- with Standard & Poor's and Aa3 with Moody's.

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**
	4.5
At 31 March 2017	
Amounts due in less than one year	4.9
Amounts due in years 1 to 5	2.3
	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

26 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 (2016/17 none). Details of directors' emoluments can be found in note 5.

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 three 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 7.

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, and for seconded staff;
- Payments to Rail for London Limited, a fellow subsidiary of TfL, for construction work completed on the Crossrail project, and for acquisition of maintenance assets and for seconded staff;
- Payments to Transport Trading Limited, the Company's parent, for construction work completed on the Crossrail project, and for operational property consultancy services;
- Payments to Docklands Light Railway Limited, a fellow subsidiary of TfL, for construction work completed on the Crossrail project;
- Payments to TfL for internal audit and procurement services;
- Reimbursements from TfL for construction work completed on their behalf, and receipts for seconded staff; and
- Receipts from London Underground Limited for design and construction work completed on their behalf.
- 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.

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.