Crossrail Limited

Annual Report and Financial Statements
Year ended 31 March 2021

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 2021. The Company is a subsidiary undertaking of Transport Trading Limited ("TTL") and is part of the group headed by Transport for London ("TfL"), the "TfL Group".

Principal Activity

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

Directors

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

S. Atkins	Resigned 30 September 2020
K. Cearns OBE	Resigned 30 September 2020
J. Crawford	Resigned 30 September 2020
P. Gaffney	Resigned 30 September 2020
S. Kilonback	Appointed 30 September 2020
S. Livingstone	Resigned 30 September 2020
A. Lord	Appointed 30 September 2020
R. McLean	
A. McMeel	Resigned 30 September 2020
A. Meggs	Resigned 30 September 2020
O. Ogunshakin	Resigned 30 September 2020
A. Pitt	Resigned 30 September 2020
W. Raynsford	Resigned 30 September 2020
Baroness J. Valentine	Resigned 30 September 2020
M.Wild	

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

On 1 October 2020, responsibility for the governance of the Crossrail Programme and the Company moved to sit directly as a management unit within TfL. This resulted in a number of changes to the Board composition at 30 September 2020 and a number of new appointments on this date. This change helps to ensure that decision making between the Company and other units within TfL is fully aligned during the critical final phases of the Programme.

The Company maintains directors' and officers' liability insurance.

Employee and Supply Chain Involvement and Communications

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

Directors' Report

Employee Practice

The Company has a people strategy in place that aims to create a culture and environment for everyone to contribute and flourish, collaboratively as one team. The Company values the diversity which exists in our city and aspires to this being reflected in our workforce. This is reflected not only in its recruitment and selection processes, but also throughout the employment cycle. The Company is committed to providing equal opportunities to all employees, irrespective of their gender, sexual orientation, marital status, creed, colour, race, ethnic origin or disability. The commitment extends to recruitment and selection, learning and development, career development, flexible working arrangements, promotion and performance management. The Company is committed to comply with its legal responsibilities under the Equality Act 2010 to make reasonable adjustments to a person's working conditions wherever possible. Mental and physical wellbeing for all team members is a high priority and active support is in place and available to all. Employee numbers are disclosed in the notes to the accounts.

Health, Safety, Quality and Environment

The Company is committed to continuous improvement in Health and Safety, Quality and Environmental (HSQE) performance. In addition to HSQE management as part of the normal business activity, objectives are identified and regularly reviewed to form short-and longer-term plans as a basis for improvement across the programme, for customers, employees and suppliers. Progress against identified objectives is overseen by the Elizabeth Line Delivery Group (ELDG) and reported to the Elizabeth Line Committee (ELC), which are the new governance bodies established within TfL from 1 October 2020, explained further in the Corporate Governance section below.

The Company has a Health and Safety Management System and an Environmental Management System certified to OHSAS 18001 and ISO 14001 respectively. The Quality Management System is accredited to ISO 9001. 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 and the Executive Group.

Streamlined Energy and Carbon Reporting (SECR) helps businesses across the UK in scope of the 2018 Regulations to comply with their legal obligations in respect of energy and carbon usage reporting.

The TfL Accounts for the year ending 31 March 2021 includes the required disclosures as per these regulations for the TfL Group. The relevant disclosures for the Company are reported below.

For the year ended 31 March	2021	2021	2020	2020
	Energy use/ Consumption	CO_2 emissions	Energy use/ Consumption	CO2 emissions
	MWh	tonnes	litres	tonnes
Electricity	132,863	30,976	148,356	37,920
Gas	777	143	22	4
	litres	tonnes	litres	tonnes
Fuel - diesel	239	1	190	-

Intensity Metric	Amounts	Units
Operated train km	6,170,000	5.04 kgCO2e / train km
Average headcount	316	14.1 tCO2e / employee

On an annual basis, the safety, health, and environmental policy and performance reports, containing details of TfL's action plans in relation to furthering the green agenda are published on the TfL website.

Directors' Report

Charitable Donations and Political Contributions

No donations were made to charities during the year (2019/20 £nil). No political contributions were made during the year (2019/20 £nil).

Dividends

No interim dividends were paid during the year (2019/20 £nil) and the directors do not recommend the payment of a final dividend (2019/20 £nil).

Corporate Governance

The Company is a wholly owned subsidiary of TTL, which in turn is controlled by TfL. The corporate controls laid down by TfL are implemented by the Company Board and ensures alignment with the aims established by the Sponsors (TfL and the Department for Transport ("DfT")).

On 1 October 2020, responsibility for the governance of the Crossrail Programme moved to sit directly with TfL. This ensures that decision making between the Company and other units within TfL is seamless and fully aligned during the critical final phases of the Programme. The ELC has been established as a new Special Purpose Committee of the TfL Board to address the Crossrail project and bringing the Elizabeth line into full passenger service. At the Executive level, the new ELDG has been established, chaired by the TfL Commissioner. CRL continue to work closely with other units across TfL to develop and implement the transition planning required to ensure a smooth transfer of the programme into the operational Elizabeth line.

Disclosure of Information to Auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Additional disclosures

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

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

Future developments	page 4
Principal risks and risk management	page 6

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:

R. McLean

Director

12 July 2021

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

In March 2020, the Prime Minister announced unprecedented measures in the Government's bid to halt the spread of coronavirus in the UK. In response, the Company brought non-essential physical activity at its project sites to a temporary stop. A programme of this scale and complexity was already challenging, with pressures on the schedule even before Covid-19 became a factor; the impact of Covid-19 has made the existing pressures more acute. As the programme impacts became clearer, the Company issued an update to Sponsors.

The Company reported in August 2020 that the cost to complete the Crossrail project could be up to £1.1bn above the financing package agreed in December 2018 (£450m more than the upper end of the range previously announced in November 2019) and their latest assessment was that the central section between Paddington and Abbey Wood would be ready to open in the first half of 2022.

On 1 December 2020, the Mayor of London, TfL, the DfT and HM Treasury confirmed an agreed funding and financing package for the final phase of the Crossrail project. This means work on the railway can continue at pace. The shortfall will initially be covered by the Greater London Authority (GLA) borrowing up to £825m from the DfT which will be given by the GLA to TfL as a grant. The GLA will repay this loan from the Business Rates Supplement and Mayoral Community Infrastructure Levy. The Company is continuing to work hard to mitigate its funding shortfall and TfL is ensuring that further independent analysis of costs is carried out.

Delivery of the Elizabeth line is now in its complex final stages with work focused on the remaining construction, integration and operational testing of the railway. This is a crucial moment in the project with the railway on track to open in the first half of 2022. In June 2021 the Company had reached an important milestone with the trial running of eight trains an hour through the central tunnels. This phase marks the project's transition from construction to an operational railway. Much of the central section infrastructure is now complete and fit-out is nearing completion at many stations. Custom House, Farringdon, Tottenham Court Road and Woolwich stations have now been handed over to TfL. Liverpool Street and Paddington will be the next Elizabeth line stations to be transferred over to TfL. As a result, works at these stations are now primarily focused on the extensive testing and commissioning of systems ahead of the Elizabeth line opening.

Reaching these important milestones allows the contractors to undertake progressive demobilisation from the site. Following the opening of the central section, the introduction of full services across the Elizabeth line from Reading and Heathrow in the west and Shenfield in the east will be aligned with the National Rail timetable change. The Company and the whole of TfL are working to ensure the earliest possible opening for the Elizabeth line.

Directors' statement, section 172 of the Companies Act (2006)

As the Board of Directors of the Company both collectively and individually we fulfilled our duties, as detailed in section 172 of the Companies Act (2006), to a high standard throughout this reporting period.

Acting fairly between our stakeholders

The Company's ultimate parent is TfL. Key policies and governance for the Company are set by the TfL Board. 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 GLA and reports to the Mayor of London. TfL is focused on promoting the success of the business and benefitting all our stakeholders. As a public body, our activities and engagement are concentrated on delivering the Mayor's Transport Strategy and the needs of our people, our supply chains and service providers.

Strategic Report

Key priorities in the Mayor's Transport Strategy are: creating healthy streets and healthy people, creating a good public transport experience and delivering new homes and jobs.

High standards of business conduct

Our governance and decision-making arrangements ensure we manage the organisation responsibly and effectively and to high standards of business conduct (see TfL's Governance Framework in TfL's Accounts for the year end 31 March 2021). This includes operating within the requirements of relevant legislation (including Local Authority legislation), as well as understanding our responsibilities to spend public funds efficiently and manage risks effectively. TfL conducts, at least annually, a review of the effectiveness of its governance framework including the system of internal control, which is reported to the Audit and Assurance Committee. There is also an annual Board Effectiveness Review.

The opinion for the year ending 31 March 2021 concluded that TfL's governance framework was adequate for TfL's business needs and operated in an effective manner. The opinion highlighted work that was in progress to address previously disclosed weaknesses in several audits of governance and financial controls relating to procurement and contract management. These issues are in the process of being addressed by the Procurement and Supply Chain team.

Coronavirus

The coronavirus pandemic has had a significant impact on.The Company's operational activities and its finances. The pandemic added further cost and delay, but Crossrail Ltd took the opportunity to improve its planning of remaining work. Our priority during the coronavirus pandemic was to follow Government recommendations for action and keep services running. In support of the Government's efforts to stop the spread of coronavirus and mitigate the financial impact of the lockdowns, examples of measures implemented include:

- Bringing all construction project sites to a temporary Safe Stop during the initial phases of the first lockdown unless they needed to continue for operational safety reasons or essential maintenance. Exceptional costs in relation to the coronavirus pandemic have been recognised in the Income Statement and are detailed in note 4 of the Financial Statements
- Enhanced cleaning and use of hospital grade anti-viral cleaning fluids and ultra-violet light sanitising to kill viruses and bacteria across our network services
- Enforcement of the mandatory wearing of face coverings on all public transport modes

We oversaw and monitored the response of our executive leadership team to the crisis and ensured that appropriate governance and decision-making frameworks were put in place. We maintained regular and open communications with our people, key stakeholders, and supply chain to support good decision-making.

Likely consequences of decisions in the long term

As part of the TfL Group, we have taken the three themes of the Mayor's Transport Strategy, being Healthy Streets and Healthy People; A Good Public Transport Experience; and New Homes and Jobs; and have developed a set of five key priorities that are the focus of our efforts up until March 2022. These priorities are:

(i) Future funding – to secure a long-term, sustainable financial deal for TfL

(ii) Transformative projects – to complete the Northern line extension, finish Crossrail and open the Elizabeth line

(iii) Pandemic recovery – to safely support and drive forward London's post-pandemic recovery and win back our customers

(iv) Clear vision – to create a people-centric vision and a more diverse and inclusive organisation, informed by and for our colleagues

(v) Green future – to improve London's air quality and accelerate decarbonisation

Strategic Report

Interests of the Group's employees

The safety of our people remains paramount. Working alongside our suppliers and partners, we have measures put in place to protect staff and customers ranging from installing protective screens, to implementing a rigorous new cleaning regime. During the coronavirus pandemic we have worked hard to respond collectively and adapt our normal ways of working. We have had a focus throughout the year on wellbeing support for our employees. Our internal intranet platform hosts a wide range of easy-to access resources, whilst our Occupational Health and Wellbeing team continues to provide easy access to support for employees, despite the challenges of the pandemic.

Impact of operations on the community and the environment

Streamlined Energy and Carbon Reporting (SECR) helps businesses across the UK in scope of the 2018 Regulations to comply with their legal obligations in respect of energy and carbon usage reporting. The Company Accounts for the year ending 31 March 2021 includes the required disclosures as per these regulations.

Fostering business relationships with suppliers, customers and others

During the year we developed initiatives to make us more dependable and easier to work with by working smarter with our supply chain and involving them earlier in the planning phase to help us improve efficiency.

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 Company Risk Management plan is set up to complement this basic management by the business and to provide a framework to ensure that business risks are appropriately identified, reviewed regularly and that progress on the management of key business risks is tracked.

The principal risks to which the Company is exposed include safety, programme delivery, commercial, organisational, stakeholder and financial risks. 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 CRL Head of Risk Management.

Funding risk

Despite efforts to control costs and schedule, the programme is inherently complicated. The global pandemic of coronavirus has impacted the Company's ability to execute its activities, resulting in a further forecast cost increase and project delay. There are encouraging signs that the programme is now in a more stable position with the total amount of work required better understood. However, there is still a significant volume of work to complete alongside testing trains, signalling and other assets.

As previously mentioned, on 1 December 2020, the Mayor of London, TfL, the DfT and HM Treasury confirmed an agreed funding and financing package for the final phase of the Crossrail project. The Company is continuing to work hard to mitigate its funding shortfall and TfL is ensuring that further independent analysis of costs is carried out.

Brexit

The impact of Brexit on the Company was limited relative to the impact of COVID, however there were risks held around the movement of material & specialist resource across borders, the majority of which were mitigated by the implementation of the new Programme Recovery Plan and the subsequent ability to forecast with greater certainty the requirements on the movement of resource & material.

Strategic Report

With regards to ongoing supply chain specific risks, there are a number of items pertaining to potential programme delays as a result of international travel restrictions (both COVID & Brexit driven) and ongoing challenges with supply chain stability, but the majority of the 2020/21 specific risks have actualised or been mitigated through the interventions above.

Liquidity risk

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

The Company's exposure to liquidity risk is low as the Company's ultimate parent, TfL, and the DfT provide financial support to the Company. The directors are satisfied that adequate financial support will continue to be available when required. The Company's ultimate parent, TfL, has indicated that for at least 12 months from the date of approval of these Financial Statements, it will continue to make such funds available to the Company.

The Company's management policy regarding liquidity risk is to ensure that it always has sufficient committed facilities available to meet its foreseeable needs.

Credit risk

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

Signed on behalf of the Board by:

R. McLean

Director

12 July 2021

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 Accounting Standards in conformity with the requirements of the Companies Act 2006.

Under company law the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with Adopted IFRSs; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

Independent Auditor's Report

To the members of Crossrail Limited

We have audited the financial statements of Crossrail Limited for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related 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 Accounting Standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; 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. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Material uncertainty relating to the availability of funding to deliver current operational and capital plans

We draw your attention to note g) of Accounting Policies, which indicates that there is a material uncertainty over the availability of funding from Transport for London to continue to deliver on the planned capital programme post 11 December 2021.

As disclosed, the COVID-19 pandemic has had a significant impact on the availability of funding from the Transport for London Group. During the pandemic, the Transport for London Group has secured a series of short-term Extraordinary Funding and Financing Agreements with the Department for Transport, the most recent of which provides funding through to 11 December 2021, subject to certain terms and conditions. Alongside these agreements, the Government has conducted a review of the Group, which has included a review of the capital programme and a Financial Sustainability Plan has been drawn up identifying projects that remain Government priorities for future funding and management has categorised current and future projects according to relative funding priority.

Given the Government's undertaking it is expected that a funding package will be agreed to support a balanced budget beyond 11 December 2021. However, there is material uncertainty surrounding the funding of the Group which may cast significant doubt on its ability to continue to deliver on the planned capital programme post 11 December 2021.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our opinion is not modified in respect of this matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent Auditor's Report

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 contained with the annual report.

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.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. 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, 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 8, 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.

Independent Auditor's Report

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (IFRS and Companies Act 2006) and the relevant tax compliance regulations in the UK.

- We understood how the Company is complying with those frameworks by making enquiries from this those charged with governance, those responsible legal and compliance procedures. We understood the oversight of those charged with governance, the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. We corroborated our enquiries through our review of minutes of board meetings, and any correspondence received from regulatory bodies.

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where they considered there was susceptibility to fraud. Where this risk was considered higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements are free from fraud or error.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of management and those charged with governance and internal legal counsel. We also reviewed the minutes of board meetings to identify any non-compliance with laws and regulations.

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.

Independent 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.

Ernst & Young LLP

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

14 July 2021

Income Statement

For the year ended 31 March	Note	2021 £m	2020 £m
Revenue	1	0.2	0.1
Gross profit		0.2	0.1
Net operating costs		(14.8)	(1.3)
Operating loss before exceptional items	2	(14.6)	(1.2)
Grant income	3	46.6	6.9
Exceptional items	4	(13.3)	-
Total profit from operations		18.7	5.7
Financial income	7	-	0.2
Financial expenses	8	(18.7)	(5.8)
Profit before taxation		-	0.1
Income tax expense	9	-	(0.1)
Profit for the year attributable to the owners of the Company		-	-

Statement of Comprehensive Income

For the year ended 31 March		2021 £m	2020 £m
Profit for the year		-	-
Items that will not be subsequently reclassified to profit or loss			
Net remeasurement (loss)/gain on defined benefit pension scheme	20	(36.4)	14.2
Total comprehensive income and expenditure for the year attributable to owners of the Company		(36.4)	14.2

Statement of Financial Position

	Note	31 March 2021 £m	31 March 2020 £m
Non-current assets			
Property, plant and equipment	11	14,744.7	13,979.0
Right-of-use assets	12	1.5	1.7
Investment property	13	1.8	1.8
		14,748.0	13,982.5
Current assets			
Trade and other receivables	14	102.0	60.8
Cash and cash equivalents	15	0.5	0.3
		102.5	61.1
Current liabilities			
Trade and other payables	16	(227.8)	(245.9)
Right-of-use lease liabilities	12	(1.4)	(1.6)
Provisions	18	(11.2)	(14.2)
		(240.4)	(261.7)
Non-current liabilities			
Borrowings	17	(2,676.0)	(2,000.0)
Provisions	18	(0.1)	-
Deferred grants and other contributions	19	(309.8)	(309.8)
Retirement benefit obligation	20	(56.8)	(18.3)
		(3,042.7)	(2,328.1)
Net assets		11,567.4	11,453.8
Equity			
Share capital	21	11,610.0	11,460.0
Retained deficit		(44.2)	(7.8)
Revaluation reserve		1.6	1.6
Total equity attributable to the owners of the Company		11,567.4	11,453.8

The notes on pages 30 to 49 form part of these Financial Statements. These Financial Statements were approved by the Board on 12 July 2021 and signed on its behalf by:

R. McLean
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 2019	10,300.0	1.6	(22.0)	10,279.6
Result for the year	-	-	-	-
Actuarial gains on defined benefit pension scheme	-	-	14.2	14.2
Issue of share capital	1,160.0	-	-	1,160.0
At 31 March 2020	11,460.0	1.6	(7.8)	11,453.8
Result for the year	-	-	-	-
Actuarial loss on defined benefit pension scheme	-	-	(36.4)	(36.4)
Issue of share capital	150.0	-	-	150.0
At 31 March 2021	11,610.0	1.6	(44.2)	11,567.4

Statement of Cash Flows

For the year ended 31 March	Note	2021 £m	2020 £m
Cash generated from operating activities			
Profit for the year		-	-
Adjustments for			
Depreciation of right-of-use assets	12	3.6	1.0
Financial income	7	-	(0.2)
Financial expenses	8	18.7	5.8
Reversal of tax expense	9	-	0.1
Charge to profit for defined benefit pension scheme	20	2.7	3.3
Cash flow from operating activities before movements in working capital		25.0	10.0
(Increase) in trade and other receivables		(41.2)	(11.9)
Increase/(decrease) in trade and other payables		10.9	(42.7)
(Decrease)/increase in provisions		(2.9)	4.5
Cash utilised by operations		(8.2)	(40.1)
Employer contributions to defined benefit schemes	20	(1.3)	(1.6)
Taxation paid		-	(0.1)
Net cash utilised by operating activities		(9.5)	(41.8)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(794.3)	(1,125.2)
Capital grants received		-	12.7
Interest received		-	0.2
Net cash utilised by investing activities		(794.3)	(1,112.3)
Cash flows from financing activities			
Proceeds from issue of share capital		150.0	1,160.0
Payments relating to lease and PFI arrangements		(3.6)	(1.0)
Loan borrowings		676.0	-
Interest paid		(18.4)	(5.1)
Net cash generated from financing activities		804.0	1,153.9
Increase/(decrease) in net cash during the year		0.2	(0.2)
Net cash and cash equivalents at the start of the year		0.3	0.5
Net cash and cash equivalents at the end of the year		0.5	0.3

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 Accounting Standards in conformity with the requirements of the Companies Act 2006.

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 non-current 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) Use of estimates and judgements

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

Determining whether an arrangement contains a lease

In determining whether an arrangement contains a lease, as required by IFRS 16 – Leases, there is significant judgement in determining whether the arrangement conveys the right to control the use of an identified asset and in determining the lease term particularly in respect of whether the Company is reasonably certain to exercise extension options.

For arrangements where the Company is a lessor there is significant judgement involved in respect of whether the arrangement is finance or an operating lease.

Leases

When the interest rate implicit in the lease cannot be readily determined, TfL's incremental borrowing rate (IBR) at the lease commencement date is used to calculate the present value of the lease payments. This is the interest rate that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. When no observable inputs are available, the Company estimates the IBR, making assumptions to reflect the terms and conditions of the lease and certain entity-specific estimates. These assumptions include the consideration of a number of components including the risk-free rate, the lease term, the credit spread, and adjustments related to the specific nature of the underlying asset.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or change in circumstances occurs which affects this assessment.

Accounting Policies

Classification of investment property

IAS 40 Investment properties ("IAS 40") requires that properties are classified as investment properties where they are held for the purpose of capital appreciation or to earn rentals. The Company owns a number of commercial properties as part of its infrastructure where part of the property is leased out to third parties. To comply with IAS 40, judgement needs to be exercised in determining whether these properties should be classified as investment properties. As investment properties are valued at fair value with movements in the fair value being recorded in the Income Statement this could have a significant effect on the financial performance of the Company.

Investment property

Investment property, which is property held to earn rentals and/or capital appreciation, is stated at its fair value (open market value), as estimated 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 Comprehensive Income and Expenditure 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.

Availability of future capital funding

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

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.

Post-retirement benefits

The pension costs and defined benefit plan obligations of the Company's defined benefit plans are calculated on the basis of a range of assumptions, including the discount rate, inflation rate, salary growth and mortality. Differences arising as a result of actual experience differing from the assumptions, or future changes in the assumptions will be reflected in subsequent periods. A small change in assumptions can have a significant impact on the valuation of the liabilities. More details are given in note 20.

Releases on deferred grant balances

The expected releases on deferred grant balances are based on a model that utilises the useful economic life of property, plant and equipment to spread the release of the grant balances over the useful lives of the assets funded by that grant.

Taxes

Deferred tax assets are recognised for unused tax losses only to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Company has no (2020 £nil) tax losses carried forward.

Accounting Policies

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

The following amendments have been applied for the first time in these Financial Statements in accordance with the standards and interpretations issued by the International Accounting Standards Board ("IASB"):

Amendments to IFRS 3 Definition of a business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments have no impact on these Financial Statements but may impact future periods should the Company enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

Amendments to IAS 1 and IAS 8 Definition of material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose Financial Statements make on the basis of those Financial Statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments have no impact on these Financial Statements, nor is there expected to be any future impact to the Company.

Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments have no impact on these Financial Statements.

Amendments to IFRS 16 Covid-19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, and TfL has applied the amendment from 1 April 2020. This amendment has no significant impact on these Financial Statements.

Accounting Policies

f) New standards and interpretations not yet adopted

The following revisions to IFRS are expected to be applicable in future periods, subject to endorsement where relevant and have not been applied in these Financial Statements:

IFRS 17 Insurance Contracts (mandatory for years commencing on or after 1 January 2023)

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

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective for annual periods beginning on or after 1 January 2021)

The phase 2 amendment addresses financial reporting implications when an existing interest rate benchmark is replaced with an alternative and highlights the following:

- Facilitates a practical expedient when accounting for changes in the basis for determining the contractual cash flows (and resultant carrying value) of financial assets and liabilities measured at amortised cost or fair value through comprehensive income, to allow the effective interest rate to be adjusted
- Relief from discontinuing hedge relationships because of changes to hedge documentation required by the Reform
- Temporary relief from having to meet the separately identifiable requirement when an alternative-Risk Free Rate, such as SONIA is designated as a risk component of a hedge relationship as a replacement for the existing interest rate benchmark (LIBOR)
- IFRS 16 lessees are required to remeasure their lease liabilities in similar fashion to any other change in estimate, rather than as a lease modification

Our initial assessment of Interest Rate Benchmark Reform is that the new basis for determining the contractual cash flows would be 'economically equivalent' to the previous basis.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (effective for annual periods beginning on or after 1 January 2022)

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment must be applied retrospectively only to assets made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 (effective for annual periods beginning on or after 1 January 2022)

The amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets specifies that only directly related costs need to be included when assessing whether a contract is onerous or loss-making. The directly related costs include both incremental costs (e.g. the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g. depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded, unless they are explicitly chargeable to the counterparty under the contract.

The amendments must be applied prospectively to contracts for which an entity has not yet fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

Accounting Policies

Classification of Liabilities as Current or Noncurrent - Amendments to IAS 1 (effective for annual periods beginning on or after 1 January 2023)

The amendments clarify the requirements for classifying liabilities as current or non-current.

Reference to the Conceptual Framework – Amendments to IFRS 3 (effective for annual periods beginning on or after 1 January 2022)

The amendment adds an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in IFRS Standards.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (IASB decided to defer the effective date of the amendments until such time as it has finalised any amendments that result from its research project on the equity method)

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3.

The Company does not consider that any standards, amendments or interpretations issued by the IASB, but not yet applicable, other than those indicated in the paragraphs above, 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 parent organisation, in order to ensure working capital and funding 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.
- In addition, as set out in section 479A of the Companies Act 2006, TfL has issued a guarantee over all outstanding liabilities to which the Company is subject as at 31 March 2021; and
- The directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due. As with any Company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these Financial Statements, they have no reason to believe that it will not do so

As set out in the Strategic Report, the coronavirus pandemic has had a significant impact on the finances of the Company and the wider TfL Group. TfL has agreed support in the form of extraordinary funding grant from the Department of Transport (DfT) to fund its operations until 11 December 2021, and has received acknowledgement from the Secretary of State for Transport that further financial support from the Government is likely to be needed until at 2022/23, with longer term external funding being required to support TfL's capital investment programme including the Company.

Accounting Policies

A material uncertainty remains as to the level of longer-term support that will be agreed. As the Company is dependent on TfL for funding support, the uncertainty over levels of future longer-term funding for TfL mean that there is also significant uncertainty about levels of future longer-term funding available to support the activities of the Company. Whilst directors are confident that the Company remains a going concern for at least 12 months from the date of signing these financial statements, the material uncertainty over future levels of funding casts significant doubt over the Group's ability to continue to deliver on the planned capital investment plan.

Throughout 2021/22 the Company will continue to work closely with the DfT and TfL to determine the sources of funding will be made available to progress our capital investment programme. The Company consider any possible future impairments of the carrying value of existing assets or assets under construction to be non-adjusting post balance sheet events for the purposes of these Financial Statements. Based on this undertaking, the directors believe that it remains appropriate to prepare the Financial Statements on a going concern basis.

h) Revenue recognition

Rental income

Rental income from operating leases of properties, on a straight-line basis over the term of the lease. Rent free periods, incentives, or fixed annual increases in the lease payments are spread on a straight-line basis over the lease term. Any inflation lined annual increases in rentals are treated as contingent rents and are recognised as income when they occur. Rental income based on tenant turnover is considered variable income and is therefore recognised as income in the period in which it is earned.

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. Majority of the staff are members of this scheme. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the Income Statement in the periods during which services are rendered by employees.

Defined benefit plans

The defined benefit plan provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. On retirement, members of the scheme are paid their pensions from a fund which is kept separate from the company. The company makes cash contribution to the fund in advance of members' retirement.

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

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

Accounting Policies

Other employee benefits

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

k) Leases (the Company as lessee)

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option, and
- lease payments to be made under reasonably certain extension options

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

TfL's incremental borrowing rate for each tenor consists of two elements: an underlying rate, which is the UK Gilt rate and a credit spread representing the percentage payable above the underlying rate to reflect the credit profile of the TfL Group. TfL has a number of outstanding public bonds that can be used to estimate the credit spread payable for a range of tenors.

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

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

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

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

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

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

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

l) Financial income and expenses

Financing and investment income consist of interest income on funds invested. 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 and interest expense on lease liabilities, and the net financing cost on defined benefit pension obligations. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (those necessarily taking a substantial period of time to get ready for their intended use) are added to the cost of those assets, until such time as the assets are ready for their intended use.

m) Income tax

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

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

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

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

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

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

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

n) Intangible fixed assets

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

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

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

o) Property, plant and equipment

Recognition and measurement

Additions to assets under construction represents the capitalised costs expended by CRL. During the year the directors deemed it appropriate to capitalise the 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.

Accounting Policies

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, and is included in the Statement of Financial Position of TFL.

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.

The significant costs incurred in relation to the coronavirus pandemic have been considered exceptional items and recognised separately above the operating profit on the face of the Income Statement. During the safe-stop period no borrowing costs were capitalised as the costs could not be directly attributable to the construction of assets.

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 to 50 years
Plant and Equipment	1 to 2 years

Assets under construction and freehold land are not depreciated.

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

Gains and losses on disposal

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

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. Qualifying assets are 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. In accordance with IFRS 1 and IAS 23, the Company has taken the option not to capitalise borrowings costs on assets prior to the date of transition to IFRS. All other borrowing costs are recognised in the Income Statement in the period in which they are incurred. During the safe-stop period no borrowing costs were capitalised as the costs could not be directly attributable to the construction of assets.

Accounting Policies

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.

Investment properties are valued at fair value by external, professionally qualified surveyors in accordance with RICS Guidelines. Fair value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The 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 price 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.

Properties with a carrying value in excess of £5m are valued annually. Properties with a value in excess of £0.25m but less than £5m are revalued at least every three years. Properties with a value in excess of £0.1m but less than £0.25m are revalued at least every five years.

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

r) Impairment

Non-financial assets

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

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

Impairment losses are recognised in the Income Statement.

s) Provisions

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

t) Financial instruments

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

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

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

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

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

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

Financial assets are measured at amortised cost if:

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

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

Financial assets are measured at FVTOCI if:

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

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

Financial assets are measured at FVTPL if they are:

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

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

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

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

Financial liabilities are measured at FVTPL if they are:

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

Accounting Policies

Cash and cash equivalents

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

Trade and other receivables

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

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

Trade and other payables

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

Interest bearing loans and borrowings

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

Other financing liabilities

Other financing liabilities are classified as financial liabilities measured at amortised cost.

Impairment of financial assets

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

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

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

Expected credit loss allowances are recognised in the Income Statement.

u) Fair value measurement

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

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

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

Accounting Policies

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

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

v) Exceptional items

Exceptional costs are costs that are unusual, infrequent and which do not occur in the normal course of operations. An unusual event or transaction has a high degree of abnormality and is clearly unrelated to (or only incidentally related to) the ordinary activities of the company, taking into account the operating environment. Infrequent refers to events and transactions that would not reasonably be expected to recur in the foreseeable future, taking into account the operating environment. The significant costs incurred in relation to the coronavirus pandemic, such as costs incurred in bringing construction projects to a Safe Stop, have been considered exceptional items. These costs have been identified separately above the operating profit on the face of the Income Statement.

Notes to the Financial Statements

1 Revenue

For the year ended 31 March	2021	2021	2020	2020
	£m	%	£m	%
Other revenue				
Rents receivable	0.2	100.0%	0.1	100.0%
Total revenue	0.2	100.0%	0.1	100.0%

2 Operating loss

For the year ended 31 March		2021	2020
	Note	£m	£m
Operating loss is stated after charging/(crediting):			
Capital items			
Depreciation of right-of-use assets	12	3.6	1.0
		£000	£000
Auditors' remuneration			
Fees for the audit of these Financial Statements		125	120

3 Grant income

For the year ended 31 March	2021	2020
	£m	£m
Revenue grant income receivable		
Grant from TfL to fund operations	46.6	6.9

4 Exceptional items

For the year ended 31 March	2021	2020
	£m	£m
Coronavirus safe-stop project costs	13.3	-

Exceptional costs include the costs of safely pausing construction projects which have occurred as a result of the pandemic.

Notes to the Financial Statements

5 Employee costs

For the year ended 31 March	2021	2020
	Number	Number
Average number of employees (including directors) in the year	316	324
	£m	£m
Wages and salaries	22.3	22.1
Social security	2.6	2.6
Defined contribution pension costs	1.0	1.0
Defined benefit pension costs	2.7	3.3
	28.6	29.0

Employee costs £28.6m (2020: £29m) have been capitalised in the year.

6 Directors' emoluments

For the year ended 31 March	2021	2020
	Number	Number
Number of directors who received remuneration from the Company during the year	14	16
Number of directors who were members of a defined benefit pension scheme	2	2

For the year ended 31 March	2021	2020
	£	£
Salaries, fees and benefits in kind	1,407,329	1,668,413
Compensation for loss of office	39,131	-
Pension costs	53,231	43,058
	1,499,691	1,711,471

The highest paid director received the following remuneration:

	2021	2020
	£	£
Salaries, fees and benefits in kind	447,853	447,839

The Remuneration and Nomination Committee met twice in the financial year (2019/20 five times).

Notes to the Financial Statements

Named Employees receiving a base annual salary in excess of £150,000 as at 31st March 2021

Name	Notes	Salary including fees & allowances 2020/21 (£) *	Performance related pay (PRP) and retention payments paid in the year 2020/21 (£)	Compensation for loss of employment 2020/21 (£)	Benefits in kind 2020/21 (£)	Total remuneration excluding pension contributions 2020/21 (£)	Employers contribution to pension 2020/21 (£) **
Crossrail current office holders/ employees							
Mark Wild Chief Executive Officer	a	446,147	-	-	1,706	447,853	-
Carole Bardell-Wise Health, Safety, Quality and Environment Director	b	180,639	18,000	-	1,706	200,345	18,000
Susan Beadles General Counsel		156,163	-	-	1,706	157,869	30,461
Chris Binns Chief Engineer		182,010	-	-	1,706	183,716	18,201
Jim Crawford Chief Programme Officer	c	359,040	-	-	1,706	360,746	-
Rachel McLean Chief Finance Officer	d	233,000	11,650	-	2,186	246,836	45,822
Andy Weber Delivery Construction Manager	e	150,395	-	-	769	151,164	15,113
Former employees							
Alexandra Kaufman Communications Director, Crossrail	f	150,000	-	-	769	150,769	15,000
Tony Meggs Non-Executive Chairman, Crossrail	g	100,000	-	-	-	100,000	-
Nick Raynsford Non-Executive Deputy Chairman, Crossrail	h	24,000	-	-	-	24,000	-
Chris Sexton Deputy Chief Executive, Crossrail	i	68,323	-	8,070	370	76,763	7,409
Angela Williams Chief People Officer, Crossrail	j	166,488	-	57,000	-	223,488	16,649

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

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

a employed by TfL and costs recharged to the Company
b entered service 3 June 2019. PRP disclosed relates to retention payment only.
c entered service 30 January 2020
d entered service 2 January 2020. Employed by TfL and costs recharged to the Company. PRP disclosed relates to retention payment only.
e salary sacrificed for childcare vouchers of £496 (2019/20 £1,488)
f left service 31 March 2021
g left service 30 September 2020
h left service 30 September 2020
i left service 18 June 2020
j entered service 18 May 2020, left service 31 March 2021

Notes to the Financial Statements

7 Financial income

For the year ended 31 March	2021	2020
	£m	£m
Other investment income	-	0.2

8 Financial expenses

For the year ended 31 March	2021	2020
	£m	£m
Interest on loans from fellow Group undertakings	78.2	78.2
Net interest expense on defined benefit pension obligation	0.3	0.7
Interest capitalised into the cost of property, plant and equipment	(59.8)	(73.1)
	18.7	5.8

9 Taxation

For the year ended 31 March	2021	2020
	£m	£m
Current year UK Corporation Tax	-	0.1
Total income tax charge for the year	-	0.1

Reconciliation of tax expense

For the year ended 31 March	2021	2020
	£m	£m
Profit before tax	-	0.1
Profit before tax multiplied by standard rate of Corporation Tax in the UK of 19% (2019/20 19%)	-	-
Effects of:		
Non-taxable and non-deductible items	-	0.1
Income tax expense for the year	-	0.1

Unrecognised deferred tax

There were no unrecognised deferred tax assets as at 31 March 2021 or 31 March 2020.

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 £m	Movement in profit or loss £m	Closing balance £m
For the year ended 31 March 2021			
Deferred tax assets			
Deferred contributions	59.0	-	59.0
Deferred tax liabilities			
Tangible fixed assets	(59.0)	-	(59.0)
Net deferred tax asset/(liability)	-	-	-
For the year ended 31 March 2020			
Deferred tax assets			
Deferred contributions	50.6	8.4	59.0
Deferred tax liabilities			
Tangible fixed assets	(50.6)	(8.4)	(59.0)
Net deferred tax asset/(liability)	-	-	-

The Finance Bill 2020 set the main rate of Corporation Tax for all non-ringfenced profits to 19 per cent from 1 April 2020. The Corporation Tax charge and the main rate are also set at 19 per cent from April 2021. In his Spring Budget on 3 March 2021, the Chancellor of the Exchequer announced that the main rate of Corporation Tax will rise to 25 per cent from April 2023. However, as this change had not yet been substantively enacted by the end of the reporting period, deferred tax balances at 31 March 2021 have been calculated at the rate of 19 per cent.

Notes to the Financial Statements

10 Intangible assets

a) Intangible assets at 31 March 2021 comprised the following elements:

	Software costs £m
Cost or valuation	
At 1 April 2020	0.5
At 31 March 2021	0.5
Amortisation	
At 1 April 2020	0.5
At 31 March 2021	0.5
Net book value at 31 March 2021	-
Net book value at 31 March 2020	-

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

	Software costs £m
Cost or valuation	
At 1 April 2019	0.5
At 31 March 2020	0.5
Amortisation	
At 1 April 2019	0.5
At 31 March 2020	0.5

Notes to the Financial Statements

11 Property, plant and equipment

a) Property, plant and equipment at 31 March 2021 comprised the following elements:

	Plant and equipment	Assets in the course of construction	Total
	£m	£m	£m
Cost or valuation			
At 1 April 2020	1.9	13,979.0	13,980.9
Additions	-	765.7	765.7
At 31 March 2021	1.9	14,744.7	14,746.6
Depreciation			
At 1 April 2020	1.9	-	1.9
At 31 March 2021	1.9	-	1.9
Net book value at 31 March 2021	-	14,744.7	14,744.7
Net book value at 31 March 2020	-	13,979.0	13,979.0

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

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

Notes to the Financial Statements

12 Right-of-use assets and lease liabilities

a) The Statement of Financial Position at 31 March 2021 shows the following amounts relating to leases:

	Note	Infrastructure and office buildings	Other equipment	Total
		£m	£m	£m
Cost				
At 1 April 2020		2.5	0.2	2.7
Additions		3.4	-	3.4
At 31 March 2021		5.9	0.2	6.1
Depreciation				
At 1 April 2020		0.9	0.1	1.0
Charge for the year	2	3.6	-	3.6
At 31 March 2021		4.5	0.1	4.6
Net book value at 31 March 2021		1.4	0.1	1.5
Net book value at 31 March 2020		1.6	0.1	1.7

b) The Statement of Financial Position at 31 March 2020 showed the following amounts relating to leases:

	Note	Infrastructure and office buildings	Other equipment	Total
		£m	£m	£m
Cost				
Finance leases at 1 April 2019		-	-	-
Operating leases at 1 April 2019		-	-	-
Additions		2.5	0.2	2.7
At 31 March 2020		2.5	0.2	2.7
Depreciation				
Finance leases at 1 April 2019		-	-	-
Operating leases at 1 April 2019		-	-	-
Charge for the year	2	0.9	0.1	1.0
At 31 March 2020		0.9	0.1	1.0

Notes to the Financial Statements

c) Statement of Financial Position lease liabilities

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

	2021	2020
	£m	£m
At 31 March		
Principal outstanding		
Current	1.4	1.6

	2021	2020
	£m	£m
Contractual undiscounted payments due in		
Less than one year	1.7	2.2
Less:		
Present value discount	-	(0.1)
Prepaid amounts	-	(0.3)
Exempt cash flow	(0.3)	(0.2)
Present value of minimum lease payments	1.4	1.6

d) Amounts recognised in the Income Statement

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

	2021	2020
	£m	£m
Depreciation charge on right-of-use assets	3.6	1.0
Expense relating to short-term leases (included in net operating costs)	0.2	2.8

e) Total cash outflow for leases

The total cash outflow for leases in 2020/21 was £4.0m (2019/20 £3.2m)

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

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

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

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

Variable lease payments:

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

Notes to the Financial Statements

Extension options and termination options:

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

Leases not yet commenced to which the Company as a lessee is committed:

There are no leases not yet commenced to which the Company as a lessee is committed.

13 Investment properties

	2021	2020
	£m	£m
Valuation		
Fair value at 1 April	1.8	1.8
Fair value at 31 March	1.8	1.8

The Company's investment properties were last valued externally at 31 March 2019 by Knight Frank, a property valuation company not connected with the Company. Fair value is determined using the sales comparison approach. Sales price 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 assumed to be their current use. There were no transfers of properties in or out of level 2 of the fair value hierarchy during the year (2019/20 none).

Properties are valued in accordance with the Red Book, RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors. Properties with a carrying value in excess of £5m are valued annually. Properties with a value in excess of £0.25m but less than £5m are revalued at least every three years. Properties with a value in excess of £0.1m but less than £0.25m are revalued at least every five years.

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

14 Trade and other receivables

	2021	2020
	£m	£m
Current		
Trade receivables	2.9	1.4
Amounts due from fellow Group undertakings	65.9	29.0
Other tax and social security	11.1	14.8
Prepayments	8.7	12.0
Other receivables	13.4	3.6
	102.0	60.8

Notes to the Financial Statements

15 Cash and cash equivalents

	2021	2020
	£m	£m
Cash at bank	0.5	0.3

16 Trade and other payables

	2021	2020
	£m	£m
Current		
Trade payables	2.3	1.4
Accruals and other payables	0.3	0.3
Project accruals	199.5	228.5
Amounts due to fellow Group undertakings	23.7	14.4
Deferred income	0.2	-
Salaries and wages	1.0	0.5
Other tax and social security creditors	0.8	0.8
	227.8	245.9

Notes to the Financial Statements

17 Borrowings

	2021	2020
	£m	£m
Non-current		
Amounts due to fellow Group undertakings	2,676.0	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:

	2021	2020
Weighted average interest rate	3.16%	3.90%

18 Provisions

	2021	2020
	£m	£m
Current		
Provisions	11.2	14.2
Non-current		
Provisions	0.1	-

	At 1 April 2020	Utilised in the year	Charge for the year	Reversed during the year	At 31 March 2021
	£m	£m	£m	£m	£m
Movement on provisions					
Contractual provisions	14.2	(9.1)	6.8	(0.7)	11.2

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

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

Notes to the Financial Statements

19 Deferred grants and other contributions

	2021 £m	2020 £m
Deferred grants and other contributions at start of year	309.8	297.1
Capital grant received during the year	-	12.7
Deferred grants and other contributions at end of year	309.8	309.8

20 Pensions

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

Crossrail Section of the Railways Pension Scheme

The Company participates in the Crossrail Shared Cost Section of the Railways Pension Scheme which is accounted for in these Financial Statements as a defined benefit pension scheme under IAS 19.

The latest available full actuarial valuation of the Scheme was carried out at 31 December 2016. The report showed a funding surplus of £5.9m. This was translated into a current employer contribution level of 20.9 per cent. A separate valuation has been prepared for accounting purposes on an IAS 19 basis as at 31 March 2021 by actuaries at the XPS Pensions Group. Assumptions underlying this valuation have been updated from the preliminary results of a full actuarial valuation of the scheme carried out at 31 December 2019. The Company's share of the underlying assets and defined benefit obligation resulted in a deficit, as at 31 March 2021, of £56.8m (2020 £18.3m). The main reason for this increase is the fall in the discount rate assumption (as a result of the fall in corporate bond yields over the year) and the rise in expected price inflation, which have both served to increase the value placed on the liabilities. Furthermore, the value of benefits accrued by active members over the year (as measured on the IAS 19 assumptions) was higher than the contributions paid by Crossrail and members. These effects have been offset to some extent by actual investment returns being higher than expected over the year (based on last year's discount rate). The discounted Crossrail Section liabilities have a duration of approximately 24 years.

The defined benefit obligation for the Crossrail Section has been calculated using the mortality assumptions adopted for the draft funding valuation as at 31 December 2019. Standard mortality tables were used, adjusted to reflect the recent mortality experience of the Scheme's pensioners at that date. An allowance was made for future mortality improvements based on the CMI 2020 projections with a long-term improvement rate of 1.25 per cent per annum. No weighting has been given to 2020 mortality experience.

Notes to the Financial Statements

Actuarial assumptions at 31 March 2021

	2021	2020
	%	%
Inflation - RPI	3.15%	2.35%
Inflation - CPI	2.65%	1.45%
Rate of increase in salaries	3.15%	2.35%
Rate of increase in pensions in payment and deferred pensions	2.65%	1.45%
Discount rate	1.95%	2.30%

Fair value of Section assets and liabilities at 31 March

	2021	2020
	£m	£m
Equities	74.9	67.2
Bonds	11.7	8.7
Cash, property and other assets	0.5	0.6
Total market value of assets	87.1	76.5
Actuarial value of Section liabilities	(143.9)	(94.8)
Closing Section net obligation	(56.8)	(18.3)

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

	2021	2020
	£m	£m
Present value of Section obligation	(143.9)	(94.8)
Fair value of Section assets	87.1	76.5
Retirement benefit obligation recognised in the Statement of Financial Position	(56.8)	(18.3)

Notes to the Financial Statements

Movements in the Section obligation are as follows:

	2021	2020
	£m	£m
Opening balance	94.8	104.2
Current service cost	2.7	3.3
Interest cost	2.2	2.5
Employee contributions	0.3	0.4
Net remeasurement - financial	43.7	(15.5)
Net remeasurement - demographic	1.6	0.2
Net remeasurement - experience	0.4	-
Actual benefit payments	(1.8)	(0.3)
Closing balance	143.9	94.8

Movements in the Section assets are as follows:

	2021	2020
	£m	£m
Opening balance	76.5	74.3
Interest on assets	1.8	1.8
Return on assets excluding interest income	9.3	(1.1)
Actual employer contributions	1.3	1.6
Employee contributions	0.3	0.4
Actual benefits paid	(1.8)	(0.3)
Scheme expenses	(0.3)	(0.2)
Closing balance	87.1	76.5

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

For the year ended 31 March	2021	2020
	£m	£m
Current service cost	2.7	3.3
Total employee costs	2.7	3.3
Net interest expense	0.3	0.7
Administrative cost	0.4	0.2
Amounts recognised in the Income Statement	3.4	4.2

Notes to the Financial Statements

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

For the year ended 31 March	2021	2020
	£m	£m
Return on assets excluding interest Income	(9.3)	1.1
Net measurement -financial	43.7	(15.5)
Net measurement -demographic	1.6	0.2
Net measurement -experience	0.4	-
Net actuarial loss / (gain)	36.4	(14.2)

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 analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all the other assumptions constant

- If the discount rate were 0.1% higher/(lower), the defined benefit obligation would decrease by £3.4m (increase by £3.8m)
- If the expected salary growth were increased/decreased by 0.1%, the defined benefit obligation would increase by £0.4m (decrease by £0.4m)
- If life expectancy were increase/(decreased) by one year, the defined benefit obligation would increase by £6.0m (decrease by £5.9m)
- If the inflation rate were 0.1% higher/(lower), the defined benefit obligation would increase by £3.3m (decrease by £3.1m)

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 £1.0m (2019/20 £1.0m).

21 Share capital

	2021	2020
	£m	£m
Share capital issued and fully paid		
5,805,000,000 'A' shares of £1 each	5,805.0	-
5,805,000,000 'B' shares of £1 each	5,805.0	-
5,730,000,000 'A' shares of £1 each	-	5,730.0
5,730,000,000 'B' shares of £1 each	-	5,730.0
	11,610.0	11,460.0

During the year ended 31 March 2021, 75,000,000 'A' shares of £1 each and 75,000,000 'B' shares of £1 each were issued at par to CRL's immediate parent company, TTL.

Notes to the Financial Statements

22 Financial instruments

Financial risk management

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

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

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

Credit risk

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

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

Liquidity risk

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

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

Market risk

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

Interest rate risk

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

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

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.

Notes to the Financial Statements

Fair value of financial instruments

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

Capital management

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

The Company does not have a credit rating but TfL, the Company's ultimate parent which provides financial support to the Company, has a credit rating of A+ with Fitch, A+ with Standard & Poor's and A3 with Moody's.

23 Capital and other financial commitments

a) At 31 March 2021, the Company had capital commitments of £259.6m which are contracted for but not provided for in the Financial Statements (2020 £295.9m).

b) At 31 March 2021, the Company had no other financial commitments which are contracted for but not provided for in the Financial Statements (2020 £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

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.

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 (2019/20 none). Details of directors' emoluments can be found in note 6.

The Company is a wholly owned subsidiary of TfL. TfL is a statutory corporation established by section 154 of the GLA Act 1999. It is a functional body of the 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.

Notes to the Financial Statements

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

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

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

- Payments to London Underground Limited, a fellow subsidiary of TfL, for construction work completed on the Crossrail project for their respective infrastructure and engineering and maintenance resource;
- Payments to Rail for London Limited, a fellow subsidiary of TfL, for construction work completed on the Crossrail project for engineering resource and seconded staff;
- Payments to Rail for London (Infrastructure) Limited, a fellow subsidiary of TfL, for construction work completed on the Crossrail project for engineering resource and seconded staff;
- Payments to Transport Trading Limited, the Company's parent, for operational property services and consultants;
- Payments to TfL for use of group accommodation and IT services;
- Reimbursements from The Crossrail Art Foundation for costs incurred on their behalf relating to artwork design, manufacture and installation and for artist fees.

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

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 the Company has been given assurances of financial support by TfL.

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

28 Events occurring after the reporting date

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

Since 31 March 2021, the Company has continued to experience revenue shortfalls as a result of the pandemic, and the TfL Group remains reliant on extraordinary funding support from the DfT for the continued provision of services. The latest funding package, agreed on 1 June 2021, extends to 11 December 2021 and contains an acknowledgement from the Secretary of State for Transport that further financial support from the Government is likely to be needed until 2022/23, with longer term external funding being required to support TfL's capital investment programme.

Management have considered the impact of the pandemic and the status of ongoing discussions with Government regarding TfL's longer term funding requirements on the values at which income, assets and liabilities have been recorded in these accounts. We do not consider that there has been any post-balance sheet event that would require a further adjustment being made to the carrying values at 31 March 2021 as reported in these Financial Statements. As at the date of signing of the accounts, the Company continues to provide a full level of service.

Notes to the Financial Statements

Throughout 2021/22 we will continue to work closely with the DfT and the Mayor of London to determine what further sources of funding will be made available to progress our capital investment programme. We will make decisions regarding the future of assets under construction at the balance sheet date as and when Government priorities in relation to future Transport investment, and the quantum of likely future funds, become clearer. We consider any possible future impairments of the carrying value of existing assets or assets under construction to be non-adjusting post balance sheet events for the purposes of these Financial Statements.