

Company Registration No. 4212657

CROSS LONDON RAIL LINKS LIMITED

Report and Financial Statements

Year ended 31 March 2004



CROSS LONDON RAIL LINKS LIMITED

CONTENTS	Page
Officers and professional advisers	2
Directors' report	3
Statement of directors' responsibilities	4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the accounts	9-14

CROSS LONDON RAIL LINKS LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

Sir Christopher Benson (Chairman) (resigned 26 October 2004)
Adrian Montague (Chairman) (appointed 26 October 2004)

Richard Bowker (resigned 10 September 2004)
Ian Brown
John Carter (appointed 26 October 2004)
Mike Fuhr (appointed 26 October 2004)
Robert Kiley
Jim Steer (resigned 26 October 2004)
Doug Sutherland (resigned 26 October 2004)
Timothy Thirlwall (appointed 26 October 2004)
Jay Walder

SECRETARY

Henry Snow (resigned 11 September 2003)
Martin Arney (appointed 11 September 2003)

REGISTERED OFFICE

1 Butler Place
London
SW1H 0PT

BANKERS

The Royal Bank of Scotland
Corporate Banking Office
PO Box 450
5-10 Great Tower Street
London
EC3P 3HX

SOLICITORS

Ashurst Morris Crisp
Broadwalk House
5 Appold Street
London
EC2A 2HA

AUDITORS

Deloitte & Touche LLP
Chartered Accountants
London

CROSS LONDON RAIL LINKS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

DIRECTORS REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2004.

ACTIVITIES

Cross London Rail Links Limited was established by Transport for London (TfL) and the Strategic Rail Authority (SRA) for the purpose of developing and promoting a scheme, or schemes, for new rail links across Central London.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The Company has continued to develop the Crossrail Line 1 Project throughout the current year as well as responding to the Independent Government Review of the Business Case for the Project.

Following the National Rail Review, the Secretary of State announced on 15th July 2004 that the SRA would be disbanded. The Secretary of State reported in his statement on 20th July 2004 that Cross London Rail Links Ltd would be re-formed as a Joint Venture Company between Transport for London and the Department for Transport. Adrian Montague has been appointed as independent Chairman – with a casting vote. The Secretary of State further stated that he wished CLRL to carry out the work to enable a Hybrid Bill to be deposited in Parliament at the earliest opportunity. The Crossrail programme will achieve this objective by February 2005. The Crossrail Hybrid Bill was announced in the Queen's Speech in November 2004.

DIVIDENDS AND TRANSFERS TO RESERVES

The company made neither a loss nor a profit (2003: £nil) during the year. No dividend has been proposed (2003: £nil).

DIRECTORS AND THEIR INTERESTS

The directors who served on the Board throughout the year are shown on page 1.

None of the directors held any interest in the shares of the company during the year.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made a charitable donation totalling £500 (2003: £500) to the Salvation Army.

DIRECTORS' AND OFFICERS' LIABILITY

Directors' and officers' liability insurance has been purchased by the company during the year.

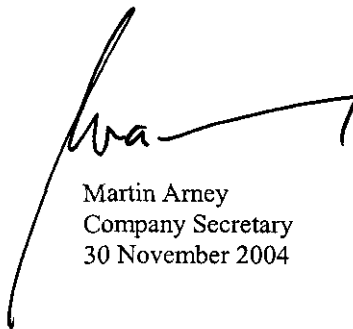
AUDITORS

On 1 August 2003 Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to re-appoint Deloitte & Touche LLP will be proposed at the forthcoming Annual General meeting.

Approved by the Board of Directors
and signed on behalf of the Board



Jay Walder
Director
30 November 2004



Martin Arney
Company Secretary
30 November 2004

CROSS LONDON RAIL LINKS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CROSS LONDON RAIL LINKS LIMITED

We have audited the financial statements of Cross London Rail Links Limited for the year ended 31 March 2004 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

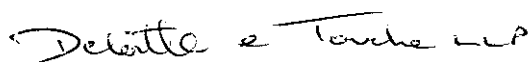
Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors
London

8 December 2004

CROSS LONDON RAIL LINKS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2004

	Note	31 March 2004 £'000	31 March 2003 £'000
GROSS RESULT		-	-
		-	-
Administrative expenses – Project		(24,306)	(16,511)
– Other		(7,279)	(8,777)
		(31,585)	(25,288)
Grants		31,547	25,248
OPERATING LOSS	3	(38)	(40)
Interest receivable and other income		38	50
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		-	10
Tax on profit on ordinary activities	4	-	(10)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED FOR THE FINANCIAL YEAR	10	-	-

All transactions are derived from continuing operations.

There are no recognised gains or losses or movement in shareholder's fund in the current financial year or preceding financial period other than the result disclosed in the profit and loss account. Accordingly, no statement of total recognised gains and losses or reconciliation of movements in shareholders funds is presented.

CROSS LONDON RAIL LINKS LIMITED

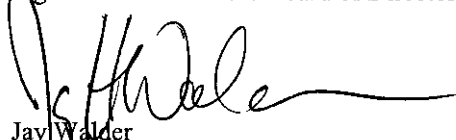
BALANCE SHEET

As at 31 March 2004

	Note	31 March 2004 £'000	31 March 2003 £'000
FIXED ASSETS			
Tangible assets	5	1,349	844
		<u>1,349</u>	<u>844</u>
CURRENT ASSETS			
Debtors	6	7,661	3,958
Cash at bank and in hand		11	12
		<u>7,672</u>	<u>3,970</u>
CREDITORS: amounts falling due Within one year	7	(8,048)	(4,238)
NET CURRENT LIABILITIES		<u>(376)</u>	<u>(268)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		973	576
CREDITORS: amounts falling due after more than one year	8	(975)	(578)
		<u>(2)</u>	<u>(2)</u>
CAPITAL AND RESERVES			
Called up share capital	9	-	-
Profit and loss account		(2)	(2)
TOTAL EQUITY SHAREHOLDERS' FUNDS – DEFICIT	10	<u>(2)</u>	<u>(2)</u>

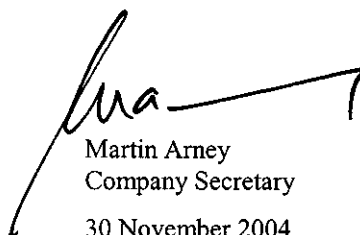
These financial statements were approved by the Board of Directors on 26 October 2004.

Signed on behalf of the Board of Directors



Jay Walder
Director

30 November 2004



Martin Arney
Company Secretary

30 November 2004

CROSS LONDON RAIL LINKS LIMITED

CASH FLOW STATEMENT

Year ended 31 March 2004

	Note	31 March 2004 £'000	31 March 2003 £'000
Net cash outflow from operating activities	11	(35)	(41)
Returns on investments and servicing of finance			
Interest received		38	50
Net cash inflow from return on investment and servicing of finance		38	50
Taxation			
Tax paid		(4)	(1)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(792)	(155)
Capital grants received		792	155
Net cash outflow from capital expenditure and financial investment		-	-
(Decrease)/Increase in cash in the year	12,13	(1)	8

CROSS LONDON RAIL LINKS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. No depreciation is charged in the month of acquisition. The rates of depreciation are as follows:

Fixtures and fittings	3 years
IT equipment	3 years
Freehold property	50 years

Grants

Grants and other contributions received towards the cost of tangible fixed assets are included in creditors as deferred income and credited to the profit and loss account over the life of the asset.

Revenue grants are taken to the profit and loss account so as to match them with the expenditure to which they relate.

Leases

Operating lease rentals are charged to profit and loss in equal amounts over the lease term.

Pension

Crossrail staff contribute to the Railways Pension Scheme which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

The pension charge for the year was £217,000 (2003: £102,000).

CROSS LONDON RAIL LINKS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 2004

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2004 £'000	2003 £'000
Remuneration of the chairman	60	60
Wages and salaries	1,466	530
Social security costs	151	55
Other pension costs	217	102
	<u>217</u>	<u>102</u>

No directors, other than the Chairman, received any emoluments or pension contributions during the current year or prior year.

The average number of employees, excluding Chairman and directors, during the year was:

	2004 Number	2003 Number
Exec/Finance/IT	11	5
Consultation	12	4
Engineering/Interface	12	5
Planning	6	1
	<u>41</u>	<u>15</u>

Additional staff are seconded from The Strategic Rail Authority and Transport for London as per note 16.

3. OPERATING LOSS

	2004 £'000	2003 £'000
Operating loss is after charging:		
Depreciation	306	236
Rentals under operating leases	914	745
Auditors' remuneration- audit fees	38	25
- other services	15	10
	<u>15</u>	<u>10</u>

4. TAX ON RESULT ON ORDINARY ACTIVITIES

	2004 £'000	2003 £'000
United Kingdom corporation tax	-	10
	<u>-</u>	<u>10</u>

Tax has been provided using marginal relief fraction on the interest income. The company's financing arrangements do not constitute taxable income.

	2004 £'000	2003 £'000
Reconciliation: Profit before tax	-	10
UK corporation tax at 19% (small companies rate)	-	2
Adjustment for non-deductible project expenditure	7	8
Prior-year adjustments	(7)	-
	<u>-</u>	<u>10</u>

CROSS LONDON RAIL LINKS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 2004

5. TANGIBLE FIXED ASSETS

	Fixtures & fittings £'000	Freehold property £'000	IT equipment £'000	Vehicle £'000	Warehouse Fittings & Equipment £'000	Total £'000
Cost						
At 1 April 2003	480	266	334	-	-	1,080
Additions	31	597	65	22	96	811
At 31 March 2004	511	863	399	22	96	1,891
Accumulated depreciation						
At 1 April 2003	(151)	(5)	(80)	-	-	(236)
Charge for the year	(166)	(13)	(116)	-	(11)	(306)
At 31 March 2004	(317)	(18)	(196)	-	(11)	(542)
Net book value						
At 31 March 2004	194	845	203	22	85	1,349
At 31 March 2003	329	261	254	-	-	844

The fixtures and fittings and IT equipment were acquired using capital grants, see note 16.

6. DEBTORS

	2004 £'000	2003 £'000
Other debtors	1,092	1,049
Warehouse Deposit	128	-
Prepayments and accrued income (see note 16)	6,441	2,909
	<u>7,661</u>	<u>3,958</u>

CROSS LONDON RAIL LINKS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 2004

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £'000	2003 £'000
Trade creditors	3,550	1,665
Taxation	7	11
Accruals and deferred income	4,491	2,562
	<u>8,048</u>	<u>4,238</u>

Within accruals and deferred income there is deferred grant income of £170,000 relating to fixtures and fittings, £133,000 relating to IT assets, £17,000 relating to property, £32,000 relating to warehouse fittings, and £2,000 relating to a vehicle as disclosed in note 5.

8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004 £'000	2003 £'000
Accruals and deferred income	975	578
	<u>975</u>	<u>578</u>

Within accruals and deferred income there is a deferred grant income of £24,000 relating to fixtures and fittings, £70,000 relating to IT assets, £828,000 relating to property, and £53,000 relating to warehouse fittings as disclosed in note 5.

9. CALLED UP SHARE CAPITAL

	2004 £	2003 £
Authorised:		
50 "A" ordinary shares of £1 each	50	50
50 "B" ordinary shares of £1 each	50	50
	<u>100</u>	<u>100</u>
Called up, allotted and fully paid		
50 "A" ordinary shares of £1 each	50	50
50 "B" ordinary shares of £1 each	50	50
	<u>100</u>	<u>100</u>

Class A and Class B shares hold equal voting rights.

CROSS LONDON RAIL LINKS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 2004

10 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	2004 £'000	2002 £'000
Opening shareholders funds	2	2
Profit for the year	-	-
	<u>2</u>	<u>2</u>
Closing shareholders funds	<u>2</u>	<u>2</u>

11 RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2004 £'000	2002 £'000
Operating loss	(38)	(40)
Depreciation	306	236
Increase in debtors	(3,703)	(1,236)
Increase in creditors	3,400	999
	<u>(35)</u>	<u>(41)</u>

12 RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS

	2004 £'000
Balance at 1 April 2003	12
Net cash inflow	(1)
	<u>11</u>
Balance at 31 March 2004	<u>11</u>

13 ANALYSIS OF NET FUNDS

	2003 £'000	Change in year £'000	2004 £'000
Cash at bank and in hand	12	(1)	11

14 OPERATING LEASE COMMITMENTS

At 31 March 2004 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings 2004 £'000
Leases which expire:	
Two to five years	109

CROSS LONDON RAIL LINKS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 2004

15 ULTIMATE CONTROLLING PARTIES

The share capital is held in equal portions by Strategic Rail Authority Investment Company Limited and Transport Trading Limited. These are 100% owned by The Strategic Rail Authority and Transport for London respectively. These are deemed to be the ultimate controlling parties and to share control.

16 RELATED PARTY TRANSACTIONS

The related party transactions for the year were as follows:

Description	SRA £'000	TfL £'000	Total £'000
Grant received	12,715	12,715	25,430
Accrued grant income	3,059	3,059	6,118
Release of grant income in relation to fixed assets	153	153	306
Grant received to purchase tangible fixed assets	396	396	792
IT costs	-	237	237
Admin & other	1	936	937
Study costs	-	654	654
Staff costs for secondees	262	3,292	3,554