

Company Registration No. 4212657

CROSS LONDON RAIL LINKS LIMITED

Report and Financial Statements

Year ended 31 March 2005

CROSS LONDON RAIL LINKS LIMITED

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CROSS LONDON RAIL LINKS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Adrian Montague (Chairman) (appointed 26 October 2004, resigned 31 July 2005)
Sir Christopher Benson (Chairman) (resigned 26 October 2004)

Richard Bowker (SRA) (resigned 10 September 2004)
Ian Brown (TfL)
John Carter (DfT) (appointed 26 October 2004)
Mike Fuhr (DfT) (appointed 26 October 2004)
Bob Kiley (TfL)
Jay Walder (TfL)
Jim Steer (SRA) (resigned 26 October 2004)
Doug Sutherland (SRA) (resigned 26 October 2004)
Tim Thirlwall (appointed 26 October 2004)

SECRETARY

Martin Arney

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

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2005.

ACTIVITIES

Cross London Rail Links Limited has been formed as a joint venture between the Department for Transport (DfT) replacing the Strategic Rail Authority (SRA) and Transport for London (TfL), 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 and consult upon the Crossrail Line 1 Project throughout the current year. Line 2 continues to be safeguarded.

A Hybrid Bill – The Crossrail Bill – was deposited in Parliament and fully documented, as required by Standing Orders, for a first reading in February 2005. The bill was carried over into the new session of Parliament following the General Election of May 2005 and the second reading took place on 19 July 2005. The Bill will now enter the committee stages in both Houses, where petitions will be dealt with. Royal Assent should be achieved by mid 2007.

DIVIDENDS AND TRANSFERS TO RESERVES

The company made neither a loss nor a profit (2004: £nil) during the year. No dividend has been proposed (2004: £nil).

DIRECTORS AND THEIR INTERESTS

The directors who served on the Board during 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

There were no political contributions.

The company does not send Christmas Cards but instead made a charitable donation of £500 (2004: £500) to the Salvation Army.

DIRECTORS' AND OFFICERS' LIABILITY

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

AUDITORS

The company appointed Deloitte & Touche LLP as auditors for the year. The re-appointment of auditors will be dealt with by the Audit Committee at a future meeting.

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

Jay Walder
Director

16 December 2005

Martin Arney
Company Secretary

16 December 2005

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 2005 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.

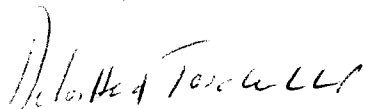
Basis of audit opinion

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 2005 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
16 December 2005

CROSS LONDON RAIL LINKS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2005

	Note	31 March 2005 £'000	31 March 2004 £'000
GROSS RESULT		-	-
Administrative expenses		-	-
– Project		(34,054)	(24,306)
– Other		(10,012)	(7,279)
		(44,066)	(31,585)
Grants		44,011	31,547
OPERATING LOSS	3	(55)	(38)
Interest receivable and other income		61	38
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		6	-
Tax on profit on ordinary activities	4	(6)	-
PROFIT 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 shareholders' funds 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 is presented.

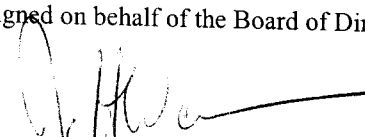
CROSS LONDON RAIL LINKS LIMITED

BALANCE SHEET As at 31 March 2005

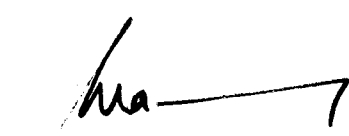
	Note	31 March 2005 £'000	31 March 2004 £'000
FIXED ASSETS			
Tangible assets	5	1,471	1,349
CURRENT ASSETS			
Debtors		1,471	1,349
Cash at bank and in hand	6	8,743	7,661
		80	11
		8,823	7,672
CREDITORS: amounts falling due within one year	7	(9,145)	(8,048)
NET CURRENT LIABILITIES			
		(322)	(376)
TOTAL ASSETS LESS CURRENT LIABILITIES			
		1,149	973
CREDITORS: amounts falling due after more than one year	8	(1,151)	(975)
		(2)	(2)
CAPITAL AND RESERVES			
Called up share capital	9	-	-
Profit and loss account	10	(2)	(2)
TOTAL EQUITY SHAREHOLDERS' DEFICIT			
	10	(2)	(2)

These financial statements were approved by the Board of Directors on 16 December 2005.

Signed on behalf of the Board of Directors


Jay Walker
Director

16 December 2005


Martin Arney
Company Secretary

16 December 2005

CROSS LONDON RAIL LINKS LIMITED

CASH FLOW STATEMENT Year ended 31 March 2005

	Note	31 March 2005 £'000	31 March 2004 £'000
Net cash inflow/(outflow) from operating activities	11	20	(35)
Returns on investments and servicing of finance			
Interest received		56	38
Net cash inflow from returns on investment and servicing of finance		56	38
Taxation			
Tax paid		(7)	(4)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(590)	(792)
Capital grants received		590	792
Net cash outflow from capital expenditure and financial investment		-	-
Increase/(decrease) in cash in the year	12,13	69	(1)

CROSS LONDON RAIL LINKS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 March 2005

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have all been applied consistently throughout the year and the preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention and the directors have continued to prepare the financial statements on the going concern basis.

Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost less accumulated depreciation. 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 (including warehouse)	3 years
IT equipment + vehicle	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 £318,000 (2004: £217,000).

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2005 £'000	2004 £'000
Director's Emoluments		
Remuneration of the Chairman* (Highest paid director)	40	60
Remuneration of other directors	7	-
	<hr/>	<hr/>
	47	60
	<hr/>	<hr/>
Staff costs during the year (excluding directors)		
Wages and salaries	2,142	1,466
Social security costs	207	151
Other pension costs	318	217
	<hr/>	<hr/>
	2,667	1,834
	<hr/>	<hr/>

*Note – Adrian Montague acted 'pro bono' as Chairman

CROSS LONDON RAIL LINKS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 2005

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (Continued)

The company paid no funds towards the pension schemes of directors (2004: £nil). Only three directors received remuneration from the company during the year (2004: one)

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

	2005 Number	2004 Number
Exec/Finance/IT	14	11
Consultation	19	12
Engineering/Interface	14	12
Planning	9	6
	<u>56</u>	<u>41</u>

Additional staff are seconded from The Strategic Rail Authority and Transport for London. These costs are not included in staff costs disclosed above. Refer to note 16 for seconded staff costs incurred during 2005 and 2004.

3. OPERATING LOSS

	2005 £'000	2004 £'000
Operating loss is after charging:		
Depreciation	450	306
Rentals under operating leases	109	109
Rentals under licences	1,407	805
Auditors' remuneration - audit fees	33	38
- other services	-	15
	<u>-</u>	<u>15</u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2005 £'000	2004 £'000
Profit before tax	11	-
UK Corporation Tax at 19% (small companies rate)	<u>2</u>	<u>-</u>
Adjustment for non-deductible project expenditure	9	7
Adjustment in respect of prior years	(5)	(7)
Tax charge to profit and loss account	<u>6</u>	<u>-</u>

CROSS LONDON RAIL LINKS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 March 2005

5. TANGIBLE FIXED ASSETS

	Fixtures & Fittings	Freehold Property	IT Equipment	Vehicle	Warehouse Fittings & Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2004	511	863	399	22	96	1,891
Additions	23	-	549	-	-	572
At 31 March 2005	534	863	948	22	96	2,463
Accumulated depreciation						
At 1 April 2004	(317)	(18)	(196)	-	(11)	(542)
Charge for the year	(175)	(17)	(218)	(8)	(32)	(450)
At 31 March 2005	(492)	(35)	(414)	(8)	(43)	(992)
Net book value						
At 31 March 2005	42	828	534	14	53	1,471
At 31 March 2004	194	845	203	22	85	1,349

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

6. DEBTORS

	2005 £'000	2004 £'000
Other debtors		
Warehouse deposit	1,129	1,092
Prepayments and accrued income (see note 16)	129	128
	7,485	6,441
	8,743	7,661

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £'000	2004 £'000
Trade creditors		
Taxation	4,091	3,550
Accruals and deferred income	6	7
	5,048	4,491
	9,145	8,048

Within accruals and deferred income there is deferred grant income of £27,000 relating to fixtures and fittings, £237,000 relating to IT assets, £17,000 relating to property, £32,000 relating to warehouse fittings, and £7,000 relating to a vehicle as disclosed in note 5.

CROSS LONDON RAIL LINKS LIMITED

NOTES TO THE ACCOUNTS Year ended 31 March 2005

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

	2005 £'000	2004 £'000
Accruals and deferred income	1,151	975
	<u>1,151</u>	<u>975</u>

Within accruals and deferred income there is a deferred grant income of £15,000 relating to fixtures and fittings, £297,000 relating to IT assets, £811,000 relating to property, £21,000 relating to warehouse fittings, and £7,000 relating to a vehicle as disclosed in note 5. Deferred grant income is credited to the profit and loss account over the life of the asset.

9. CALLED UP SHARE CAPITAL

	2005 £	2004 £
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.

10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS DEFICIT

	2005 £'000	2004 £'000
Opening shareholders' deficit	2	2
Profit for the year	-	-
	<u>2</u>	<u>2</u>

CROSS LONDON RAIL LINKS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 2005

11. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2005 £'000	2004 £'000
Operating loss	(55)	(38)
Other income	5	-
Depreciation	450	306
Increase in debtors	(1,082)	(3,703)
Increase in creditors	702	3,400
	<u>20</u>	<u>(35)</u>

12. RECONCILIATION OF CASH FLOW TO MOVEMENT IN NET FUNDS

	£'000
Balance at 1 April 2004	11
Net cash inflow	69
	<u>80</u>
Balance at 31 March 2005	<u>80</u>

13. ANALYSIS OF NET FUNDS

	2004 £'000	Change in year £'000	2005 £'000
Cash at bank and in hand	11	69	80
	<u>11</u>	<u>69</u>	<u>80</u>

14. OPERATING LEASE COMMITMENTS

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

	2005 and 2004 Land and buildings £'000
Leases which expire:	
Two to five years	109
	<u>109</u>

15. ULTIMATE CONTROLLING PARTIES

The share capital is held in equal portions by The Strategic Rail Authority Investment Company Limited and Transport Trading Limited. These are 100% owned by The Secretary of State for Transport and TfL respectively. These are deemed to be the ultimate controlling parties and to share control. The Chairman of the company is approved jointly by the shareholders and appointed by The Secretary of State for Transport.

CROSS LONDON RAIL LINKS LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 March 2005

16. RELATED PARTY TRANSACTIONS

The related party transactions for the year were as follows:

Description	DfT/SRA £'000	TfL £'000	Total £'000
Grant received	21,914	21,914	43,828
Accrued grant income	3,431	3,431	6,862
Release of grant income in relation to fixed assets	225	225	450
Grant received to purchase tangible fixed assets	53	519	572
IT costs	-	179	179
Administration & other	11	832	843
Study costs	-	1,027	1,027
Staff costs for secondees	238	2,175	2,413
	<u>25,872</u>	<u>30,302</u>	<u>56,174</u>

During the year ended 31 March 2005, The Strategic Rail Authority ('SRA') transferred the entire issued share capital of SRA Investment Company Limited to the Secretary of State for Transport. On 26 October 2004, the SRA also novated its rights and liabilities concerning Cross London Rail Links Limited to The Secretary of State for Transport. The Department for Transport's share of the cash funding for Cross London Rail Links Limited has been provided on its behalf by Transport for London.