Crossrail Limited

Annual Report and Financial Statements
Year ended 31 March 2017

Registered Office
25 Canada Square
Canary Wharf
London
E14 5LQ

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 2017. The Company is a subsidiary undertaking of Transport Trading Limited ("TTL") and is part of the group headed by Transport for London ("TfL"), the "TfL Group".

Principal Activity

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

Directors

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

Pam Alexander OBE	
Michael Cassidy CBE	
Matthew Duncan	
Phil Gaffney	
Terry Hill CBE	
Robert Jennings CBE	
Sir Terry Morgan CBE	
Daniel Moylan	resigned 18 May 2016
Mark Wild	appointed 22 September 2016
Andrew Wolstenholme OBE	
Simon Wright OBE	

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

The Company maintains directors' and officers' liability insurance which remains in force as at the date of approving the Directors' Report.

Employee Practice

The Company values the diversity which exists in our city and aspires to this being reflected in our workforce. This is reflected not only in its recruitment and selection processes, but also throughout the employment cycle of every member of staff. The Company is committed to providing equal opportunities to all employees, irrespective of their gender, sexual orientation, marital status, creed, colour, race, ethnic origin or disability. The commitment extends to recruitment and selection, training, career development, flexible working arrangements and promotion and performance appraisal. The Company is committed to comply with its legal responsibilities under the Equality Act 2010 to make reasonable adjustments to a person's working conditions wherever possible. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and to provide specialised training where this is appropriate. Employee numbers are disclosed in the notes to the accounts.

Directors' Report

Health, Safety, Security and Environment

The Company is committed to continuous improvement in health, safety, security and environmental ("HSSE") performance. In addition to HSSE management as part of the normal business activity, HSSE objectives are identified and regularly reviewed to form short and longer term plans as a basis for improving health, safety, security and environment for customers, employees and suppliers. Progress is overseen by CRL's Health and Safety Committee and its Sustainability Committee, which are sub-committees of the CRL Board. The Company has a Health and Safety Management System and an Environmental Management System certified to OHSAS 18001 and ISO 14001 respectively. These systems set out the standards for each area of the organisation, the arrangements for achieving and methods for checking compliance with those standards, and the processes for reporting on performance. The operation of the systems is audited frequently and their appropriateness and effectiveness are reviewed twice a year by senior management.

Charitable Donations and Political Contributions

No donations were made to charities during the year (2015/16 £nil). No political contributions were made during the year (2015/16 £nil).

Dividends

No interim dividends were paid during the year (2015/16 £nil) and the directors do not recommend the payment of a final dividend (2015/16 £nil).

Corporate Governance

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

Disclosure of Information to Auditor

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

Directors' Report

Auditor

Pursuant to shareholders' resolution, the Company is not obliged to reappoint its auditor annually and Ernst & Young LLP will therefore continue in office.

Signed on behalf of the Board by:

M. Duncan

Director

22 June 2017

Strategic Report

Activities and Future Developments

As stated in the Directors' Report, the principal activity of the Company is the management of the construction of rail infrastructure.

Financial and Business Review

By the end of the year, the Crossrail project was approaching 85% complete; platforms were 97% complete and track had reached 83% complete. Power and tunnel ventilation is being installed, along with signalling and communication systems, and platform screen doors in the new Elizabeth line central stations.

Architectural finishes are being applied, and escalator and lift installation has commenced with the impressive pre-cast concrete ceilings at Liverpool Street and Farringdon stations now complete. Work has continued on integration including the introduction of the Crossrail Integration Facility, along with signalling, testing, commissioning and handover plans to ensure that the complex interfaces and integration risks can be managed across the entire length of the route.

Ilford depot received the first Class 345 train in March 2017 ready for the commencement of Stage 1 operational services between Shenfield and Liverpool Street (mainline). The directors continue to be confident that the project will be delivered successfully and fully completed in 2019.

Principal Risks and Risk Management

The Company identifies, manages and mitigates significant areas of business risk as part of the normal course of business. The Crossrail Limited Risk Management plan is set up to complement this basic management by the business and to provide a framework for the organisation to ensure that business risks are appropriately identified, reviewed regularly and that progress on the management of key business risks is tracked.

The principal risks to which the Company is exposed include safety, terrorism, employee relations, contractual claims, reputation and financial risks. All business risks are recorded in a risk register. For each risk, an owner has been identified who is responsible for implementing the mitigation strategy that has been identified.

As part of its overall corporate governance brief within the TfL Group, the TfL Audit and Assurance Committee has specific responsibility for assuring the TfL Board that effective risk management arrangements are in place. The risk management process is subject to annual review by the TfL Group's Director of Internal Audit.

Liquidity Risk

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

The Company's exposure to liquidity risk is low as the Company's ultimate parent, TfL, and the DfT provide financial support to the Company. The Sponsors have committed to a schedule of funding contributions in the agreements that govern the establishment and operation of the Company. The directors are satisfied that adequate financial support will continue to be available when required. The Company's ultimate parent, TfL, holds substantial cash reserves which are used to fund the Company's operational bank account in accordance with the funding contributions to which the Sponsors have committed in the relevant agreements.

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

Strategic Report

Credit Risk

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

Signed on behalf of the Board by:

M. Duncan

Director

22 June 2017

Statement of Directors' Responsibilities

In Respect of the Directors' Report, the Strategic Report and the Financial Statements

The directors are responsible for preparing the Directors' Report, the Strategic Report, and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Financial Statements for each financial year. Under that law they have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union ("Adopted IFRSs") and applicable law.

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

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

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

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

Independent Auditor's Report

To the members of Crossrail Limited

We have audited the Financial Statements of Crossrail Limited for the year ended 31 March 2017 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company’s circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its result for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent Auditor's Report

Opinion 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 the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where 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.

Ernst & Young LLP

Kathryn Barrow (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Chartered Accountants
London

27 June 2017

Notes:

1. The maintenance and integrity of the Crossrail Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Income Statement

For the year ended 31 March	Note	2017 £m	2016 £m
Revenue	1	0.2	0.1
Net operating costs		(3.9)	(2.9)
Operating loss	3	(3.7)	(2.8)
Grant income	2	7.8	6.4
Total profit from operations		4.1	3.6
Financial income	6	-	0.1
Financial expenses	7	(4.1)	(3.7)
Result before taxation		-	-
Income tax expense	8	-	-
Result for the year attributable to the owners of the Company		-	-

Statement of Comprehensive Income

For the year ended 31 March	2017 £m	2016 £m
Result for the year	-	-
Items that will not be subsequently reclassified to profit or loss		
Net remeasurement loss on defined benefit pension scheme	(30.0)	-
Revaluation of property, plant and equipment	-	1.6
	(30.0)	1.6
Total comprehensive income and expenditure for the year attributable to owners of the Company	(30.0)	1.6

Statement of Financial Position

	Note	31 March 2017 £m	31 March 2016 £m
Non-current assets			
Intangible assets	9	**1.8**	2.5
Property, plant and equipment	10	**9,772.4**	8,118.5
Investment property	11	**2.3**	2.3
Trade and other receivables	12	**-**	657.0
		9,776.5	8,780.3
Current assets			
Trade and other receivables	12	**1,326.8**	709.1
Cash and cash equivalents	13	**0.1**	0.3
		1,326.9	709.4
Current liabilities			
Trade and other payables	14	**(338.4)**	(232.2)
Provisions	16	**(15.3)**	(39.9)
		(353.7)	(272.1)
Non-current liabilities			
Borrowings	15	**(2,000.0)**	(1,769.5)
Provisions	16	**(0.8)**	(0.8)
Deferred grants and other contributions	17	**(205.3)**	(205.7)
Retirement benefit obligation	18	**(32.0)**	-
		(2,238.1)	(1,976.0)
Net assets		**8,511.6**	7,241.6
Equity			
Share capital	19	**8,540.0**	7,240.0
Revaluation reserve		**1.6**	1.6
Retained deficit		**(30.0)**	-
Total equity attributable to the owners of the Company		**8,511.6**	7,241.6

The notes on pages 13 to 40 form part of these Financial Statements. These Financial Statements were approved by the Board on 22 June 2017 and signed on its behalf by:

M. Duncan
M. Duncan
Director
Company Registration Number 04212657

Statement of Changes in Equity

	Called up share capital £m	Revaluation reserve £m	Retained earnings £m	Total £m
At 1 April 2015	5,410.0	-	-	5,410.0
Result for the year	-	-	-	-
Other comprehensive income and expenditure:				
Net gain on revaluation of property, plant and equipment	-	1.6	-	1.6
Issue of share capital	1,830.0	-	-	1,830.0
At 31 March 2016	7,240.0	1.6	-	7,241.6
Result for the year	-	-	-	-
Other comprehensive income and expenditure:				
Actuarial loss on defined benefit pension scheme	-	-	(30.0)	(30.0)
Issue of share capital	1,300.0	-	-	1,300.0
At 31 March 2017	**8,540.0**	**1.6**	**(30.0)**	**8,511.6**

Statement of Cash Flows

For the year ended 31 March	Note	2017 £m	2016 £m
Cash generated from operating activities			
Result for the year		-	-
Adjustments for			
Amortisation of intangible assets	9	1.3	0.7
Depreciation of property, plant and equipment	10	3.0	3.2
Financial income	6	-	(0.1)
Financial expenses	7	4.1	3.7
Release of deferred grant to the Income Statement	17	(0.4)	(1.0)
Charge to profit for defined benefit pension scheme	18	3.3	-
Cash flow from operating activities before movements in working capital		11.3	6.5
Decrease in trade and other receivables		22.2	1.1
Increase in trade and other payables		83.6	9.4
(Decrease)/increase in provisions		(24.6)	4.5
Cash generated from operations		92.5	21.5
Employer contributions to defined benefit schemes		(1.7)	-
Taxation paid		(0.1)	-
Net cash generated from operating activities		90.7	21.5
Cash flows from investing activities			
Acquisition of intangible assets		(0.6)	(1.4)
Acquisition of property, plant and equipment		(1,634.3)	(1,619.9)
Interim funding received/(advanced)		17.2	(453.4)
Capital grants received		-	2.4
Interest received		-	0.1
Net cash utilised by investing activities		(1,617.7)	(2,072.2)
Cash flows from financing activities			
Drawdown of loans from fellow group undertakings		230.5	224.5
Proceeds from issue of share capital		1,300.0	1,830.0
Interest paid		(3.7)	(3.7)
Net cash generated from financing activities		1,526.8	2,050.8
(Decrease)/increase in net cash during the year		(0.2)	0.1
Net cash and cash equivalents at the start of the year		0.3	0.2
Net cash and cash equivalents at the end of the year		0.1	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 25 Canada Square, Canary Wharf, London E14 5LQ. The Company is a subsidiary of Transport Trading Limited ("TTL") which is in turn a subsidiary of Transport for London ("TfL").

b) Statement of accounting policies

This section explains the Company's main accounting policies, which, unless otherwise stated, have been applied to all periods presented in these Financial Statements.

c) Basis of preparation

Statement of Compliance

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("Adopted IFRSs").

Basis of measurement

The accounts are made up to 31 March and have been prepared under the accruals concept and in accordance with the historical cost accounting convention, modified by the revaluation of certain categories of financial asset.

Where items are sufficiently significant by virtue of their size or nature, they are disclosed separately in the Financial Statements in order to aid the reader's understanding of the Company's financial performance.

d) Uses of estimates and judgements

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

- *Leases*

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

- *Investment property*

  Investment property, which is property held to earn rentals and/or capital appreciation, is stated at its fair value as calculated by external professionally qualified surveyors in accordance with Royal Institution of Chartered Surveyors (RICS) Guidelines. Gains and losses from changes in the fair value of investment property are included in the Income Statement for the period in which they arise.

- *Provisions*

  Estimation techniques are employed in the calculation of the best estimate of the amount required to settle obligations, including determining how likely it is that expenditure will be required by the Company. This can be very complex, especially when there is a wide range of possible outcomes.

- *Useful economic life of property, plant and equipment*

  When determining the useful economic life of property, plant and equipment, judgement must be exercised in estimating the lengths of time the assets will be operational.

Accounting Policies

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

Standards and interpretations issued by the International Accounting Standards Board ("IASB") are only applicable if endorsed by the EU. The following amendments have been applied for the first time in these Financial Statements:

- 'Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception' (mandatory for years beginning on or after 1 January 2016). These amendments clarify that the exemption from preparing financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. Consequential amendments have also been made to IAS 28 to clarify that the exemption from applying the equity method is also applicable to an investor in an associate or joint venture if that investor is a subsidiary of an investment entity that measures all its subsidiaries at fair value;
- 'Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations' (mandatory for years commencing on or after 1 January 2016). The amendments provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business;
- 'Amendments to IAS 1 Disclosure Initiative' (mandatory for years on or after 1 January 2016). The amendments clarify the concept of materiality in practice as the wording of some of the requirements in IAS 1 has in some cases been read to prevent the use of judgement;
- 'Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation' (mandatory for years on or after 1 January 2016). The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset;
- 'Amendments to IAS 16 and IAS 14 Agriculture: Bearer Plants' (mandatory for years on or after 1 January 2016);
- 'Amendments to IAS 27 Equity Method in Separate Financial Statements' (mandatory for years beginning on or after 1 January 2016). The amendments focus on separate financial statements and allow the use of the equity method to account for investments in subsidiaries, joint ventures and associates in such statements;
- 'Annual Improvements to IFRSs 2012-2014 cycle' (mandatory for years beginning on or after 1 January 2016). The standards affected and the subjects of the amendments are:
    - - IFRS 5 Non-current Assets Held for sale and Discontinued Operations - the changes introduce guidance for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa);
    - - IFRS 7 Financial Instruments: Disclosures - the amendments provide guidance to clarify whether a servicing contact is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets;
    - - IAS 19 Employee Benefits - the amendments clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid; and
    - - IAS 34 Interim Financial Reporting - clarifies how information required by IAS 34 that is presented elsewhere within the interim financial report should be referenced within the financial statements section.

The application of these and any other standards, amendments or interpretations issued by the IASB and applicable for the first time to these Financial Statements has had no impact on the accounts.

Accounting Policies

f) New standards and interpretations not yet adopted

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

- 'IFRS 9 Financial Instruments' (as revised in 2014). IFRS 9 (as revised in 2014) will supersede 'IAS 39 Financial Instruments: Recognition and Measurement'. The new standard contains the requirements for three areas: a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology and c) general hedge accounting. With respect to classification and measurement, all recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value. The standard also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. With respect to impairment methodology, the revised model reflects expected credit losses as opposed to the incurred credit losses recognised under IAS 39. And with regards to hedge accounting, IFRS 9 (as revised in 2014) introduces greater flexibility to the types of transactions eligible, specifically broadening the types of instruments that qualify as hedging instruments. The revised standard is mandatory for years beginning on or after 1 January 2018;
- 'IFRS 15 Revenue from Contracts with Customers' (mandatory for years beginning on or after 1 January 2018). IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede IAS 18 Revenue, IAS 11 Construction Contracts, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue-Barter Transactions Involving Advertising Services. The core principle of the new standard is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services;
- ‘IFRS 16 Leases’ (mandatory for years beginning on or after 1 January 2019). This standard replaces the current guidance in IAS 17 on leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting remaining substantially unchanged from the IAS 17 approach;
- 'Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions' (mandatory for years commencing on or after 1 January 2018). The amendments aim to eliminate diversity in practice in the classification and measurement of particular share-based payment transactions. This standard is not expected to be relevant to the Company;
- 'Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (mandatory for years beginning on or after a date yet to be determined). The amendments require gains and losses resulting from transactions involving assets that do not constitute a business between and investor and its associate or joint venture to be recognised to the extent of the unrelated investors' interest in the associate or joint venture. Gains or losses from downstream transactions involving assets that constitute a business between an investor and its associate or joint venture should be recognised in full in the investor's financial statements;
- 'Amendments to IAS 7 Disclosure Initiative' (mandatory for years on or after 1 January 2017). The amendments require entities to provide disclosures that enable users of the accounts to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes; and
- 'Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses' (mandatory for years on or after 1 January 2017). The amendments clarify that (i) unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale

or by use. (ii) The carrying amount of an asset does not limit the estimation of probable future taxable profits. (iii) Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. (iv) An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

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

g) Going concern

The Financial Statements have been prepared on a going concern basis, which the directors believe to be appropriate for the following reasons:

- The Company is dependent on funds provided to it by TfL, its ultimate parent, in order to ensure working capital requirements are satisfied. TfL has indicated that for at least 12 months from the date of approval of these Financial Statements, it will continue to make such funds available to the Company; and
- The directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. 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.

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

h) Revenue

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

i) Grants and other funding

Grants and other contributions received towards the cost of capital expenditure are recorded as deferred income in the Statement of Financial Position and released to the Income Statement over the estimated useful economic lives of the assets to which they relate.

Revenue grants received for the funding of operations are credited to the Income Statement on a systematic basis to match costs.

j) Employee benefits

Defined contribution scheme

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the Income Statement in the periods during which services are rendered by employees.

Defined benefit plans

The defined benefit plan, of which the majority of staff are members, provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company.

On retirement, members of the scheme are paid their pensions from a fund which is kept separate from the Company. The Company makes cash contributions to that fund in advance of members' retirement.

Up to 31 October 2016, it was not possible for the Company to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. This was because the plan exposed the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there was no consistent and reliable basis for allocating the obligation, plan assets and cost to individual entities participating in the plan. For this reason, as permitted by the multi-employer exemption in IAS 19 Employee Benefits ("IAS 19"), the scheme was accounted for as a defined contribution scheme and the Company's contributions were charged to the Income Statement as incurred. However, on 31 October 2016, the liabilities of the Company were transferred to a new separate section of the Railways Pension Scheme and it became possible to separately identify the Company's obligations in respect of the scheme. Therefore, from that date the scheme has been accounted for as a defined benefit scheme. Pension scheme assets are measured using current market bid values. Pension scheme liabilities are measured using a projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The difference between the value of the pension scheme assets and pension scheme liabilities is a surplus or a deficit. A pension scheme surplus is recognised to the extent that it is recoverable and a pension scheme deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total comprehensive income, actuarial gains and losses. Generally, amounts are charged to operating expenditure on the basis of the current service cost of the present employees that are members of the scheme.

Other employee benefits

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

k) Leases (the Company as lessee)

Leased assets

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

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

Lease payments

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

l) Financial income and expenses

Financing and investment income consists of interest income on funds. Interest income is recognised as it accrues in the Income Statement, using the effective interest rate method.

Financing costs comprise the interest expense on borrowings accrued using the effective interest rate method.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the Income Statement.

m) Income tax

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

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

Accounting Policies

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 2 - 3 years and are amortised on a straight-line basis.

o) Property, plant and equipment

Recognition and measurement

Additions to assets under construction represent the capitalised costs expended by CRL. During the year the directors deemed it appropriate to capitalise such costs in the Statement of Financial Position under property, plant and equipment.

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Assets under construction are measured at cost less accumulated impairment losses.

Land and property acquired by the Secretary of State for the Crossrail project is not included in the Statement of Financial Position of the Company, but is included in the Statement of Financial Position of TfL, the acquiring entity.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use. Where there is a legal obligation to remove the asset and/or restore the site on which it is located at the end of its useful economic life, the costs of dismantling and removing the items and restoring the site on which they are located are also included in the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the Income Statement as incurred.

Accounting Policies

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the Income Statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Property	5-50 years
Plant and equipment	2-3 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 within net operating costs in the Income Statement.

When the use of a property changes such that an owner-occupied property becomes an investment property carried at fair value, IAS 16 will be applied up to the date of change in use. The property is fair valued at the date of transfer and any revaluation gain or loss, being the difference between fair value and the previous carrying amount, is accounted for as a revaluation surplus or deficit in equity. Increases are recognised directly in equity unless an impairment loss has been recognised for the same property in prior years, then a portion of the increase is recognised in the Income Statement to the extent of that impairment loss. Decreases are recognised in the Income Statement for any decrease in excess of the amount included in the revaluation surplus for that property.

p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are ready for their intended use. A qualifying asset is defined as an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. A substantial period of time has been interpreted as being one year or longer.

q) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value with any changes therein recognised in the Income Statement in the period in which they arise. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. Investment properties held at fair value are not subject to depreciation.

Properties are valued at fair value by external professional valuers in accordance with Royal Institution of Chartered Surveyors (RICS) Guidelines. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement methodology assumes the valuation is based on the highest and best use of the asset. Fair value is determined using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre. Properties are therefore categorised as level 2 in the fair value hierarchy, as the measurement technique uses observable inputs to determine the fair value measurements. Properties with a carrying value in excess of £5,000,000 are valued annually. Properties with a value in excess of £250,000 but less than £5,000,000 are revalued every three years. Properties with a value in excess of £100,000 but less than £250,000 are revalued every five years.

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

r) Impairment

Non-financial assets

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

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

Impairment losses are recognised in the Income Statement.

s) Provisions

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

t) Financial instruments

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

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

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

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

- ***Loans and receivables***

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market, do not qualify as trading assets and have not been designated as either 'fair value through the Income Statement' or 'available for sale'. Such assets are carried at amortised cost using the effective interest rate method if the time value of money is significant. Gains and losses are recognised in the Income Statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

- *Trade and other receivables*

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

  The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

- *Cash and cash equivalents*

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

- *Financial liabilities measured at amortised cost*

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

- *Trade and other payables*

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

- *Interest bearing loans and borrowings*

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

Impairment of financial assets

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

All impairment losses are recognised in the Income Statement.

u) Fair value measurement

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

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

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

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

The fair value of financial instruments that are not traded in an active market (for example over the counter derivatives or infrequently traded listed investments) are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

- ***Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)***

  Specific valuation techniques, such as discounted cash flow analysis, are used to determine fair value of the remaining financial instruments.

Notes to the Financial Statements

1 Revenue

For the year ended 31 March	2017	2017	2016	2016
	£m	%	£m	%
Other revenue				
Rents receivable	0.1	50.0%	-	-%
Other revenue	0.1	50.0%	0.1	100.0%
	0.2	100.0%	0.1	100.0%

2 Grant income

For the year ended 31 March	2017	2016
	£m	£m
Revenue grant income receivable		
Grant from TfL to fund operations	7.8	6.4

3 Operating loss

For the year ended 31 March		2017	2016
	Note	£m	£m
Operating loss is stated after charging/(crediting):			
Capital items			
Depreciation of property, plant and equipment - owned	10	3.0	3.2
Amortisation of intangible assets	9	1.3	0.7
Release of deferred capital grants to the Income Statement	17	(0.4)	(1.0)
Other operating costs			
Employee costs	4	53.1	50.2
Payments under operating leases		7.5	7.2

For the year ended 31 March	2017	2016
	£000	£000
Auditors' remuneration		
Fees for the audit of these Financial Statements	80	80

Notes to the Financial Statements

4 Employee costs

For the year ended 31 March	**2017**	2016
	Number	Number
Average number of employees (including directors) in the year	**596**	656
	£m	£m
Wages and salaries	**37.5**	39.8
Social security	**4.3**	4.1
Defined contribution pension costs	**8.0**	6.3
Defined benefit pension costs	**3.3**	-
	53.1	50.2

5 Directors' emoluments

For the year ended 31 March	**2017**	2016
	Number	Number
Number of directors who received remuneration from the Company during the year	**10**	12
The Company made contributions to a defined contribution scheme on behalf of the following number of directors	**-**	2
Number of directors who were members of a defined benefit pension scheme	**1**	2

The directors received the following remuneration:

For the year ended 31 March	**2017**	2016
	£	£
Salaries, fees and benefits in kind	**1,761,808**	1,988,457
Amounts receivable under long term incentive schemes	**410,633**	71,483
Defined contribution pension costs	**-**	39,402
	2,172,441	2,099,342

Directors' emoluments and benefits were borne by other Group companies for one director (2015/16 nil).

Notes to the Financial Statements

The highest paid director received the following remuneration:

	2017	2016
	£	£
Salaries, fees and benefits in kind	**629,096**	726,860
Amounts receivable under long term incentive schemes	**317,300**	48,640
	946,396	775,500

He is a member of a defined benefit scheme under which his accrued pension at the year end was £13,317 (2016 £10,839) and his accrued lump sum was £10,563 (2016 £8,437).

6 Financial income

For the year ended 31 March	2017	2016
	£m	£m
Interest income	**-**	0.1

7 Financial expenses

For the year ended 31 March	2017	2016
	£m	£m
Interest on loans from fellow Group undertakings	**73.3**	68.5
Net interest expense on defined benefit pension obligation	**0.4**	-
Interest capitalised into the cost of property, plant and equipment	**(69.6)**	(64.8)
	4.1	3.7

8 Taxation

Reconciliation of tax expense

For the year ended 31 March	2017	2016
	£m	£m
Result before tax	**-**	-
Result before tax multiplied by standard rate of Corporation Tax in the UK of 20% (2015/16 20%)	**-**	-
Effects of:		
Non-taxable and non deductible items	**-**	-
Income tax expense for the year	**-**	-

Unrecognised deferred tax

There were no unrecognised deferred tax assets as at 31 March 2017 or 31 March 2016.

Recognised deferred tax

Deferred tax assets have been recognised to the extent of the deferred tax liabilities.

Movements were in respect of the following items:

	Opening balance	Movement in profit or loss	Closing balance
	£m	£m	£m
For the year ended 31 March 2017			
Deferred tax assets			
Deferred contributions	37.1	(2.1)	**35.0**
Deferred tax liabilities			
Tangible fixed assets	(37.1)	2.1	**(35.0)**
Net deferred tax asset/(liability)	**-**	**-**	**-**
For the year ended 31 March 2016			
Deferred tax assets			
Deferred contributions	40.9	(3.8)	37.1
Deferred tax liabilities			
Tangible fixed assets	(40.9)	3.8	(37.1)
Net deferred tax asset/(liability)	-	-	-

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

Notes to the Financial Statements

9 Intangible assets

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

	Note	Software costs £m
Cost or valuation		
At 1 April 2016		8.6
Additions		0.6
At 31 March 2017		**9.2**
Amortisation		
At 1 April 2016		6.1
Charge for the year	3	1.3
At 31 March 2017		**7.4**
Net book value at 31 March 2017		**1.8**
Net book value at 1 April 2016		2.5

b) Intangible assets at 31 March 2016 comprised the following elements:

	Note	Software costs £m	Assets under construction £m	Total £m
Cost or valuation				
At 1 April 2015		5.7	1.5	7.2
Additions		1.4	-	1.4
Transfers (to)/from other asset classes		1.5	(1.5)	-
At 31 March 2016		8.6	-	8.6
Amortisation				
At 1 April 2015		5.4	-	5.4
Charge for the year	3	0.7	-	0.7
At 31 March 2016		6.1	-	6.1

Notes to the Financial Statements

10 Property, plant and equipment

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

	Note	Infrastructure and other property £m	Plant and equipment £m	Assets in the course of construction £m	Total £m
Cost or valuation					
At 1 April 2016		9.2	12.2	8,113.9	8,135.3
Additions		-	0.5	1,656.4	1,656.9
Transfers (to)/from other asset classes		-	(0.4)	0.4	-
Disposals		(9.2)	(0.1)	-	(9.3)
At 31 March 2017		**-**	**12.2**	**9,770.7**	**9,782.9**
Depreciation					
At 1 April 2016		8.5	8.3	-	16.8
Charge for the year	3	0.7	2.3	-	3.0
Disposals		(9.2)	(0.1)	-	(9.3)
At 31 March 2017		**-**	**10.5**	**-**	**10.5**
Net book value at 31 March 2017		**-**	**1.7**	**9,770.7**	**9,772.4**
Net book value at 1 April 2016		0.7	3.9	8,113.9	8,118.5

b) Property, plant and equipment at 31 March 2016 comprised the following elements:

	Note	Infrastructure and other property £m	Plant and equipment £m	Assets in the course of construction £m	Total £m
Cost or valuation					
At 1 April 2015		10.2	9.1	6,560.6	6,579.9
Additions		-	3.1	1,553.3	1,556.4
Transfers to other asset classes		(2.3)	-	-	(2.3)
Change in fair value		1.3	-	-	1.3
At 31 March 2016		9.2	12.2	8,113.9	8,135.3
Depreciation					
At 1 April 2015		6.9	7.0	-	13.9
Charge for the year	3	1.9	1.3	-	3.2
Revaluation		(0.3)	-	-	(0.3)
At 31 March 2016		8.5	8.3	-	16.8

Notes to the Financial Statements

11 Investment property

	Note	2017 £m	2016 £m
Valuation			
Fair value at 1 April		**2.3**	-
Transfers from other asset classes		**-**	2.3
Fair value at 31 March		**2.3**	2.3

The fair value of the Company's investment properties has been arrived at on the basis of a valuation carried out at 31 March 2016 by Knight Frank, a property valuation company not connected with the Company. Fair value is determined using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre. All properties have therefore been categorised at level 2 of the fair value hierarchy. In estimating fair value, the highest and best use of the properties is their current use. There were no transfers of properties in or out of level 2 of the fair value hierarchy during the year (2015/16 none).

Properties are valued in accordance with the RICS Valuation – Professional Standards UK January 2014 (revised April 2015) published by the Royal Institution of Chartered Surveyors. Properties with a carrying value in excess of £5,000,000 are valued annually. Properties with a value in excess of £250,000 but less than £5,000,000 are revalued every three years. Properties with a value in excess of £100,000 but less than £250,000 are revalued every five years.

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

Notes to the Financial Statements

12 Trade and other receivables

	2017 £m	2016 £m
Current		
Trade receivables	**2.9**	0.3
Amounts due from fellow Group undertakings	**-**	9.4
Other tax and social security	**23.7**	23.9
Prepayments	**26.2**	41.4
Other receivables	**1,274.0**	634.1
	1,326.8	709.1
Non-current		
Other receivables	**-**	657.0

Other receivables include funds totalling £1,268.2m (2016 £1,285.4m) advanced to Network Rail Infrastructure Limited to provide interim financing for the construction of assets related to the Crossrail project. This receivable is non-interest bearing and has been discounted to its fair value of £1,266.2m (2016 £1,277.5m) using a discount rate of 0.633 per cent (2016 0.633 per cent). It is repayable in three instalments due 30 September 2017.

The difference between the nominal value and the recorded value of the interim funding of £3.4m (2016 £7.9m) has been recorded as an asset reflecting the significant future cost savings that this arrangement secures for the Company over the life of the agreement. This value is included within current 'Trade and other receivables' in the Statement of Financial Position, and will be unwound over the life of the agreement as the balance is accreted from its current recorded value to its repayment value.

The Company holds project insurance covering the period of construction up to December 2018. The associated premium is recorded above within current prepayments, and is charged to the project annually. The 2017/18 charge included is estimated to be £17.2m (2016/17 £19.9m).

Notes to the Financial Statements

13 Cash and cash equivalents

	2017	2016
	£m	£m
Cash at bank	**0.1**	0.3

14 Trade and other payables

	2017	2016
	£m	£m
Current		
Trade payables	**7.5**	12.3
Accruals and other payables	**4.7**	4.4
Project accruals	**230.0**	207.3
Amounts due to fellow Group undertakings	**91.8**	3.6
Deferred income	**0.2**	0.4
Salaries and wages	**3.1**	2.9
Other tax and social security creditors	**1.1**	1.3
	338.4	232.2

15 Borrowings

	2017	2016
	£m	£m
Non-current		
Amounts due to fellow Group undertakings	**2,000.0**	1,769.5

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:

	2017	2016
Weighted average interest rate	**3.92%**	4.15%

Notes to the Financial Statements

16 Provisions

	2017 £m	2016 £m
Current		
Provisions	**15.3**	39.9
Non-current		
Provisions	**0.8**	0.8

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

	At 1 April 2015 £m	Utilised in the year £m	Charge for the year £m	Reversed during the year £m	At 31 March 2016 £m
Movement on provisions					
Contractual provisions	36.2	(14.2)	23.0	(4.3)	40.7

Contractual provisions

The Company has provisions for contractual claims that may emerge in respect of disputes arising in the ordinary course of business. The provisions recorded are based on Management's best estimate at the balance sheet date of the likely amount to be incurred through settlement. Reflecting the inherent uncertainty with many legal proceedings and claim settlements, the timing and amount of the outflows could differ from the amount provided. Based on current estimates, Management expect that these amounts, which are based on facts and take account of past experience on other projects for similar items, will be settled within the next three years. Where material, the provision held is discounted to its present value.

17 Deferred grants and other contributions

	Note	2017 £m	2016 £m
Deferred grants and other contributions at start of year		**205.7**	204.3
Third party contributions and other capital grants		**-**	2.4
Released to the income statement:			
To meet the depreciation charge	3	**(0.4)**	(1.0)
Deferred grants and other contributions at end of year		**205.3**	205.7

Notes to the Financial Statements

18 Pensions

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

Crossrail Section of the Railways Pension Scheme

Until 31 October 2016, the Company contributed to the Omnibus Section of the Railways Pension Scheme (RPS). The RPS is a defined benefit arrangement for rail industry employees. The Omnibus Section is made up of 37 participating employers, each (apart from the Company) having fewer than 51 active members in the scheme. The Omnibus Section of the RPS is a multi-employer scheme and was valued as a whole. As a result of this, the Company was unable to identify its share of the underlying assets and defined benefit obligation. It was therefore accounted for as a defined contribution scheme under IAS 19 and consequently no prior year comparatives are available. The pension charge for the period from 1 April 2016 to 31 October 2016 that was recognised as a defined contribution charge in respect of this scheme was £7.0 million (full year 2016 £5.4 million).

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

The last actuarial valuation of the Omnibus Section of the scheme was carried out at 31 December 2013. The actuarial report showed that there was a deficit of £5.4m for the total Omnibus Section. The findings of the 2013 valuation report were translated into the current employer contribution level of 20.9 per cent, plus lump sum deficit reduction contributions, effective from 1 July 2015. This contribution rate remains the same for the Crossrail Section.

A separate valuation has been prepared for accounting purposes on an IAS 19 basis as at 31 March 2017. The resultant defined benefit obligation is a deficit of £32.0m. The discounted scheme liabilities have an average duration of approximately 25 years.

Actuarial assumptions at 31 March

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

Notes to the Financial Statements

Fair value of Section assets and liabilities at 31 March

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

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

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

Movements in the Section obligation are as follows:

	2017
	£m
Opening balance	-
Current service cost	3.3
Interest cost	1.1
Employee contributions	0.3
Obligation recognised at 31 October 2016	91.8
Net remeasurement - financial	1.1
Actual benefit payments	(0.7)
Closing balance	96.9

Movements in the Section assets are as follows:

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

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

For the year ended 31 March	2017
	£m
Current service cost	3.3
Total employee costs	3.3
Net interest expense	0.4
Amounts recognised in the Income Statement	3.7

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 £1.0 million (2015/16 £0.9 million).

Notes to the Financial Statements

19 Share capital

	2017	2016
	£m	£m
Share capital issued and fully paid		
4,270,000,000 'A' shares of £1 each	**4,270.0**	-
4,270,000,000 'B' shares of £1 each	**4,270.0**	-
3,620,000,000 'A' shares of £1 each	**-**	3,620.0
3,620,000,000 'B' shares of £1 each	**-**	3,620.0
	8,540.0	7,240.0

	Number	Number
	m	m
Authorised £1 shares	**8,540.0**	7,240.0

During the year ended 31 March 2017, 650 million "A" shares of £1 each and 650 million "B" shares of £1 each, were issued at par to CRL's immediate parent company, TTL.

20 Reserves

Revaluation Reserve

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

21 Financial instruments

Financial risk management

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

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

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

Credit risk

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

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

Notes to the Financial Statements

Liquidity risk

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

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

Market risk

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

Interest rate risk

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

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

Sensitivity analysis

Fair value sensitivity analysis for fixed interest instruments

Changes in the market interest rates of financial instruments with fixed interest rates only affect income if these are measured at their fair value. All the Company's financial instruments with fixed rates of interest are accounted for at amortised cost and are not subject to interest rate risk as defined in IFRS 7 Financial Instruments: Disclosures.

Contractual maturity of financial liabilities

Borrowings from TfL are repayable on demand with a two year notice period. Interest on borrowings from TfL is paid annually. All other financial instruments are due within one year.

Fair value of financial instruments

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

Capital management

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

The Company does not have a credit rating but TfL, the Company's ultimate parent which provides financial support to the Company, has a credit rating of AA- with Fitch, AA with Standard & Poor's and Aa2 with Moody's.

Notes to the Financial Statements

22 Operating lease commitments

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

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

	Land and property £m
At 31 March 2017	
Amounts due in less than one year	**4.9**
Amounts due in years 1 to 5	**2.3**
	7.2
At 31 March 2016	
Amounts due in less than one year	6.6
Amounts due in years 1 to 5	7.0
	13.6

23 Capital and other financial commitments

a) At 31 March 2017, the Company had capital commitments of £510.1m which are contracted for but not provided for in the Financial Statements (2016 £1,370.9m).

b) At 31 March 2017, the Company had no other financial commitments which are contracted for but not provided for in the Financial Statements (2016 £nil).

24 Contingent liabilities

There are a number of uncertainties surrounding projects, including potential claims, which may affect the financial performance of the Company. Where claims are possible but not probable, or unquantifiable, such claims are treated as contingent liabilities. Contingent liabilities are not recognised in the Statement of Financial Position, but are monitored to ensure that, where a possible obligation has become probable or a transfer of economic benefits has become probable, a provision is made. It is not currently possible to estimate any likely liability reliably.

25 Contingent assets

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

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

Where amounts due to the Company are not virtually certain, they are treated as contingent assets. Contingent assets are not recognised in the Statement of Financial Position, but are monitored to ensure that where future economic benefits are expected to flow, an asset is recognised.

It is not currently possible to estimate any likely assets reliably.

Notes to the Financial Statements

26 Related party transactions

During the year none of the Company's directors, key management personnel or parties related to them, have undertaken any material transactions with the Company (2015/16 none). Details of directors' emoluments can be found in note 5.

The Company is a wholly owned subsidiary of TfL. TfL is a statutory corporation established by section 154 of the Greater London Authority Act 1999 ("GLA Act 1999"). It is a functional body of the Greater London Authority ("GLA") and reports to the Mayor of London. TfL is classified as a government entity in accordance with IAS 24 *Related Party Disclosures* ("IAS 24") and the Company is therefore also classified as a government entity in accordance with IAS 24.

The GLA and its other functional bodies, and all other subsidiaries of TfL, are considered to be related parties of the Company.

The Crossrail Art Foundation, for which three of the Company's key management personnel serve as Directors, is considered to be a related party.

The Company has traded with the following related parties that are classified as government entities:

- Funding has been received from TfL in the form of grants, loans or share capital to fund the Crossrail project. The Department for Transport ("DfT") provides funding to the project. DfT contributions are routed to the Company via TfL; and
- Interest has accrued on loans from TfL as disclosed in note 7.

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

- Payments to London Underground Limited, a fellow subsidiary of TfL, for construction work completed on the Crossrail project, and for seconded staff;
- Payments to Transport Trading Limited, the Company's parent, for operational property consultancy services;
- Payments to Docklands Light Railway Limited, a fellow subsidiary of TfL, for construction work completed on the Crossrail project;
- Payments to TfL for internal audit and procurement services;
- Payments to Rail for London Limited, a fellow subsidiary of TfL, for construction work completed on the Crossrail project, for acquisition of maintenance assets and for seconded staff;
- Receipts from Docklands Light Railway for construction work completed on their infrastructure;
- Receipts from TfL for seconded staff; and
- Reimbursements from The Crossrail Art Foundation for costs incurred on their behalf relating to the Art Programme set-up, artwork installation and artist fees.

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

Notes to the Financial Statements

27 Ultimate parent undertaking

The Company is a wholly owned subsidiary of TTL, a company controlled by TfL which is the ultimate parent undertaking.

The largest group in which the results of the Company are consolidated is that headed by TfL, a statutory corporation. The smallest group in which they are consolidated is that headed by TTL, a company incorporated in England and Wales.

The Board of Crossrail Limited has been given assurances of financial support by TfL.

Copies of the consolidated accounts for TfL are available from Windsor House, 42-50 Victoria Street, London, SW1H 0TL.

28 Events occurring after the reporting date

At the date on which the Financial Statements were approved by the Board of Directors, there had been no event that had occurred since 31 March 2017 that would have a material impact on these Financial Statements.