



**ACCOUNTS AND DIRECTORS'
REPORT FOR THE YEAR ENDED
31 DECEMBER 2009**

COMPANY REGISTRATION NUMBER 3169276

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CITY GREENWICH LEWISHAM RAIL LINK PLC

DIRECTORS' REPORT

The Directors submit their Report and the financial statements for the year ended 31 December 2009

Business Review

The principal activity of the Company is the execution of a concession from Docklands Light Railway Limited ("DLR") to design, construct, finance and maintain the "Lewisham Extension" to the DLR system. The concession length is 24 ½ years and was financed in the main through the issue of a bond in 1996 by the Company of £165m. The "Lewisham Extension" takes the DLR System under the River Thames from its previous terminus at Island Gardens on the Isle of Dogs, via Greenwich and onto Lewisham. The operating phase commenced on 20 November 1999.

The financial performance for the year ended 2009 was in line with the Board's expectations and the business plan. Turnover for the year remained static at £10.0m (2008: £10.0m) as a result of continued strong performance against operational performance targets and additional concession variations, including the 3 car project.

DLR has a strategy for increasing the capacity of the DLR network to meet the forecast increase in passenger demand for the DLR network. Principally this strategy is achieved through DLR making changes to the DLR network infrastructure to allow trains of three car length (compared to the current trains which are two cars in length) to operate. CGL has granted rights to DLR to undertake the new infrastructure works, primarily platform extensions, construction of new canopies and realignment of track. These works were substantially completed with the new assets handed back to CGL in 2009. Three car train operation is planned to commence during 2010.

Profit on ordinary activities before taxation decreased by 14.7% to £4.7m (2008: £5.5m) as a result of reduced interest received on deposits following the reduction in interest rates by the Bank of England.

Profit on ordinary activities after taxation decreased by 6.9% to £3.6m (2008: £3.9m) as a result of the reduction in profit on ordinary activities before taxation being in part offset by a reduced tax charge. The deferred tax charge for 2009 was £1.5m.

The financial covenants in place under the funding agreements for the company have all been met. Payments of Bond principal, in accordance with the repayment profile, totalling £9.0m were made in 2009 (2008: £7.5m).

No dividend was paid during 2009 (2008: £6.9m). The Board of Directors have not proposed a final dividend for 2009.

The Company's main income stream from Docklands Light Railway Ltd transferred in January 2010 from the "fixed" Availability Fee revenue, subject to operational performance and RPI index, to a Usage Fee revenue stream which is based on the use of the Lewisham Extension by passengers. The key risk that the business faces over the medium term is that actual passenger numbers do not meet or exceed the passenger forecast prepared by the Company in May 2009.

The Company has a low environmental impact and therefore environmental information has not been disclosed.

CITY GREENWICH LEWISHAM RAIL LINK PLC

Charitable and political contributions

During the year ended 31 December 2009 the Company contributed £126 (2008 £1,404) for charitable purposes. No contributions were made for political purposes (2008 £nil)

Directors

The Directors during the year were

<u>Director</u>	<u>Status</u>	
N Middleton	Non-Executive Chairman	
N Smith	Non-Executive Director	
N Scott-Barrett	Non-Executive Director	(Resigned 9 January 2009)
N Brindley	Non-Executive Director	(Appointed 11 June 2009)
N Sumiyoshi	Non-Executive Director	(Resigned 11 August 2009)
R Lane	Non-Executive Director	(Resigned 26 June 2009)
A Pearson	Non-Executive Director	
A Dixon	Non-Executive Director	
D Sussams	Alternate Director	(Appointed 26 June 2009)
K Nishikiori	Alternate Director	(Resigned 12 June 2009)
I Walters	Alternate Director	
C Dennis	Managing Director	
A Reynolds	Engineering Director	
M Knight	Finance & Commercial Director	

Financial Instruments

The Company's principal financial instruments comprise short term bank deposits and fixed rate bonds. The main purpose of these financial instruments is to ensure, via the terms of the financial instruments, that the profile of the debt service costs is tailored to match expected revenues arising from the Concession Agreement.

The Company does not undertake financial instrument transactions which are speculative or unrelated to the Company's trading activities. Board approval is required for the use of any new financial instrument and are subject to financial covenants under existing funding agreements.

Exposure to liquidity, credit and interest rate risk arise in the normal course of the Company's business. Further details relating to these risks are given in note 14 to the accounts.

Policy On Payment Of Creditors

The Company has a policy of paying creditors within the terms of the contract agreed with such creditors. The average number of creditor days outstanding at 31 December 2009 was 97 (2008 28). The increase in the creditor days between 2008 and 2009 is due to insurance premiums remaining unpaid at 31 December 2009. There were no unpaid insurance premiums at 31 December 2008. The insurance premiums outstanding at 31 December 2009 were paid within the agreed terms. The average number of creditor days outstanding at 31 December 2009, excluding the outstanding insurance premiums, was 30 (2008 28).

Directors' Shareholdings

The Directors have no interests in the shares of the Company.

CITY GREENWICH LEWISHAM RAIL LINK PLC

Share Capital

There were no changes in the year

Internal Control

The directors are responsible for the Company's system of internal control and for reviewing its effectiveness. They recognise the importance of a robust control environment to mitigate the key risks of the company and while they consider that the material risks are managed adequately they adopt some of the key features of the Combined Code of Corporate Governance. Responsibility for overseeing the adoption of this rests with the Audit Committee whose terms of reference have been amended accordingly.

Baker Tilly has been appointed as the company's internal audit resource and report to the Audit Committee. An internal audit plan has been agreed by the Audit Committee. As at the date of approval of this directors' report Baker Tilly have reviewed the effectiveness of the following control environments:

- Financial systems
- Procurement systems

The Board has designed the Company's system of internal control in order to provide the directors with assurance that its assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period. However, no system of internal control can eliminate the risk of failure to achieve business objectives or provide absolute assurance against material misstatement or loss.

There are no significant issues for the year ended 31 December 2009 that have required the Board to deal with any related material internal control issues.

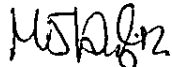
The directors confirm that the Board has reviewed the effectiveness of the system of internal control as described during the period and confirms that the systems and controls that are currently in place are considered sufficient to be satisfied that all key risks to the business are adequately managed and mitigated.

Auditors

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 auditors are 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 auditors are aware of that information.

A resolution to reappoint KPMG Audit Plc, as auditor will be put to the forthcoming annual general meeting.

By Order of the Board



Director

31 March 2010

CITY GREENWICH LEWISHAM RAIL LINK PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' 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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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.

CITY GREENWICH LEWISHAM RAIL LINK PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CITY GREENWICH LEWISHAM RAIL LINK PLC

We have audited the financial statements of City Greenwich Lewisham Rail Link Plc for the year ended 31 December 2009 set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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 explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

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 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

CITY GREENWICH LEWISHAM RAIL LINK PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CITY GREENWICH LEWISHAM RAIL LINK PLC (continued)

Matters on which we are required to report by exception

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



A Moses (Senior Statutory Auditor)
for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
Arlington Business Park,
Theale
Reading
RG7 4SD

31 March 2010

CITY GREENWICH LEWISHAM RAIL LINK PLC

PROFIT AND LOSS ACCOUNT for the Year Ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Turnover	1	10,026	10,014
Cost of Sales			
Operating expenses		(7,043)	(6,727)
Net interest for the year	5	1,682	2,181
Operating Profit and Profit on ordinary activities before taxation	2	4,665	5,468
Taxation on profit on ordinary activities	6	(1,053)	(1,585)
Profit on ordinary activities after taxation and Profit for the financial year		3,612	3,883

There are no recognised gains and losses for the current and preceding financial years other than the profit of £3 6m (2008 £3 9m) shown above. Accordingly no statement of recognised gains and losses is presented.

CITY GREENWICH LEWISHAM RAIL LINK PLC

BALANCE SHEET At 31 December 2009

	Notes	2009 £'000	2008 £'000
FIXED ASSETS			
Tangible assets	10	370	415
CURRENT ASSETS			
Stock		178	198
Debtors - due within one year	11	9,752	10,026
Debtors - due after more than one year	11	132,971	139,780
		142,723	149,806
Investments	12	18,608	15,220
Cash at bank and in hand		433	632
		<u>161,764</u>	<u>165,856</u>
CREDITORS			
Amounts falling due within one year	13	(15,539)	(15,445)
NET CURRENT ASSETS		<u>146,403</u>	<u>150,411</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>146,773</u>	<u>150,826</u>
CREDITORS			
Amounts falling due after more than one year	14	(126,031)	(134,940)
Provision for liabilities and charges	15	(11,704)	(10,460)
NET ASSETS		<u>9,038</u>	<u>5,426</u>
CAPITAL AND RESERVES			
Called up share capital	16	1,500	1,500
Profit and loss account	17	7,538	3,926
SHAREHOLDERS' FUNDS		<u>9,038</u>	<u>5,426</u>

For and on behalf of the Board



Director

31 March 2010

CITY GREENWICH LEWISHAM RAIL LINK PLC

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS for the Year Ended 31 December 2009

	2009 £'000	2008 £'000
Profit for the financial year	3,612	3,883
Dividend declared and paid during year	-	(6,900)
Opening Shareholders' funds	5,426	8,443
Closing Shareholders' funds	<u>9,038</u>	<u>5,426</u>

CITY GREENWICH LEWISHAM RAIL LINK PLC

CASH FLOW STATEMENTS

For the Year ended 31 December 2009

RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Notes	2009 £'000	2008 £'000
Operating profit		4,665	5,468
Net interest for year		(1,682)	(2,181)
Depreciation		89	69
Decrease/ (increase) in stock		20	(14)
Decrease in debtors and prepayments		6,985	7,593
Increase/ (decrease) in provisions and creditors		1,735	(573)
Net cash inflow from operating activities		<u>11,812</u>	<u>10,362</u>

CASH FLOW STATEMENT

Net cash inflow from operating activities		11,812	10,362
Returns on investments and servicing of finance			
Interest received		15,121	16,265
Interest paid		(13,575)	(14,413)
Capital expenditure		(44)	(108)
Dividends paid	17	-	(6,900)
		<u>13,314</u>	<u>5,206</u>
Management of liquid resources	7	(3,388)	3,123
Financing	8	(10,125)	(8,344)
Decrease in cash		<u>(199)</u>	<u>(15)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

Decrease in cash in the period		(199)	(15)
Cash movements in respect of decrease in liquid resources		3,388	(3,123)
Amortisation of net bond issue costs		(90)	(90)
Cash outflow from decrease in loans and loan stock financing		10,125	8,344
Movement in net debt	9	<u>13,224</u>	<u>5,116</u>

CITY GREENWICH LEWISHAM RAIL LINK PLC

ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

a) Basis of preparation of accounts

These accounts have been prepared under the historical cost accounting rules in accordance with the reporting requirements of the Companies Act 2006, together with applicable accounting standards

b) Fixed assets and depreciation

Tangible fixed assets are stated at historic cost less provision for depreciation. These consist of freehold properties, plant & machinery and computers and office equipment and are depreciated at appropriate rates on a straight line basis to write down the cost of assets to residual value over their estimated useful economic lives, making due allowance for obsolescence in addition to normal wear and tear. The periods over which assets are depreciated are as follows:

Motor Vehicles	3 years
Computers and Office Equipment	3 years
Plant & Machinery	Between 3 and 5 years
Depot Building	22 years

c) Deferred taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation. In accordance with FRS 19 'Deferred Tax' deferred taxation is provided fully and on a non-discounted basis at expected future corporation tax rates in respect of timing differences between profits computed for taxation and accounts purposes.

d) Stock

Stock is stated at the lower of cost and net realisable value.

e) Debtors and turnover

On commencement of operations, the construction costs of the Lewisham Extension were treated as being due from DLR and the amounts recoverable over the life of the concession in relation to this are shown as an FRS5 finance debtor. Payments received over the life of the concession are apportioned between principal repayments, finance income and service income. Owing to the demand risk on service income the service income has been taken on the basis of unitary charge received in the year.

f) Heavy maintenance provision

The Company is obliged by its Concession Agreement inter alia, to repair and maintain the Lewisham Extension and to hand back the Lewisham Extension to DLR Limited on termination in a specified condition. A provision is therefore made, on a discounted basis, for heavy maintenance costs other than regular maintenance and repairs expenditure, based upon a specific maintenance programme. The unwinding of the discount is included in other finance costs and interest.

g) Financial Instruments

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Company are as follows:

CITY GREENWICH LEWISHAM RAIL LINK PLC

Trade debtors

Trade receivables are initially recognised at fair value and then are stated at amortised cost

Cash at Bank and Investments

Cash at Bank is carried in the balance sheet at nominal value

Investments are readily convertible into known amount of cash at or close to their carrying values and are classified as cash. They are treated as held-to-maturity instruments as defined in paragraph 9 of FRS 26, which are initially recognised at fair value and then are stated at amortised cost

Trade creditors

Trade payables are initially recognised at fair value and then are stated at amortised cost

Fixed Rate Bond and Subordinated Debt

Fixed Rate Bond and subordinated Debt are recognised initially at fair value net of issue costs and premium. All borrowings are subsequently stated at amortised cost with the difference between initial net proceeds and value at maturity recognised in the profit and loss account over the period to maturity

Finance debtor

The finance debtor is classified as loans and receivables as defined in paragraph 9 of FRS 26, which are initially recognised at fair value and then are stated at amortised cost

CITY GREENWICH LEWISHAM RAIL LINK PLC

NOTES TO THE ACCOUNTS

1. TURNOVER

	2009 £'000	2008 £'000
Amount receivable under Concession Agreement	29,225	28,822
Interest and capital repayment	(20,971)	(20,972)
Maintenance service fee	8,254	7,850
Other income	1,772	2,164
Total Turnover	<u>10,026</u>	<u>10,014</u>

Other income relates to revenue received from third party contracts and from DLR in relation to work completed by the Company as enhancement to the infrastructure. All items in the profit and loss account relate to continuing operations in the UK.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2009 £'000	2008 £'000
Profit on ordinary activities before taxation is stated after charging		
Fee paid to the auditor for		
audit services	27	15
non-audit services in respect of taxation and financial modelling services	137	69
Depreciation	89	69

3. EMPLOYEES

The average number of persons employed during the year was 41 (2008: 40)

	2009 £'000	2008 £'000
The aggregate payroll cost was		
Wages and salaries	1,756	1,687
Social Security costs	191	193
Pension costs	58	47
	<u>2,005</u>	<u>1,927</u>

The Company contributes to a defined contribution pension scheme for its employees. The total cost in the year was £57,752 (2008: £47,576). At the year end a £1,061 contribution was owed to the scheme administrator.

CITY GREENWICH LEWISHAM RAIL LINK PLC

NOTES TO THE ACCOUNTS (continued)

4. DIRECTORS' REMUNERATION

	2009 £'000	2008 £'000
Salaries and Benefits	399	385
Pension contributions	21	18
	<u>420</u>	<u>403</u>

The highest paid director received £162,282 (2008 £135,931), including pension contributions of £7,218 (2008 £6,516)

Included in the accounts and detailed below, are charges made by the shareholder companies for the services of Directors as follows

	2009		2008	
	Executive £'000	Non-Executive £'000	Executive £'000	Non-Executive £'000
Duchesspark Limited	-	28	-	27
MBK Rail Link Finance Limited	-	14	-	14
EDF Energy (Enterprises) Limited	-	14	-	14
Laing Investments Limited	-	28	-	27
	<u>-</u>	<u>84</u>	<u>-</u>	<u>82</u>

5. INTEREST

	2009 £'000	2008 £'000
Interest receivable from bank deposits	217	974
Interest payable on Eurobond	(13,195)	(13,957)
Other interest payable to related parties	(56)	(138)
Premium on issue of Eurobond amortised in period	24	24
Issue costs of Eurobond amortised in period	(114)	(114)
Other interest receivable	14,806	15,392
Net interest credited to profit and loss	<u>1,682</u>	<u>2,181</u>

The other interest payable to related parties is in respect of the mezzanine loan facility provided by Mitsui & Co UK PLC and EDF Energy plc (formerly known as London Electricity plc) Other interest receivable relates to financing income due on the DLR debtor as described in note 11

CITY GREENWICH LEWISHAM RAIL LINK PLC

NOTES TO THE ACCOUNTS (continued)

6. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge in the period

	2009 £'000	2008 £'000
<i>UK Corporation Tax</i>		
Current tax on income for the year	-	-
Release of Consortium Relief	443	-
Total current tax	443	-
<i>Deferred tax (see note 15)</i>		
Adjustment in respect of previous years	145	31
Origination/reversal of timing differences	(1,641)	(1,616)
Total deferred tax	(1,496)	(1,585)
Tax on profit on ordinary activities	(1,053)	(1,585)

Factors affecting the tax charge for the current period

The current tax assessed differs from the application of the standard rate of corporation tax in the UK (28%, 2008 28%) to the Company's profit before taxation. The differences are explained below.

Current tax reconciliation

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	4,665	5,468
Current tax at 28%	1,306	1,531

Effects of

Release of Consortium Relief	443	-
Utilisation of brought forward losses	(2,267)	(2,086)
Disallowable expenses	12	66
Other allowable expenses	(95)	(95)
Amortisation/depreciation for period in excess of capital allowances	1,044	584
Total current tax (charge)/ relief (see above)	443	-

Factors that may affect future current and total tax charges

The Company is not aware of any factors that may affect future tax charges.

CITY GREENWICH LEWISHAM RAIL LINK PLC

NOTES TO THE ACCOUNTS (continued)

7. MANAGEMENT OF LIQUID RESOURCES

	2009 £'000	2008 £'000
Net (payment to)/ receipt from fixed term and call deposits	(3,388)	3,123

8. FINANCING

	2009 £'000	2008 £'000
Repayment of Mezzanine Loan	(1,125)	(844)
Repayment of Bond Capital	(9,000)	(7,500)
	<u>(10,125)</u>	<u>(8,344)</u>

9. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2009 £'000	Cash Flows £'000	Other Changes £'000	At 31 Dec 2009 £'000
Cash at bank	632	(199)	-	433
Debt due after more than one year	(145,065)	10,125	(90)	(135,030)
Current asset investments	15,220	3,388	-	18,608
	<u>(129,213)</u>	<u>13,314</u>	<u>(90)</u>	<u>(115,989)</u>

CITY GREENWICH LEWISHAM RAIL LINK PLC

NOTES TO THE ACCOUNTS (continued)

10. TANGIBLE FIXED ASSETS

	Freehold Building £'000	Plant & Machinery £'000	Other Fixed Assets £'000	Total Fixed Assets £'000
Cost				
At the beginning of the year	463	53	301	817
Additions	-	7	37	44
Disposals	-	(3)	(11)	(14)
At the end of the year	<u>463</u>	<u>57</u>	<u>327</u>	<u>847</u>
Depreciation				
At the beginning of the year	198	13	191	402
Charge for the year	23	11	55	89
Disposals	-	-	(14)	(43)
At the end of the year	<u>221</u>	<u>24</u>	<u>232</u>	<u>477</u>
Net Book Value				
At 31 December 2009	<u>242</u>	<u>33</u>	<u>95</u>	<u>370</u>
At 31 December 2008	<u>265</u>	<u>40</u>	<u>110</u>	<u>415</u>

11. DEBTORS

	2009 £'000	2008 £'000
Amounts falling due within one year		
Trade debtors	1,679	2,639
Interest receivable	8	106
Prepayments	981	884
FRS5 Debtor	6,814	6,165
Other Debtors	270	232
	<u>9,752</u>	<u>10,026</u>
Amounts falling due after more than one year		
FRS5 debtor	<u>132,971</u>	<u>139,780</u>

FRS5 debtor represents payments due from DLR in respect of the Concession Agreement. These payments are recoverable over the remaining life of the Concession Agreement starting from the date operation commenced, 20 November 1999. The debtor can be analysed as follows:

CITY GREENWICH LEWISHAM RAIL LINK PLC

NOTES TO THE ACCOUNTS (continued)

11. DEBTORS (continued)

	2009 £'000	2008 £'000
FRS5 debtor due within one year	6,814	6,165
FRS5 debtor due after more than one year	132,971	139,780
Total DLR debtor	<u>139,785</u>	<u>145,945</u>
At beginning of year	145,945	151,521
Interest receivable	14,806	15,392
Interest and capital repayments	(20,971)	(20,971)
Capitalised expenditure	5	3
At end of year	<u>139,785</u>	<u>145,945</u>

12. CURRENT ASSET INVESTMENTS

	2009 £'000	2008 £'000
Fixed term and call deposits	18,608	15,220
Original maturity dates are as follows		
Within three months	<u>18,608</u>	<u>15,220</u>
	<u>18,608</u>	<u>15,220</u>

All investments within three months and over three months can be drawn down immediately

13. CREDITORS - Amounts falling due within one year

	2009 £'000	2008 £'000
VAT payable	761	457
Trade creditors	1,368	616
Deferred income	196	199
Eurobonds	9,000	9,000
Interest payable on Eurobonds	2,821	3,008
Mezzanine Loan	-	1,125
Interest payable on Mezzanine loan	-	138
Accruals	1,393	902
	<u>15,539</u>	<u>15,445</u>

CITY GREENWICH LEWISHAM RAIL LINK PLC

NOTES TO THE ACCOUNTS (continued)

14. CREDITORS - Amounts falling due after more than one year

	2009 £'000	2008 £'000
Eurobonds (see below)	135,031	143,940
Eurobonds – amounts falling due within one year	(9,000)	(9,000)
	<u>126,031</u>	<u>134,940</u>

At 31 December 2009 the bond of £135,031,000 (2008 £143,940,000) is stated net of unamortised issue costs and premium of £969,000 (2008 £1,060,000)

	2009 £'000	2008 £'000
Eurobonds at beginning of year	143,940	151,350
Redemption of Eurobond	(9,000)	(7,500)
Amortisation of issue costs	115	114
Amortisation of premium received on issue	(24)	(24)
	<u>135,031</u>	<u>143,940</u>

The net issue costs are amortised on an effective interest rate over the total life of the Bonds. The Bonds are secured by first priority charges over the whole of the Company's undertaking, property and assets. The market value of the bonds at 31 December 2009 was £151 million (2008 £157 million)

Financial Instruments

An explanation of the Company's objectives, policies and strategies for the role of financial instruments in creating and changing the risks of the risks of the Company in its activities can be found in the directors' report. The details relating to credit, liquidity and interest rate risks are explained below.

Credit Risk

DLR is the main customer of the Company and the directors are satisfied that it will be able to fulfil its obligations under the PFI contract.

Demand Risk

In January 2010 the Company transferred to a Usage Fee based income. Usage Fee is calculated based on passenger numbers. Passenger numbers could vary to those used in our financial model leading to fluctuations in revenue cash flows of the Company.

Interest Rate Risk

The company is exposed to interest rate fluctuations on cash on deposit. Other interest bearing assets and liabilities are at a fixed rate of interest.

CITY GREENWICH LEWISHAM RAIL LINK PLC

NOTES TO THE ACCOUNTS (continued)

Effective Interest rates and maturity profile

In respect of income earning financial assets and interest-bearing financial liabilities, the following tables indicate their respective interest rates at balance sheet date and the periods in which they mature, or, if earlier, are re-priced

2009

	Effective Interest rate	Total	One or less years	One – two Years	Two – Five Years	Five years and over
		£'000	£'000	£'000	£'000	£'000
Bond	9.375%	(136,000)	(9,000)	(10,500)	(35,000)	(81,500)
Trade creditors	-	(1,368)	(1,368)	-	-	-
Finance Debtor	10.25%	139,785	6,814	7,530	27,681	97,760
Bank Balance*	-	433	433	-	-	-
Investments*	0.25% to 2.45%	18,608	18,608	-	-	-
Trade Debtor	-	1,369	1,369	-	-	-
At 31 December 2009		22,827	16,856	(2,970)	(7,319)	16,260

2008

	Effective Interest rate	Total	One or less years	One – two Years	Two – Five Years	Five years and over
		£'000	£'000	£'000	£'000	£'000
Mezzanine Loan	Libor + 3.5%	(1,263)	(1,263)	-	-	-
Bond	9.375%	(145,000)	(9,000)	(9,000)	(32,000)	(95,000)
Trade creditors	-	(608)	(608)	-	-	-
Finance Debtor	10.25%	145,945	6,165	6,813	25,047	107,920
Bank Balance*	-	632	632	-	-	-
Investments*	4.50% to 6.15%	15,220	15,220	-	-	-
Trade Debtor	-	2,270	2,270	-	-	-
At 31 December 2008		17,196	13,416	(2,187)	(6,953)	12,920

CITY GREENWICH LEWISHAM RAIL LINK PLC

NOTES TO THE ACCOUNTS (continued)

Set out below is a comparison by category of book values and fair values of all the company's financial assets and financial liabilities as at 31 December 2009

	Book Value 2009	Fair Value 2009	Book Value 2008	Fair Value 2008
	£'000	£'000	£'000	£'000
Mezzanine Loan	-	-	(1,263)	(1,301)
Bond	(136,000)	(151,095)	(145,000)	(157,209)
Trade creditors	(1,368)	(1,368)	(608)	(608)
Finance Debtor	139,785	227,247	145,945	209,746
Bank Balance*	433	433	632	632
Investments*	18,608	18,608	15,220	15,220
Trade Debtor	1,369	1,369	2,270	2,270
At 31 December	<u>22,827</u>	<u>95,194</u>	<u>17,196</u>	<u>68,750</u>

*Floating rate for cash at bank, fixed rate for investments

Fair values

Fixed rate bonds are valued based on quotes received from the banks

Fair value of the finance debtor is calculated by discounting the future cash flows at an appropriate discount rate. The future cash flows are defined by apportioning the revenue received from DLR under the concession agreement between principal repayments, finance income and service income at an effective interest rate of 10.25%.

The discount rate that has been applied to the finance debt is 0.95% (2008: 3.50%) and is calculated by adding a premium at 0.5% (2008: 0.5%) to the 6 month Libor at 31 December 2009 of 0.45% (2008: 3.0%).

15 PROVISION FOR LIABILITIES AND CHARGES

	Deferred Tax £'000	Heavy Maintenance £'000	Total £'000
At beginning of the year	9,244	1,216	10,460
Charge in the year	1,497	692	2,189
Release of Consortium Relief	(443)	-	(443)
Utilised in the year	-	(502)	(502)
At end of year	<u>10,298</u>	<u>1,406</u>	<u>11,704</u>

Analysis of Deferred Tax Provision

	2009 £'000	2008 £'000
Accelerated capital allowances and other timing differences	18,817	19,883
Utilisation of losses	<u>(8,519)</u>	<u>(10,639)</u>
At end of year	<u>10,298</u>	<u>9,244</u>

CITY GREENWICH LEWISHAM RAIL LINK PLC

NOTES TO THE ACCOUNTS (continued)

16. SHARE CAPITAL

Authorised share capital at beginning and end of year

12,500,000 ordinary shares of £1 each

Allotted, called up and fully paid	Number of shares	£'000
As at beginning and end of year		
Ordinary shares of £1 each fully paid	1,500,000	1,500

17. PROFIT AND LOSS ACCOUNT

	Profit & Loss Account £'000
As at beginning of year	3,926
Profit for the year	3,612
Dividends declared and paid during the year	-
As at end of year	7,538

18. RELATED PARTIES

The main construction contract for the Lewisham Extension was placed with LRG Contractors, an unincorporated joint venture set up between John Mowlem Construction plc, Nishimatsu Construction Co Limited and MBK Rail Link Construction Limited, the latter being a company owned by Mitsui & Co Limited

The Mezzanine facilities made available by EDF Energy plc and Mitsui & Co Limited has been repaid in full during the year

There were no other material transactions with related parties