



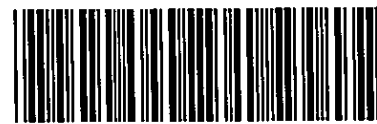
**Tube Lines**

**Tube Lines (Holdings) Limited**

**Directors' Report and Financial Statements**

**For the period ended 31 March 2011**

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**Company Registration No. 4328016**

# **Tube Lines (Holdings) Limited**

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# Tube Lines (Holdings) Limited

## Directors' Report

### Introduction

The directors present their report together with the audited financial statements for the fifteen months ended 31 March 2011

Due to the ownership changes described below, the accounting reference date for Tube Lines (Holdings) Limited (the "Company" or "TLH") has been changed from 31 December to 31 March

### Principal activity

The Company's principal activity is acting as the holding company for Tube Lines (Finance) Plc ("TLF"), Tube Lines Limited ("TLL") and TLL's subsidiary, Tube Lines Pension Scheme Trustees Limited ("TLPSTL") which together form the Tube Lines Group

### Business review

The loss for the period was £0.2 million (2009 £0.1 million)

The Company is the parent company of the Tube Lines group. It owns 100% of TLF, TLL and TLL's subsidiary TLPSTL. It was established to enable the original shareholders, Bechtel and Amey, to exercise joint control over operations of the Tube Lines group which engages in the maintenance, enhancement and renewal of the infrastructure of the Jubilee, Northern and Piccadilly lines of London Underground Limited ("LU") under a contract with LU, a subsidiary of Transport for London ("TfL")

On 27 June 2010, TfL acquired 100% of TLH, through its subsidiary Transport Trading Limited ("TTL"), which gave it full control of the Tube Lines group. As part of the acquisition, TfL purchased and settled shareholder loan notes payable through TLH to Bechtel and Amey.

### Dividends

The Company proposed and paid dividends of £nil in the period ended 31 March 2011 (2009 £nil)

### Principal risks and uncertainties

#### Liquidity risk

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

During the period, treasury management activities were transferred to the Company's ultimate parent, TfL, which provides financial support to the Company.

The Company's liquidity risk is considered to be low due to the relatively low value of its financial liabilities and the financial support provided by TfL.

#### Credit risk

Credit risk is the risk of financial loss to the Company if 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 suppliers.

The Company's credit risk is considered to be low due to the low value of financial assets.

#### Currency risk

The Company is not exposed to any currency risk since all its assets and liabilities are held in pounds sterling.

# Tube Lines (Holdings) Limited

## Directors' Report (continued)

### Directors

Directors of the Company who served throughout the period, except where otherwise noted, were

Mr M Adams	Resigned 27 June 2010
Professor D Begg Chairman	Resigned 27 June 2010
Mr K Cottrell	Resigned 27 June 2010
Mr M Ewell	Resigned 27 June 2010
Mr C V Fenton	Resigned 27 June 2010
Mr E Grenfell	Resigned 27 June 2010
Mr F Lopez	Resigned 27 June 2010
Mr J Malarkey	Resigned 27 June 2010
Mr T McCarthy	Resigned 27 June 2010
Mr A Nelson	Resigned 27 June 2010
Mr S Olivares	Resigned 27 June 2010
Mr J Roehl            Alternate to Mr J Malarkey	Resigned 27 June 2010
Mr S Allen	Appointed 27 June 2010
Mr C Garnett	Appointed 27 June 2010
Mr P Hendy	Appointed 27 June 2010
Mr D Moylan	Appointed 27 June 2010
Mr K Williams	Appointed 27 June 2010

No person who was a director of the Company at 31 March 2011 had any beneficial interest in the shares of the Company

### Charitable and Political Donations

The Company did not make any donations to charitable organisations in the period to 31 March 2011 (year ended 31 December 2009 £nil)

### Corporate Governance

The Company is a wholly owned subsidiary of TTL, which in turn is controlled by TfL, which appoints all the directors of the Company. The Board of the Company, through its management structure, implements the corporate aims and controls laid down by TfL. Particulars in respect of corporate governance can be found in the TfL's Annual Governance Statement.

### Disclosure of information to the 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 Company's 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.

### Auditors

Pursuant to section 487 of the Companies Act 2006, auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Approved by the Board on 29 June 2011 and signed on behalf of the Board by



Martin Jones  
Company Secretary

# **Tube Lines (Holdings) Limited**

## **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 they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("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.

# **Tube Lines (Holdings) Limited**

## **Independent Auditor's Report**

### **To the members of Tube Lines (Holdings) Limited**

We have audited the financial statements of Tube Lines (Holdings) Limited for the period ended 31 March 2011 set out on pages 5 to 18. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 Directors' Responsibilities Statement set out on page 3, 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 (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 website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

#### **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 2011 and of its loss for the period 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

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

#### **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



**Robert Brent (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

25 JULY 2011

# Tube Lines (Holdings) Limited

## Statement of Financial Position

	Notes	31 March 2011 £m	31 December 2009 £m
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	7	45.1	135.1
Deferred taxation asset	8	-	0.2
<b>Total non-current assets</b>		<b>45.1</b>	<b>135.3</b>
<b>Current assets</b>			
Trade and other receivables	9	-	3.6
Cash and cash equivalents	10	0.7	0.7
<b>Total current assets</b>		<b>0.7</b>	<b>4.3</b>
<b>Total assets</b>		<b>45.8</b>	<b>139.6</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	0.8	4.4
<b>Total current liabilities</b>		<b>0.8</b>	<b>4.4</b>
<b>Net current liabilities</b>		<b>(0.1)</b>	<b>(0.1)</b>
<b>Non-current liabilities</b>			
Borrowings	12	-	90.0
<b>Total non-current liabilities</b>		<b>-</b>	<b>90.0</b>
<b>Total liabilities</b>		<b>0.8</b>	<b>94.4</b>
<b>Net assets</b>		<b>45.0</b>	<b>45.2</b>
<b>Equity</b>			
Share capital	14	0.5	0.5
Share premium account	15	44.6	44.6
(Accumulated losses)/retained earnings	16	(0.1)	0.1
<b>Total equity attributable to equity holders of the parent</b>		<b>45.0</b>	<b>45.2</b>

The notes on pages 8 to 18 form part of these financial statements

These financial statements were approved by the Board on 29 June 2011 and signed on its behalf by



Steve Allen  
Director  
Company registration number 4328016

# Tube Lines (Holdings) Limited

## Statement of Comprehensive Income

	Notes	Period ended 31 March 2011 £m	Year ended 31 December 2009 £m
Finance costs	4	(7.1)	(14.4)
Finance income	4	7.1	14.4
<b>Result before taxation</b>		-	-
Taxation charge	5	(0.2)	(0.1)
<b>Loss for the financial period attributable to equity holders of the parent</b>		<b>(0.2)</b>	<b>(0.1)</b>
<b>Total comprehensive expense attributable to the equity holders of the parent</b>		<b>(0.2)</b>	<b>(0.1)</b>

## Statement of Changes in Equity

	Share capital £m	Share premium £m	Retained earnings £m	Total equity £m
At 1 January 2009	0.5	44.6	0.2	45.3
Total comprehensive expense for the year	-	-	(0.1)	(0.1)
<b>At 31 December 2009</b>	<b>0.5</b>	<b>44.6</b>	<b>0.1</b>	<b>45.2</b>
Total comprehensive expense for the period	-	-	(0.2)	(0.2)
<b>At 31 March 2011</b>	<b>0.5</b>	<b>44.6</b>	<b>(0.1)</b>	<b>45.0</b>



# Tube Lines (Holdings) Limited

## Statement of Cash Flows

		Period ended 31 March 2011 £m	Year ended 31 December 2009 £m
	Notes		
<b>Cash flows from operating activities</b>			
Result before taxation		-	-
<b>Adjusted for:</b>			
Net finance costs	4	-	-
<b>Operating cash flows before movements in working capital</b>			
Decrease in trade and other receivables	9	3.6	-
Decrease in trade and other payables	11	(3.6)	-
<b>Cash generated by operations</b>		-	-
Interest paid		(7.1)	(14.4)
Interest received		7.1	14.4
Corporation taxes paid		-	0.2
<b>Net cash generated by operating activities</b>		-	0.2
<b>Cash flows from investing activities</b>		-	-
<b>Cash flows from financing activities</b>		-	-
Proceeds received on repayment of loan notes	7	90.0	-
Repayment of borrowings	12	(90.0)	-
<b>Net cash generated in financing activities</b>		-	-
<b>Net increase in cash and cash equivalents in the period</b>		-	0.2
Cash and cash equivalents at the beginning of the period		0.7	0.5
<b>Cash and cash equivalents at the end of the period</b>	10	0.7	0.7

# Tube Lines (Holdings) Limited

## Notes to the Financial Statements

### 1 Accounting Policies

#### a) *Reporting entity*

The Company is domiciled in the United Kingdom ("UK"). The Company's registration number is 4328016. The address of the Company's registered office is Windsor House, 42 – 50 Victoria Street, London, SW1H 0TL.

#### 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.

Following the acquisition of the Company by TTL, the reporting date was changed from 31 December to 31 March, in line with the rest of the TfL group.

#### c) *Basis of preparation*

##### **Statement of Compliance**

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs") and applicable law.

##### **Basis of measurement**

The financial statements are principally prepared on the historical cost basis, except for the revaluation of certain financial instruments. 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.

##### **Preparation of consolidated financial statements**

In accordance with IAS 27 *Consolidation and separate financial statements* and the Companies Act 2006, consolidated financial statements have not been prepared for the Tube Lines (Holdings) Limited group because TTL, which owns 100% of the share capital of the Company, prepares consolidated financial statements that comply with Adopted IFRSs.

#### d) *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.

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.

#### e) *Interest income*

Interest and similar income is recognised on a time proportion basis that takes into account the effective yield on non-current investments.

# Tube Lines (Holdings) Limited

## Notes to the Financial Statements (continued)

### 1 Accounting Policies (continued)

#### *f) Finance costs*

Finance costs of debt are recognised in the income statement over the term of such instruments at the effective interest rate ("EIR") on the carrying amount. The EIR discounts the expected stream of future cash payments associated with the debt through to maturity, to the current net carrying amount of the borrowings.

#### *g) Impairment*

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. Assets displaying impairment indicators as well as assets held for disposal are tested for impairment by comparing their carrying value to their recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use, where value in use represents the estimated future cash flows of the asset discounted at a pre-tax discount rate that reflects the risks specific to the asset. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where the carrying value exceeds the recoverable amount, the excess is written off to the income statement as an impairment charge.

Reversals of impairment losses are recorded as an increase in the carrying value of the attributable asset, limited to the asset's carrying value had no impairment loss been determined in previous years. Reversals of impairment losses are recognised in the income statement immediately.

#### *h) Investments*

The Company's investment in non-current assets is accounted for at cost and is recognised net of impairment losses.

#### *i) Taxation*

Taxation represents the sum of current and deferred tax.

##### Current tax

Current taxation payable is based on profit or loss for the period adjusted for income or expenses that are taxable or deductible in other periods and excluding items that are never taxable or deductible, accrued at rates applicable to taxable income. Current taxation is recognised in the income statement, except when it relates to items which are credited or charged directly to equity, in which case the current taxation on such items is also recognised in equity.

##### Deferred tax

Deferred taxation represents the taxation payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used to compute taxable profit, as dictated by the balance sheet liability method. Deferred taxation is measured on a non-discounted basis at the tax rates enacted or substantially enacted at the reporting date.

A deferred taxation asset represents the amount of taxation recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits. A deferred taxation asset is only recognised to the extent that it is probable that taxable profits will be available against which it can be utilised.

A deferred taxation liability represents the amount of taxation payable in future periods in respect of taxable temporary differences. A deferred taxation liability is recognised in respect of taxable temporary differences, unless they are specifically exempt.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to offset current taxation assets against current taxation liabilities and when they relate to income taxes levied by the same taxation authority, which the Company intends to settle on a net basis. Deferred taxation is recognised in the income statement, except when it relates to items which are credited or charged directly to equity, in which case the deferred taxation on such items is also recognised in equity.

# Tube Lines (Holdings) Limited

## Notes to the Financial Statements (continued)

### 1. Accounting Policies (continued)

#### *j) Financial instruments*

Financial assets and liabilities are recognised on the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument

##### *(i) Trade and other receivables*

Trade and other receivables are measured on initial recognition at fair value, and subsequently the initial amount is adjusted to the amount receivable at amortised cost using the effective interest method, less any impairment. The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

##### *(ii) Trade payables and borrowings*

Financial liabilities, including borrowings are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

##### *(iii) Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand, cash at bank less short-term overdrafts, deposits repayable on demand and highly liquid investments and are subject to insignificant risk of changes of value.

#### *k) New standards and interpretations not yet adopted*

Standards and interpretations issued by the International Accounting Standards Board ("IASB") are only applicable if endorsed by the EU. The following revisions to International Financial Reporting Standards will be applicable in future periods, subject to endorsement where applicable. These have been issued but have not been applied by the Company in these financial statements.

- Improvements to IFRSs (issued May 2010) (mandatory for the year commencing on or after 1 July 2010 or 1 January 2011) *Endorsed by the EU*
- Amendments to IFRS 7 *Financial Instruments: Disclosures* (mandatory for the year commencing on or after 1 July 2011) *Not yet endorsed by the EU*
- IFRS 9 *Financial Instruments* (mandatory for year commencing on or after 1 January 2013) *Not yet endorsed by the EU*

The Company does not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

# Tube Lines (Holdings) Limited

## Notes to the Financial Statements (continued)

### 2 Staff costs

The Company did not employ staff during the current period (31 December 2009 nil)

### 3 Directors' remuneration

The Directors received no remuneration for their services to the Company during the current period (31 December 2009 nil)

### 4 Operating result

Operating result is stated after (charging)/crediting the following finance costs and income

	Period ended 31 March 2011 £m	Year ended 31 December 2009 £m
<i>Finance costs</i>		
Interest on borrowings	(7.1)	(14.4)
	(7.1)	(14.4)
<i>Finance income</i>		
Interest on loan notes	7.1	14.4
	7.1	14.4
Net finance costs	-	-

The audit fees for the Company are borne by Tube Lines Limited

### 5 Taxation

The charge for the period, based on the rate of corporation tax of 28% (2009 28%) comprised

	Period ended 31 March 2011 £m	Year ended 31 December 2009 £m
<i>UK current taxation</i>		
Current period	-	-
Adjustments in respect of prior periods	-	0.1
Current taxation	-	0.1
<i>UK deferred taxation</i>		
Deferred tax asset written off during the period	0.2	-
Adjustments in respect of prior periods	-	-
Deferred taxation	0.2	-
Taxation charge	0.2	0.1

# Tube Lines (Holdings) Limited

## Notes to the Financial Statements (continued)

### 6. Taxation (continued)

#### Reconciliation of taxation charge

	Period ended 31 March 2011 £m	Year ended 31 December 2009 £m
Result before taxation	-	-
Result before taxation multiplied by the standard rate of corporation tax in the UK of 28% (2010 28%)	-	-
Adjusted for the effects of		
Release of brought forward deferred tax asset	0.2	-
Taxation charge for the period	0.2	-
Adjustments in respect of prior periods	-	0.1
<b>Total taxation charge</b>	<b>0.2</b>	<b>0.1</b>

### 7 Investment in subsidiaries

	Principal activity	Country of incorporation and operation	Percentage of ordinary shares held directly
Tube Lines Limited	Maintenance, cleaning, enhancement and renewal of underground railway infrastructure	Great Britain	100% less 1 ordinary share with special rights attached
Tube Lines (Finance) Plc	Group finance company	Great Britain	100%
Tube Lines Pension Scheme Trustees Limited	Corporate trustee of Tube Lines Pension Scheme	Great Britain	100% subsidiary of TLL

	31 March 2011 £m	31 December 2009 £m
TLL 16% loan notes	-	90.0
TLL ordinary equity	45.0	45.0
TLL ordinary equity	0.1	0.1
<b>Closing balance</b>	<b>45.1</b>	<b>135.1</b>

# Tube Lines (Holdings) Limited

## Notes to the Financial Statements (continued)

### 8 Deferred taxation

#### i) Recognised deferred taxation asset

The following is the analysis of the deferred tax balances included in the Statement of Financial Position

	31 March 2011 £m	31 December 2009 £m
EIR Interest	-	0.2
<b>Closing balance</b>	-	0.2

#### ii) Unrecognised deferred tax assets and liabilities

The Company has a potential net deferred tax asset of £0.1m (2009 recognised deferred tax asset of £0.2m). No deferred tax asset has been recognised as it is not considered probable that there will be future taxable profits available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets have not been recognised in respect of the following items

	31 March 2011 £m	31 December 2009 £m
EIR Interest	0.1	-
<b>Closing balance</b>	0.1	-

#### iii) Movement on the deferred taxation account

The following is the analysis of the movement in the deferred tax balances included in the Statement of Financial Position

	31 March 2011 £m	31 December 2009 £m
Opening balance	0.2	0.2
Recognised in the Statement of Comprehensive Income	(0.2)	-
<b>Closing balance</b>	-	0.2

Deferred taxation is calculated in full on the temporary differences under the balance sheet method using the tax rates enacted or substantively enacted at the reporting date.

The corporation tax rate has reduced from 28% to 26% from 1 April 2011 and there will be three further annual 1% cuts to 23% by 1 April 2014. As the decrease in tax rate to 26% was substantively enacted on 29 March 2011, the closing deferred tax balances have been calculated using this rate.

Other than the enacted change to 26%, the effects of the announced changes are not reflected in the financial statements for the year ended 31 March 2011. The impact of the change in corporation tax rate is not material.

# Tube Lines (Holdings) Limited

## Notes to the Financial Statements (continued)

### 9. Trade and other receivables

	31 March 2011 £m	31 December 2009 £m
Amounts receivable from subsidiaries	-	3 6

### 10. Cash and cash equivalents

	31 March 2011 £m	31 December 2009 £m
Cash at bank and in hand	0 7	0 7

### 11. Trade and other payables

	31 March 2011 £m	31 December 2009 £m
Payables to Group undertakings	0 8	0 8
Other payables	-	3 6
<b>Total trade and other payables</b>	<b>0 8</b>	<b>4 4</b>

The directors consider that the carrying amount of trade and other payables approximates their fair value. Trade and other payables are non-interest bearing.

### 12. Borrowings

	31 March 2011 £m	31 December 2009 £m
Unsecured loan notes 16% 2025	-	90 0

*The maturity profile of borrowings is as follows*

	Period ended 31 March 2011 £m	Year ended 31 December 2009 £m
Amounts payable within one year	-	-
Amounts payable between one and two years	-	-
Amounts payable between two and five years	-	-
Amounts payable after five years	-	90 0
<b>Total Loans</b>	<b>-</b>	<b>90 0</b>

The unsecured loan notes 16% 2025 were repayable in instalments commencing in March 2018. On 5 July 2010, they were settled early upon acquisition of the Company by TTL.



# Tube Lines (Holdings) Limited

## Notes to the Financial Statements (continued)

### 13. Financial instruments

#### Overview

The Company's principal financial instruments comprise borrowings, cash and cash equivalents. These financial instruments are used to manage funding and liquidity requirements. Other financial instruments include trade receivables and payables.

Exposure to credit, liquidity and market risks arises in the normal course of the Company's business operations and each of these risks is managed in accordance with the Company's treasury risk management strategy, which is discussed in the Directors' Report as well as in section ii) below.

#### ii) Financial risk management

##### Liquidity risk

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

During the period, treasury management activities were transferred to the Company's ultimate parent, TfL, who provide financial support to the Company.

The Company's liquidity risk is considered to be low due to relatively low value of its financial liabilities and the financial support provided by TfL.

##### Credit risk

Credit risk is the risk of financial loss to the Company if 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 suppliers.

The Company's credit risk is considered to be low due to the low value of financial assets.

##### Currency risk

The Company is not exposed to any currency risk since all its assets and liabilities are held in pounds sterling.

The maturity profile of the Company's financial liabilities is as follows:

	31 March 2011 £m	31 December 2009 £m
Amounts payable within one year	0.8	4.4
Amounts payable between one and five years	-	-
Amounts payable after five years	-	90.0
	0.8	94.4

##### *(c) Market risk*

Market risk is the risk of loss from movements in market variables such as foreign exchange rates and interest rates. The Company is not exposed to currency risk as all transactions are denominated in Sterling and asset and liability balances are held in Sterling.

##### *(d) Interest rate risk*

The Company is not exposed to interest rate risk on its financial liabilities as it no longer has interest bearing borrowings.

The Company is exposed to interest rate risk in respect of its cash balances. Cash balances are only invested with counterparties with a credit rating of between A+ and AAA from at least two credit rating agencies (at the time of making the deposit) using a strategy that prioritises security and liquidity over yield.

# Tube Lines (Holdings) Limited

## Notes to the financial statements (continued)

### 13 Financial instruments (continued)

#### iii) Fair Values

The fair values of financial assets and liabilities determined in accordance with IAS 39 *Financial instruments – recognition and measurement*, together with the carrying amounts recorded in the Statement of Financial Position as at 31 March 2011 are

	Carrying value £m	Fair value £m
Cash and cash equivalents	0.7	0.7
<b>Total financial assets</b>	<b>0.7</b>	<b>0.7</b>
Trade and other payables	(0.8)	(0.8)
<b>Total financial liabilities</b>	<b>(0.8)</b>	<b>(0.8)</b>
<b>Net financial liabilities</b>	<b>(0.1)</b>	<b>(0.1)</b>

The carrying amounts and fair values as at 31 December 2009 were as follows

	Carrying value £m	Fair value £m
Cash and cash equivalents	0.7	0.7
Unsecured loan notes	90.0	90.0
Trade and other receivables	3.6	3.6
<b>Total financial assets</b>	<b>94.3</b>	<b>94.3</b>
Unsecured loan notes	90.0	90.0
Trade and other payables	4.4	4.4
<b>Total financial liabilities</b>	<b>94.4</b>	<b>94.4</b>
<b>Net financial liabilities</b>	<b>(0.1)</b>	<b>(0.1)</b>

On 31 March 2011 and 31 December 2009, the Company had no assets or liabilities that are measured at fair value

# Tube Lines (Holdings) Limited

## Notes to the financial statements (continued)

### 14 Share capital

	31 March 2011 Number	31 December 2009 Number	31 March 2011 £	31 December 2009 £
<b>Ordinary shares of 10p each</b>				
Authorised	4,500,000	4,500,000	450,000	450,000
Allotted, issued and fully paid up	4,500,000	4,500,000	450,000	450,000

### 15. Share premium

	31 March 2011 £m	31 December 2009 £m
Share premium	44.6	44.6

### 16. (Accumulated losses)/retained earnings

	£m
At 1 January 2009	0.2
Total comprehensive expense for the financial period	(0.1)
At 31 December 2009	0.1
Total comprehensive expense for the financial period	(0.2)
<b>At 31 March 2011</b>	<b>(0.1)</b>

### 17 Net cash / (debt)

#### i) Reconciliation of net cash / (debt)

	31 March 2011 £m	31 December 2009 £m
<b>Net debt at the beginning of the period</b>	<b>(89.3)</b>	<b>(89.5)</b>
Net increase in cash and cash equivalents	-	0.2
Decrease in borrowings	90.0	-
<b>Net cash / (debt) at the end of the period</b>	<b>0.7</b>	<b>(89.3)</b>

#### ii) Components of net cash / (debt)

	31 December 2009		31 March 2011		
	Total £m	Cash flow £m	Transfers £m	Non-cash £m	Total £m
Cash and cash equivalents per the Statement of Financial Position	0.7	-	-	-	0.7
<b>Cash and cash equivalents per the Statement of Cash Flow</b>	<b>0.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.7</b>
Borrowings (non-current)	(90.0)	90.0	-	-	-
<b>Net cash / (debt)</b>	<b>(89.3)</b>	<b>90.0</b>	<b>-</b>	<b>-</b>	<b>0.7</b>

# **Tube Lines (Holdings) Limited**

## **Notes to the financial statements (continued)**

### **18 Related parties**

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 (2009/10 none)

The Company is a wholly owned subsidiary of Transport for London ("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 transactions ("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 Company has traded with the following related parties that are classified as government entities under IAS 24

- Receipt of proceeds in settlement of loan notes issued by Tube Lines Limited (as disclosed in note 7), and
- Settlement of Unsecured loan notes issued by the Company (as disclosed in note 12)

### **19 Events after the reporting date**

There have been no events occurring after the reporting date which require disclosure in the financial statements

### **20. Ultimate holding company**

Up until 27 June 2010, the ultimate investors of Tube Lines (Holdings) Limited were Bechtel Group Inc (one third) and Ferrovial S A (two thirds), with neither company having overall control

On 27 June 2010, the Company became a wholly owned subsidiary of TTL, a company controlled by TfL which is the ultimate parent undertaking The Board of the Company has been given assurances of financial support by TfL

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

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