

City Airport Rail Enterprises (Holdings) Limited

Annual Report and Financial Statements Year ended 31 March 2013



Registered Office
Windsor House
42-50 Victoria Street
London
SW1H 0TL

Registered in England and Wales
Number 04602333

Contents

	Page
Directors' Report and Business Review	I
Statement of Directors' Responsibilities	4
Independent Auditor's Report	5
Profit and Loss Account	7
Balance Sheet	8
Reconciliation of Movement in Shareholder's Funds	9
Accounting Policies	10
Notes to the Financial Statements	12

Directors' Report and Business Review

Introduction

The directors present their annual report on the affairs of City Airport Rail Enterprises (Holdings) Limited (the "Company") together with the audited financial statements for the year ended 31 March 2013

Principal Activity

The Company is the holding company for City Airport Rail Enterprises PLC

The Company does not anticipate any changes in its principal activities in the foreseeable future

Financial and Business Review

The Company acts as a holding entity for the share capital of City Airport Rail Enterprises PLC ("CARE PLC"), a company providing maintenance services to Docklands Light Railway Limited. On 23 November 2011, 100 per cent of the equity of the Company was acquired by Transport Trading Limited ("TTL"), a subsidiary of Transport for London ("TfL")

Directors

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

S Allen

H Carter

P Hendy

G Powell appointed 3 June 2013

H Smith resigned 31 May 2013

None of the directors had any beneficial interest in the shares of the Company or any other company within the Transport for London Group ("TfL Group")

The Company maintains directors' and officers' liability insurance

Risk Management

The Company identifies, manages and mitigates significant areas of business risk as part of the normal course of business. The City Airport Rail Enterprises (Holdings) Limited Risk Management framework 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, regularly reviewed and progress tracked on the management of key business risks

The risks that the Company is exposed to include reputation and financial. All business risks are recorded on 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

Directors' Report and Business Review

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, Transport for London provides financial support to the Company

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

Employees

The Company has no employees. Employee services are provided to the Company by a fellow subsidiary undertaking of the TfL Group

Charitable and Political Donations

No donations were made to charities during the year (£nil in 2011/12). No political donations were made during the year (£nil in 2011/12).

Dividends

No interim dividends were paid during the year (2011/12 £nil) and the directors do not recommend the payment of a final dividend (2011/12 £nil).

Corporate Governance

City Airport Rail Enterprises (Holdings) Limited is a wholly owned subsidiary of Transport Trading Limited, which in turn is controlled by Transport for London, which appoints all the directors of the Company. The Board of City Airport Rail Enterprises (Holdings) Limited, through its management structure, implements the corporate aims and controls laid down by Transport for London. Particulars in respect of corporate governance can be found in Transport for London's Annual Governance Statement.

Disclosure of Information to Auditor

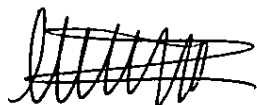
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make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

Directors' Report and Business Review

Auditor

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

Signed on behalf of the Board by

A handwritten signature in black ink, appearing to be 'H. Carter', with a stylized, cursive script.

H. Carter

Company Secretary

27 June 2013

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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 UK Accounting Standards, 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

Independent Auditor's Report

To the Members of City Airport Rail Enterprises (Holdings) Limited

We have audited the financial statements of City Airport Rail Enterprises (Holdings) Limited for the year ended 31 March 2013 set out on pages 7 to 14. 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 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 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, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council website at www.frc.org.uk/auditscopeukprivate.

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 2013 and of its result 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 matter 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.

Independent Auditor's Report

To the Members of City Airport Rail Enterprises (Holdings) Limited (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



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

3 JULY 2013

Profit and Loss Account

For the year ended 31 March

		2013	2012
	Note	£000	£000
Operating expenses		-	(4,061)
Total loss from operating activities	1	-	(4,061)
Interest and similar income	4	-	573
Interest and similar expenses	5	-	(573)
Loss on ordinary activities before taxation		-	(4,061)
Taxation	6	-	-
Retained loss for the financial year		-	(4,061)

The results above are all derived from continuing operations. The Company has no recognised gains and losses other than the result above and hence no separate statement of total recognised gains and losses has been presented.

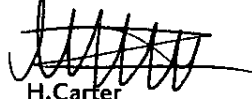
There is no difference between the amounts shown above and their historic cost equivalents.

Balance Sheet

		31 March 2013 £000	31 March 2012 £000
	Note		
Fixed assets			
Investments	7	-	-
		<hr/>	<hr/>
Net assets		-	-
		<hr/>	<hr/>
Share capital and reserves			
Share capital	8	4,061	4,061
Profit and loss account		(4,061)	(4,061)
		<hr/>	<hr/>
Total equity shareholder's funds		-	-
		<hr/>	<hr/>

The notes on pages 10 to 14 form part of these financial statements

These financial statements were approved by the Board on 27 June 2013 and signed on its behalf by



H. Carter

Director

Company Registration Number 04602333

Reconciliation of Movement in Shareholder's Funds

	Called up share capital £000	Profit and loss account £000	Total £000
At 1 April 2011	4,061	-	4,061
Loss for the financial year	-	(4,061)	(4,061)
Other recognised gains and losses	-	-	-
At 31 March 2012	4,061	(4,061)	-
Result for the financial year	-	-	-
Other recognised gains and losses	-	-	-
At 31 March 2013	4,061	(4,061)	-

Accounting Policies

a) Reporting entity

City Airport Railway Enterprises (Holdings) Limited (the "Company") is a company domiciled in the United Kingdom. The Company's registration number is 04602333. The address of the Company's registered office is 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.

c) Basis of preparation

Statement of Compliance

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice ("UK GAAP").

The Company has taken the exemption available from preparing a cash flow statement under the terms of FRS 1 (revised 1996) Cash Flow Statements.

Basis of measurement

These financial statements have been prepared in accordance with UK GAAP. 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.

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

The Company has taken the exemption available under s400 of the Companies Act 2006 and accordingly has not prepared consolidated accounts.

d) Uses of estimates and judgements

The preparation of financial statements in compliance with UK GAAP 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.

Impairment

Estimation techniques are employed in the calculation of impairment provisions, including an estimate of future cash flows of investments and in applying a suitable discount rate in order to calculate present value.

e) 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.

Accounting Policies

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.

f) Interest receivable and payable and similar items

Interest receivable and similar income consists of interest income on funds invested. Interest income is recognised as it accrues in the Profit and Loss Account, using the effective interest rate method.

Interest payable and similar charges comprises the interest expense on borrowings accrued using the effective interest rate method.

g) Taxation

Taxation expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Profit and Loss Account 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 income 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.

Tax deferred or accelerated as a result of timing differences is accounted for in full, except that deferred tax assets are recognised only to the extent that it is more likely than not that they will be recovered.

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.

h) Investments

The Company's investment in its subsidiary undertaking is stated at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the net present value of expected future cash flows of the business or disposal value if higher.

i) Impairment

Non-financial assets

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

Impairment losses are recognised in the Profit and Loss Account.

Notes to the Financial Statements

1 Total loss from operating activities

<i>For the year ended 31 March</i>		2013	2012
	Note	£000	£000

Total loss from operating activities is stated after charging/(crediting):

Capital items

Impairment of investments	7	-	4,061
---------------------------	---	---	-------

Auditors' remuneration

Audit fees for the years ended 31 March 2013 and 2012 were borne by a fellow subsidiary undertaking of the Transport for London Group

2 Employee costs

The Company did not employ staff during the year ended 31 March 2013 or the year ended 31 March 2012

3 Directors' emoluments

The emoluments and pension contributions of all directors were borne by other Group undertakings. No director received emoluments in respect of their services as director of the Company (2011/12 none)

4 Interest and similar income

<i>For the year ended 31 March</i>		2013	2012
		£000	£000
Interest receivable on loan notes to fellow Group undertakings		-	573

5 Interest and similar expenses

<i>For the year ended 31 March</i>		2013	2012
		£000	£000
Interest payable on shareholder subordinated loan stock		-	573

Notes to the Financial Statements

6 Taxation

Reconciliation of tax expense

For the year ended 31 March

	2013 £000	2012 £000
Loss before tax	-	(4,061)
Loss before tax multiplied by standard rate of corporation tax in the UK of 24% (2011/12 26%)	-	(1,056)
Effects of:		
Non-taxable and non deductible items	-	1,056
Income tax expense for the year	-	-

Unrecognised deferred tax

There were no unrecognised deferred tax assets as at 31 March 2013 or 31 March 2012

Recognised deferred tax

There were no recognised deferred tax assets or liabilities as at 31 March 2013 or 31 March 2012

7 Investment in subsidiaries

	Note	2013 £000	2012 £000
Investment in subsidiaries at cost			
Carrying value of investment brought forward		-	4,061
Impairment	1	-	(4,061)
Carrying value of investment carried forward		-	-

Subsidiary	Percentage of share capital held	Class of share held	Nature of business	Country of incorporation
City Airport Rail Enterprises PLC	100%	4,061,098 ordinary shares of £1 each	Design, construction and maintenance of railway infrastructure	England

8 Share capital

	2013 £000	2012 £000
Share capital issued and fully paid		
4,061,498 ordinary shares of £1 each	4,061	4,061

Notes to the Financial Statements

9 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 (2011/12 none) Details of directors' remuneration can be found in note 3

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

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 not traded with any related parties that are classified as government entities outside the TfL Group As a subsidiary undertaking of TfL, the Company has taken the exemption available under FRS 8 '*Related Party Disclosures*' not to disclose transactions with other members of the group headed by Transport for London

The Company has not traded with any related parties during the year

10 Ultimate parent undertaking

The Company is a wholly owned subsidiary of Transport Trading Limited, a company controlled by Transport for London 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 Transport Trading Limited, a company incorporated in England and Wales

The Board of City Airport Rail Enterprises (Holdings) Limited has been given assurances of financial support by Transport for London

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

11 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 2013 that would have a material impact on these financial statements