

LUL Nominee BCV Limited

Annual Report and Financial Statements Year ended 31 March 2010

WEDNESDAY



LD2 *LLODMLV9* 96
21/07/2010
COMPANIES HOUSE



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

**Registered in England and Wales
Number 6221959**

Contents

	Page
Directors' Report and Business Review	1
Statement of Directors' Responsibilities	4
Independent Auditors' Report	5
Profit and Loss Account	7
Statement of Total Recognised Gains and Losses	8
Balance Sheet	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 LUL Nominee BCV Limited together with the audited financial statements for the year ended 31 March 2010

Principal Activity

The principal activities of the Company are the maintenance and renewal of the infrastructure and rolling stock for the Bakerloo, Central, Victoria and Waterloo & City lines, through a Public Private Partnership (PPP) for London Underground Limited

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

Financial and Business Review

The results for the year are set out in the profit and loss account on page 7

Good progress has continued on the upgrade of the Victoria line. The first new Victoria line train entered passenger service in July, initially at off-peak times, and by the end of the year five of the new trains were operating throughout the traffic day. New signalling and control systems have been installed and continue to prove themselves alongside the existing signalling, which will remain in place until all the old trains have been phased out.

Directors

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

		Appointed	Resigned
Mr M Brown	Managing Director	22 March 2010	
Mr T O'Toole	Managing Director		30 April 2009
Mr S Allen			
Ms S Atkins			
Mr H Carter			
Ms N Connell			31 December 2009
Mr S Glaister			
Mr P Hendy			
Mr R Parry			
Mr A Pollins		27 April 2010	
Mr M Strzelecki			
Mr G Virrels			2 October 2009

None of the directors had any beneficial interest in the shares of the Company or any other Company within the Transport for London group

The Company maintains directors' and officers' liability insurance

Directors' Report and Business Review (continued)

Risk Management

The Company has a risk management process and arrangements that enable the organisation to systematically identify, assess, manage and monitor business risks. The risk management process aims to support the delivery of key business objectives and complement mainstream management of the organisation.

The risk management framework provides a consistent platform to compare and contrast risks from differing sources and types of risks. Impact is assessed in financial and non financial terms (e.g. time delay, customer service and reputation impacts). Each risk is allocated a risk owner who is responsible for the correct interpretation, mitigation and reporting of the risk.

The directors oversee the delivery and development of internal control and risk management processes and culture within the organisation, with regular reviews of strategic level risks and other internal control reports.

The Company is committed to continuous improvement in safety performance. A Safety Improvement Plan, which forms part of the Safety Certificate and Authorisation process, contains short and long term plans to improve safety and security on the London Underground network for customers, employees and suppliers.

Employees

The Company has no employees. Employee services are provided to the Company by London Underground Limited.

Charitable and Political Donations

No donations were made to charities in furtherance of Company objectives (2008/09 £nil). No political donations were made during the year (2008/09 £nil).

Dividends

No interim dividends were paid during the year (2008/09 £nil) and the directors do not recommend the payment of a final dividend (2008/09 £nil).

Payment of Suppliers

Appropriate terms and conditions are agreed with suppliers. Payment is made in accordance with those terms and conditions, provided that the supplier has also complied with them. At the year end the amount owed to trade creditors was equivalent to 6 days (2009: 28 days) of purchases from suppliers. This is calculated from the total invoices received in the year and the invoices outstanding at the year end.

Directors' Report and Business Review (continued)

Corporate Governance

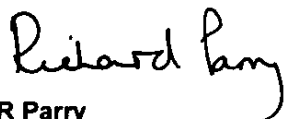
LUL Nominee BCV Limited is a wholly owned subsidiary of Transport Trading Limited, which in turn is controlled by Transport for London, which appoints all the directors of the Company. The Board of LUL Nominee BCV Limited, through its management structure, implements the corporate aims and controls laid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

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

Signed on behalf of the Board by



Mr R Parry

Director

18 June 2010

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 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 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 Auditors' Report

To the Members of LUL Nominee BCV Limited

We have audited the financial statements of LUL Nominee BCV Limited for the year ended 31 March 2010 set out on pages 7 to 20. 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 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 website 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 March 2010 and of its results for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been properly 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 Auditors' Report

To the Members of LUL Nominee BCV 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



Andrew Marshall (Senior Statutory Auditor)

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

London

18 June 2010

Profit and Loss Account

Year ended 31 March

	Note	2010 £m	2009 £m
Turnover		673.8	552.5
Cost of operations			
Ordinary operations		(672.7)	(491.3)
Exceptional items	5	-	(46.3)
	2	(672.7)	(537.6)
Operating profit		1.1	14.9
Interest receivable and similar income	6	-	8.6
Interest payable and similar charges	7	(1.1)	(8.1)
Profit before taxation		-	15.4
Taxation	8	-	-
Profit for the financial year		-	15.4

The results above are all derived from continuing operations

Statement of Total Recognised Gains and Losses

Year ended 31 March

	<i>Note</i>	2010 £m	2009 £m
Profit for the financial year		-	15.4
Actuarial loss	17	<u>-</u>	<u>(15.4)</u>
Total recognised gains/(losses) relating to the financial year		<u>-</u>	<u>-</u>

There is no difference between the profit before tax and the historical cost profit before tax

Balance Sheet

At 31 March

	Note	2010 £m	2009 £m
Fixed assets			
Tangible fixed assets	9	1.4	2.2
Investment	10	<u>1.6</u>	<u>1.6</u>
Total fixed assets		<u>3.0</u>	<u>3.8</u>
Current assets			
Stocks	11	4.8	4.9
Debtors	12	143.4	155.7
Cash at bank and in hand	13	<u>0.1</u>	<u>-</u>
Total current assets		148.3	160.6
Creditors amounts falling due within one year	14	<u>(116.1)</u>	<u>(129.2)</u>
Net current assets		<u>32.2</u>	<u>31.4</u>
Total assets less current liabilities		35.2	35.2
Creditors amounts falling due after more than one year	15	(25.0)	(25.0)
Provisions for liabilities and charges	16	<u>(10.2)</u>	<u>(10.2)</u>
Net assets		<u>-</u>	<u>-</u>
Capital and reserves			
Called up share capital	18	-	-
Profit and loss account	19	<u>-</u>	<u>-</u>
Equity Shareholders' Funds		<u>-</u>	<u>-</u>

The notes on pages 10 to 20 form part of these financial statements

These financial statements were approved by the Board on 18 June 2010 and signed on its behalf by


Mr R Parry
 Director
 Company Registration Number 6221959

Accounting Policies

a) Form and content of financial statements

These financial statements have been prepared under the historical cost convention, except as described in note (e) below, and in accordance with applicable accounting standards

The principal accounting policies are set out below and these have been applied consistently in dealing with items which are considered material

The Company is exempt from the requirement of Financial Reporting Standard (FRS) 1 (Revised 1996) 'Cash flow statements' to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Transport Trading Limited and its cash flows are included within the consolidated financial statements of that company which are publicly available

The Company is exempt from preparing consolidated financial statements on the grounds that its results are consolidated within the financial statements of Transport Trading Limited and therefore claims the exemption from the preparation of consolidated financial statements permitted under section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group

b) 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 Transport for London, its ultimate parent, in order to ensure working capital requirements are satisfied. Transport for London 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

c) Turnover

Turnover comprises the value of sales of services or goods in the normal course of business (excluding Value Added Tax). The majority of the Company's turnover arises from the Public Private Partnership (PPP) contract that the Company has entered into with London Underground Limited, a fellow subsidiary undertaking

d) Operating leases

Rentals payable under these operating leases have been accounted for in the period to which they relate

Accounting Policies (continued)

e) Tangible fixed assets

Tangible fixed assets are carried at the fair value at acquisition on 27 May 2008, together with the cost of subsequent additions, net of depreciation and any provision for impairment

Assets are depreciated on a straight line basis over their estimated useful lives (three years for plant and equipment), which are reviewed regularly

f) Stocks

Stocks are valued at cost less provision for obsolescence

g) Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities, based on tax rates and laws that are expected or substantially enacted at the balance sheet date

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but have not been reversed by the balance sheet date, except as otherwise required by FRS 19 'Deferred taxation'

Notes to the Financial Statements

1 Segmental information

In the opinion of the directors, the classes of business in which the Company operates do not differ substantially from each other. No segmental analysis is therefore provided. All turnover is generated in the United Kingdom.

2 Cost of operations

Year ended 31 March

	Note	2010 £m	2009 £m
The cost of operations includes the following amounts			
Staff costs:			
Wages and salaries		-	64.8
Social security costs		-	5.9
Pension costs – ordinary operations		-	9.1
– exceptional items	5	-	(25.2)
		-	(16.1)
		-	54.6
Depreciation for the year	9	0.9	2.6
Goodwill impairment	5	-	71.5
Operating lease rentals		3.1	4.2
Auditors' remuneration			
- fees for the audit of these financial statements		0.2	0.2
- fees for non-audit services		-	-
		0.2	0.2

All of the Company's employees were transferred by Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) to London Underground Limited on 7 December 2008. As a consequence the Company has not incurred any staff costs in the year ended 31 March 2010.

Notes to the Financial Statements (continued)

3 Average number of employees

<i>Year ended 31 March</i>	2010 Number	2009 Number
Rail operations	-	1,382
Total	-	1,382

The average monthly number of employees during the period 27 May 2008 (acquisition of the business of Metronet Rail BCV Limited) to 7 December 2008 (when the employees were transferred by Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) agreement to London Underground Limited) was 2,566

The services of staff are provided to the Company under arrangements with London Underground Limited

4 Directors' emoluments

None of the directors received any emoluments in respect of their services to the Company for the year ended 31 March 2010

For the year ended 31 March 2009 the directors received emoluments including salaries, fees, benefits in kind and other emoluments totalling £218,000. The Company did not make any contributions to pension schemes in respect of directors for the year ended 31 March 2009. The highest paid director received £114,000 for the year ended 31 March 2009

5 Exceptional items

<i>Year ended 31 March</i>	2010 £m	2009 £m
	<i>Note</i>	
Goodwill impairment	-	71.5
Pension settlement gain	17 -	(25.2)
	-	46.3

There were no exceptional items arising in the year ended 31 March 2010. In the year ended 31 March 2009 two exceptional items arose

Goodwill of £71.5 million arose on the acquisition of the business of Metronet Rail BCV Limited. The goodwill was fully impaired as it was considered unlikely that the amount would be recoverable through the operations of the business.

The deficit on the pension provision of £25.2 million was released to the profit and loss account on the transfer of the Company's employees to London Underground Limited.

Notes to the Financial Statements (continued)

6 Interest receivable and similar income

<i>Year ended 31 March</i>	2010 £m	2009 £m
Interest receivable on bank balances	-	0.2
Expected return on pension assets	-	8.4
	<u>-</u>	<u>8.6</u>

7 Interest payable and similar charges

<i>Year ended 31 March</i>	2010 £m	2009 £m
Interest on loan from Transport for London	1.1	-
Expected cost of pension scheme liabilities	-	8.1
	<u>1.1</u>	<u>8.1</u>

The interest rate charged on the loan from Transport for London was 4.4% (2008/09 nil%) per annum

8 Taxation

The Company is assessable to taxation in accordance with the Income and Corporation Taxes Act. No liability for corporation tax arises in respect of the current year (2008/09 £nil). A reconciliation with the profit before taxation is as follows

<i>Year ended 31 March</i>	2010 £m	2009 £m
Profit before taxation	<u>-</u>	<u>15.4</u>
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 28% (2008/09 28%)	-	4.3
Effects of		
Depreciation in excess of/(less than) capital allowances	1.2	(0.9)
Capital receipts in respect of assets not ranking for tax relief	53.9	20.0
Other timing differences	33.4	39.6
Group relief surrendered	<u>(88.5)</u>	<u>(63.0)</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

Notes to the Financial Statements (continued)

8 Taxation (continued)

At 31 March 2010, the Company had a potential deferred tax asset in respect of capital allowances and carried forward losses of £5.6 million (2009: £nil). No deferred tax asset is accounted for, as it is not believed that such an asset would be recoverable in the foreseeable future.

9 Tangible fixed assets

	Plant and equipment £m
Cost or valuation	
At 1 April 2009	4.8
Additions	0.1
Disposals	(2.7)
At 31 March 2010	2.2
Depreciation	
Balance at 1 April 2009	2.6
Charge for the year	0.9
Disposals	(2.7)
At 31 March 2010	0.8
Net book value	
31 March 2010	1.4
31 March 2009	2.2

10 Investment

	2010 £m	2009 £m
Investment in a subsidiary undertaking	1.6	1.6
	1.6	1.6

Notes to the Financial Statements (continued)

10 Investment (continued)

The Company owns 100% of the issued share capital of Metronet TMU Limited, a company that overhauls, maintains, reconditions and tests a range of rolling stock components, and signalling and electronic equipment used at track sides and stations throughout the London Underground network, and which is incorporated in Great Britain. Metronet TMU Limited transferred its business to the Company on 31 March 2009, and ceased to trade on that date.

11 Stocks

	2010 £m	2009 £m
Raw materials and consumables	4.8	4.9
	<u>4.8</u>	<u>4.9</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

12 Debtors

	2010 £m	2009 £m
Trade debtors	13.6	10.6
Amounts due from fellow Group undertakings	124.5	124.8
Prepayments and accrued income	5.3	20.3
	<u>143.4</u>	<u>155.7</u>

13 Cash at bank and in hand

	2010 £m	2009 £m
Cash at bank	0.1	-
	<u>0.1</u>	<u>-</u>

Notes to the Financial Statements (continued)

14 Creditors: amounts falling due within one year

	2010 £m	2009 £m
Trade creditors	11.3	37.4
Amounts due to subsidiary undertakings	2.0	2.0
Amounts due to fellow Group undertakings	0.9	1.4
Accruals and deferred income	101.9	88.4
	<u>116.1</u>	<u>129.2</u>

15 Creditors: amounts falling due after more than one year

	2010 £m	2009 £m
Amounts due to Transport for London	<u>25.0</u>	<u>25.0</u>
	<u>25.0</u>	<u>25.0</u>

The amount owed to Transport for London incurred interest at the rate of 4.4% (2008/09 nil%) per annum, and is repayable on demand after a two year notice period. Notice had not been received at the date of these financial statements.

16 Provisions for liabilities and charges

	At 1 April 2009 £m	Utilised in the year £m	Charge for the year £m	At 31 March 2010 £m
Asbestos provision	9.7	-	-	9.7
Claims provision	<u>0.5</u>	<u>-</u>	<u>-</u>	<u>0.5</u>
	<u>10.2</u>	<u>-</u>	<u>-</u>	<u>10.2</u>

Asbestos provision

The asbestos provision represents the directors' best estimate of the likely cost of mitigating any danger from asbestos or similar harmful products. It is anticipated that the outflow will occur over the next nine years.

Claims provision

The claims provision relates to claims in respect of ongoing contracts, and claims made by former employees against the Company. The provision represents the directors' best estimate of the likely cost of settling the claims.

Notes to the Financial Statements (continued)

17 Pensions

On the acquisition of the business of Metronet Rail BCV Limited by the Company on 27 May 2008, the Company became responsible for the contributions to, and the deficit of, the LUL BCV (formerly the Metronet Rail BCV) section of the Transport for London (TfL) Pension Fund (the Scheme), which is a defined benefit scheme established under trust. The Company therefore recognised the Scheme's deficit of £30.2 million on acquisition.

The liability to the pension scheme was extinguished on 7 December 2008, when the contracts of employment of Company's employees were transferred to London Underground Limited (LUL) under Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE), and accordingly the £25.2 million deficit on the Scheme at the date of transfer was released to the profit and loss account as a settlement credit.

Expense recognised in the profit and loss account

Year ended 31 March

2010	2009
£m	£m

Analysis of amounts charged to cost of operations:

Current service cost	-	8.3
Past service cost	-	0.1
Gains on settlement (treated as an exceptional item (note 5))	-	(25.2)
Total credited to cost of operations	-	(16.8)

Analysis of pensions interest cost and expected return on assets

Interest on Section's liabilities	-	8.1
Expected return on Section's assets	-	(8.4)
	-	(0.3)

Total amount credited in the profit and loss account	-	(17.1)
---	----------	---------------

The cumulative actuarial losses recognised in the statement of total recognised gains and losses are £15.4 million (2009: £15.4 million).

18 Called up share capital

2010	2009
£m	£m

Authorised, allotted, and fully paid up

2 ordinary shares of £1 each

-	-
---	---

Notes to the Financial Statements (continued)

19 Profit and loss account

	£m
At 1 April 2009	-
Profit for the year	-
	<hr/>
At 31 March 2010	-
	<hr/>

20 Reconciliation of movements in total shareholders' funds

	2010 £m	2009 £m
Profit for the year	-	15.4
Actuarial loss	-	(15.4)
	<hr/>	<hr/>
Increase in shareholders' funds	-	-
Opening shareholders' funds	-	-
	<hr/>	<hr/>
Closing shareholders' funds	-	-
	<hr/>	<hr/>

21 Operating lease commitments

Annual commitments under non-cancellable operating leases all of which relate to motor vehicles (2009 all related to land and buildings) analysed by the period of expiry, is shown below:

	2010 £m	2009 £m
Within one year	0.8	1.2
Between two and five years	1.2	1.2
After five years	-	3.6
	<hr/>	<hr/>
	2.0	6.0
	<hr/>	<hr/>

22 Other commitments

The Company has entered into non-cancellable contracts with third parties for the supply of goods and services. At 31 March 2010 the amount contracted but not expensed was £382.9 million (2009 £379.1 million).

Notes to the Financial Statements (continued)

23 Related party transactions

As a subsidiary undertaking of Transport for London, the Company has taken advantage of the exemption in FRS 8 'Related Party Transactions' not to disclose transactions with other members of the group headed by Transport for London

24 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 Board of LUL Nominee BCV Limited has been given assurances of financial support by Transport for London.

The largest group in which the results of the Company are consolidated is that headed by Transport for London. The smallest group in which the results of the Company are consolidated is that headed by Transport Trading Limited. Copies of the consolidated accounts for Transport for London are available from Windsor House, 42-50 Victoria Street, London SW1H 0TL.

25 Post balance sheet events

At the date on which the financial statements were approved by the board of directors there were no material post balance sheet events.