

**Helix Acquisition Limited**

**Unaudited consolidated  
financial statements**

**Six months ended 30 September 2019**

# Helix Acquisition Limited

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## Helix Acquisition Limited

### Directors' report for the six months ended 30 September 2019

The Directors present their unaudited consolidated financial statements of Helix Acquisition Limited (the "Group") for the six months ended 30 September 2019.

#### Principal activity

The Group, through its main operational subsidiary HS1 Limited ("HS1") holds the concession through to 31 December 2040 to operate, maintain and renew the 109 kilometre high speed rail line connecting London's St Pancras International station to Kent and international passenger destinations in Europe such as Paris and Brussels via the Channel Tunnel. As well as St Pancras International, three stations are served along the route - Stratford International, Ebbsfleet International and Ashford International.

#### Review of business

Key developments during the six months ended 30 September 2019 are as follows;

- EBITDA of £49.3m for the six months ended 30 September 2019 vs. £47.1m for the six months ended 30 September 2018. EBITDA for the year-ended 31 March 2019 was £88.7m.
- Operational performance of the infrastructure remains robust, with the moving annual average ("MAA") delays per train path from the HS1 infrastructure (the Group's primary performance KPI) decreasing to 0.72 seconds at September 2019 from 7.26 seconds at September 2018. The MAA has decreased by 7.52 seconds since March 2019. Initiatives continue to be delivered to reduce delays and maintain safe operations.
- Safety performance remains a key business priority with a target of an injury free business. The MAA Fatalities and Weighted Injuries (being a railway industry weighted measure of accidents per 1,000,000 hours worked) has decreased to 0.021 at September 2019 from 0.032 at September 2018.
- St Pancras International was voted number 2 Station in the UK by the Spring 2019 National Passenger Survey (Spring 2018: No 1).

#### Approval

This report was approved by the Board of Directors and signed on its behalf by:

  
.....  
**David Harding**

4 December 2019

## Helix Acquisition Limited

### Consolidated profit and loss account and other comprehensive income

For the six months ended 30 September 2019

	Notes	Six months ended 30 September 2019 Unaudited £m	Six months ended 30 September 2018 Unaudited Restated £m	Year ended 31 March 2019 Audited £m
<b>Turnover</b>	2	116.3	113.8	225.7
Other operating expenditure		(91.5)	(91.0)	(185.8)
<b>Operating profit on ordinary activities before interest</b>	3	<b>24.8</b>	<b>22.8</b>	<b>39.9</b>
Interest receivable and similar income	4	101.7	95.0	193.1
Finance charges	5	(83.8)	(76.9)	(160.4)
Dividend received		-	-	5.0
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>42.7</b>	<b>40.9</b>	<b>77.6</b>
Taxation on loss on ordinary activities	6	(6.0)	(4.6)	(7.1)
<b>Profit/(loss) for the financial period</b>		<b>36.7</b>	<b>36.3</b>	<b>70.5</b>
<b>Other comprehensive income</b>				
Re-measurement of net defined benefit pension liability		-	-	0.1
Amounts recycled to the profit and loss account		1.6	1.6	3.3
Effective portion of changes in fair value of cash flow hedges		(30.1)	(11.7)	(12.8)
Deferred cost of hedging		-	1.1	0.6
Other comprehensive income for the period, net of tax		(28.5)	(9.0)	(9.0)
<b>Total comprehensive income/(expense) for the period</b>		<b>8.2</b>	<b>27.3</b>	<b>61.5</b>

The comparative statement for the six month ended 30 September 2018 is restated to IFRS.

The notes on pages 6 to 13 form part of these financial statements.

All activities of the Group relate to continuing operations.

**Helix Acquisition Limited**  
**Consolidated balance sheet**

As at 30 September 2019

		30 September 2019 Unaudited £m	30 September 2018 Unaudited Restated £m	31 March 2019 Audited £m
<b>Non-current assets</b>				
Intangible assets	7	1,029.0	1,075.4	1,052.5
Right-of-use assets	8	1.4	1.8	1.6
Financial assets – concession related	9	1,413.0	1,403.0	1,408.8
Debtors: amount falling due after more than one year	10	1,055.4	888.9	993.9
		<u>3,498.8</u>	<u>3,369.1</u>	<u>3,456.8</u>
<b>Current assets</b>				
Debtors: amounts falling due within one year	11	67.9	94.2	41.4
Cash at bank and in hand		3.3	15.0	10.1
		<u>71.2</u>	<u>109.2</u>	<u>51.5</u>
Creditors: amounts falling due within one year	12	(198.4)	(200.5)	(200.0)
<b>Net current liabilities</b>		<b>(127.2)</b>	<b>(91.3)</b>	<b>(148.5)</b>
<b>Total assets less current liabilities</b>		<b>3,371.6</b>	<b>3,277.9</b>	<b>3,308.3</b>
Creditors: amounts falling due after more than one year	13	(3,050.8)	(2,989.1)	(2,985.5)
Lease liabilities		(1.5)	(2.0)	(1.8)
<b>Net liabilities excluding pension liability</b>		<b>319.3</b>	<b>286.7</b>	<b>321.0</b>
Net pension liability		(1.4)	(1.2)	(1.4)
<b>Net assets / (liabilities)</b>		<b>317.9</b>	<b>285.5</b>	<b>319.6</b>
<b>Capital and reserves</b>				
Called up share capital	14	-	-	-
Profit and loss account		332.0	267.9	303.6
Hedging reserve		(20.8)	10.0	9.3
Other reserves		6.7	7.6	6.7
<b>Shareholders' deficit</b>		<b>317.9</b>	<b>285.5</b>	<b>319.6</b>

The comparative statement for the six month ended 30 September 2018 is restated to IFRS.

The notes on pages 6 to 13 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 4 December 2019. They were signed on its behalf by:

  
 .....  
**David Harding**

4 December 2019

**Helix Acquisition Limited**  
**Consolidated cash flow statement**

*For the period ended 30 September 2019*

	Six months ended 30 September 2019 Unaudited £m	Six months ended 30 September 2018 Unaudited Restated £m	Year ended 31 March 2019 Audited £m
<b>Cash flows from operating activities</b>			
Profit/(loss) for the period	36.7	36.3	70.5
<i>Adjustments for</i>			
Amortisation of intangible asset and RoU asset	24.5	24.4	48.8
Interest receivable and similar income	(101.7)	(95.0)	(193.1)
Interest payable and similar charges	83.8	76.9	160.4
Taxation	6.0	4.6	7.1
Dividends received	-	-	(5.0)
	<b>49.3</b>	<b>47.1</b>	<b>88.6</b>
Decrease/(Increase) in debtors	(9.2)	(13.6)	29.5
Increase/(Decrease) in creditors and deferred income	5.5	12.8	(10.5)
Repayment of right-of-use liabilities	(0.3)	(0.1)	-
RPI Swap payments	0.1	(0.3)	(0.9)
Tax paid	(2.5)	(0.2)	(3.1)
<b>Net cash from operating activities</b>	<b>42.9</b>	<b>45.7</b>	<b>103.6</b>
<b>Cash flow from investing activities</b>			
Acquisition of intangible and financial assets	(0.7)	(0.1)	(2.1)
Repayment of financial asset	57.7	56.2	113.5
Dividends received	-	-	5.0
<b>Net cash from investing activities</b>	<b>57.0</b>	<b>56.1</b>	<b>116.4</b>
<b>Cash flows from financing activities</b>			
Interest paid	(73.1)	(68.4)	(134.7)
Repayment of borrowings	(17.0)	-	-
Loan advanced to parent company	-	(14.9)	(38.9)
Payment of lease liabilities	(11.0)	(10.7)	(21.4)
Dividend payment	(10.0)	-	-
Cash outflow into escrow	(6.6)	(8.7)	(18.8)
<b>Net cash from financing activities</b>	<b>(117.7)</b>	<b>(102.7)</b>	<b>(213.7)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(17.8)</b>	<b>(0.9)</b>	<b>6.2</b>
Cash and cash equivalents at beginning of period	(1.9)	(8.1)	(8.1)
<b>Cash and cash equivalents at end of period</b>	<b>(19.7)</b>	<b>(9.0)</b>	<b>(1.9)</b>
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand	3.3	15.0	10.1
Cash equivalents	(23.0)	(24.0)	(12.0)
<b>Cash and cash equivalents at end of period</b>	<b>(19.7)</b>	<b>(9.0)</b>	<b>(1.9)</b>

The comparative statement for the six month ended 30 September 2018 is restated to IFRS.

The notes on pages 6 to 13 form an integral part of these financial statements.

**Helix Acquisition Limited**  
**Consolidated statement of changes in equity**  
*As at 30 September 2019*

	Called up share capital £m	Profit and loss account £m	Hedging reserve £m	Other reserves £m	Total equity £m
At 1 April 2019	-	303.7	9.3	6.7	319.7
<b>Total comprehensive income for the period</b>					
Profit for the period	-	36.7	-	-	36.7
Other comprehensive income	-	1.6	(30.1)	-	(28.5)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>342.0</b>	<b>(20.8)</b>	<b>6.7</b>	<b>327.9</b>
<b>Transaction with owners, recorded directly in equity</b>					
Dividends paid	-	(10.0)	-	-	(10.0)
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at 30 September 2019</b>	<b>-</b>	<b>332.0</b>	<b>(20.8)</b>	<b>6.7</b>	<b>317.9</b>
At 1 April 2018 (Restated to IFRS)	-	230.0	21.7	6.5	258.2
<b>Total comprehensive income for the period</b>					
Profit for the period	-	36.3	-	-	36.3
Other comprehensive income	-	1.6	(11.7)	1.1	(9.0)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>267.9</b>	<b>10.0</b>	<b>7.6</b>	<b>285.5</b>
<b>Transaction with owners, recorded directly in equity</b>					
Dividends paid	-	-	-	-	-
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>As at 30 September 2018 (Restated to IFRS)</b>	<b>-</b>	<b>267.9</b>	<b>10.0</b>	<b>7.6</b>	<b>285.5</b>

The notes on pages 6 to 13 form an integral part of these financial statements.

## Helix Acquisition Limited

### Notes to the unaudited financial statements for the six months ended 30 September 2019

#### 1. Accounting policies

##### *Basis of preparation*

The principal accounting policies applied in the preparation of the consolidated financial statements of Helix Acquisition Limited (the "Group") are set out below.

Reporting Standards (IFRS) as adopted by the European Union and the Companies Act 2006 applicable to Companies reporting under IFRS. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £ hundred thousand.

This Interim Report has been prepared on the basis of accounting policies consistent with those applied in the financial statements for the year ended 31 March 2019.

The comparative statements for the six months ended 30 September 2018 have been restated to reflect the adjustments applied for the transition from FRS102 to IFRS.

##### *Basis of consolidation*

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

#### 2. Turnover

All turnover arises in the United Kingdom from operating the High Speed 1 railway network.

#### 3. Operating profit on ordinary activities before interest

<b>Operating profit on ordinary activities before interest is stated after charging:</b>	<b>Six months ended 30 September 2019</b>	<b>Six months ended 30 September 2018</b>	<b>Year ended 31 March 2019</b>
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>£m</b>	<b>Restated £m</b>	<b>£m</b>
Depreciation of right-of-use assets	0.2	0.2	0.4
Amortisation of intangible assets	24.3	24.2	48.4



## Helix Acquisition Limited

### Notes to the unaudited financial statements for the six months ended 30 September 2019

#### 4. Interest receivable and similar income

	Six months ended 30 September 2019 Unaudited £m	Six months ended 30 September 2018 Unaudited Restated £m	Year ended 31 March 2019 Audited £m
Financial asset interest	65.3	64.9	129.6
Other interest receivable	36.4	30.1	63.5
	<u>101.7</u>	<u>95.0</u>	<u>193.1</u>

#### 5. Interest payable and similar charges

	Six months ended 30 September 2019 Unaudited £m	Six months ended 30 September 2018 Unaudited Restated £m	Year ended 31 March 2019 Audited £m
Interest payable to parent undertaking	27.1	27.2	54.2
Interest payable on bank borrowings	12.1	11.0	22.3
Interest payable on other loans	35.3	35.9	68.0
Interest payable on finance leases	12.6	12.4	24.7
Movement in assets/liabilities measured at fair value	(3.3)	(9.6)	(8.8)
	<u>83.8</u>	<u>76.9</u>	<u>160.4</u>

#### 6. Taxation on loss on ordinary activities

UK corporation tax	Six months ended 30 September 2019 Unaudited £m	Six months ended 30 September 2018 Unaudited Restated £m	Year ended 31 March 2019 Audited £m
Current tax	0.4	3.6	5.4
Deferred tax	5.6	1.0	1.7
Taxation on ordinary activities	<u>6.0</u>	<u>4.6</u>	<u>7.1</u>

The enacted tax rate of 17% (30 September 2019 and 31 March 2019: 17%) has been used in the calculation of the deferred tax asset. Tax rate 19% (30 September 2019 and 31 March 2019: 19%) has been used in the calculation of current tax payable.

## Helix Acquisition Limited

### Notes to the unaudited financial statements for the six months ended 30 September 2019

#### 7. Intangible assets

	Licence
	£m
<b>Cost</b>	
At 1 April 2019	1,378.8
Additions	0.7
At 30 September 2019	<u>1,379.5</u>
<b>Accumulated depreciation</b>	
At 1 April 2019	326.2
Charge for the period	24.3
At 30 September 2019	<u>350.5</u>
<b>Net book value</b>	
<b>At 30 September 2019</b>	<b><u>1,029.0</u></b>
At 31 March 2019	<u>1,052.5</u>
	<b>Licence</b>
	<b>£m</b>
<b>Cost</b>	
At 1 April 2018	1,377.4
Additions	0.1
At 30 September 2018	<u>1,377.5</u>
<b>Accumulated depreciation</b>	
At 1 April 2018	277.9
Charge for the period	24.2
At 30 September 2018	<u>302.1</u>
<b>Net book value</b>	
<b>At 30 September 2018</b>	<b><u>1,075.4</u></b>
At 31 March 2018	<u>1,099.5</u>

The licence held is in respect of the service concession held to 31 December 2040 to operate, maintain and renew the 109 kilometre high speed rail line. The remaining amortisation period of the licence is 20.5 years.

## Helix Acquisition Limited

### Notes to the unaudited financial statements for the six months ended 30 September 2019

#### 8. Right-of-use assets

	<b>Right-of-use assets £m</b>
<b>Cost</b>	
At 1 April 2019	2.0
Additions	-
	<hr/>
At 30 September 2019	2.0
	<hr/>
<b>Accumulated depreciation</b>	
At 1 April 2019	0.4
Charge for the period	0.2
	<hr/>
At 30 September 2019	0.6
	<hr/>
<b>Net book value</b>	
<b>At 30 September 2019</b>	<b>1.4</b>
	<hr/>
At 31 March 2019	1.6
	<hr/>
	<hr/>
	<b>Right-of-use assets £m</b>
<b>Cost</b>	
At 1 April 2018	-
Additions	2.0
	<hr/>
At 30 September 2018	2.0
	<hr/>
<b>Accumulated depreciation</b>	
At 1 April 2018	-
Charge for the period	0.2
	<hr/>
At 30 September 2018	0.2
	<hr/>
<b>Net book value</b>	
<b>At 30 September 2018</b>	<b>1.8</b>
	<hr/>
At 31 March 2018	-
	<hr/>
	<hr/>

## Helix Acquisition Limited

### Notes to the unaudited financial statements for the six months ended 30 September 2019

#### 9. Financial assets – concession related

	Six months ended 30 September 2019 Unaudited £m	Six months ended 30 September 2018 Unaudited Restated £m	Year ended 31 March 2019 Audited £m
As at beginning of the period	1,408.8	1,396.4	1,396.4
Additions	-	-	0.7
Capital repayment of financial asset	(57.6)	(56.2)	(113.5)
Financial asset interest	65.3	64.9	129.5
Revaluation of asset	(3.5)	(2.1)	(4.3)
As at end of period	<u>1,413.0</u>	<u>1,403.0</u>	<u>1,408.8</u>

#### 10. Debtors: amounts falling due after more than one year

	30 September 2019 Unaudited £m	30 September 2018 Unaudited Restated £m	31 March 2019 Audited £m
Amounts owed by parent undertakings	754.8	636.6	729.2
Other debtors	140.6	124.0	134.1
Deferred tax asset	54.0	63.8	53.7
Prepayments and accrued income	11.0	10.9	11.9
Other financial assets	95.0	53.6	65.0
	<u>1,055.4</u>	<u>888.9</u>	<u>993.9</u>

Included in other debtors, are cash amounts held in escrow to fund certain future renewals and replacements, together with railway related spares where the risk of ownership lies with Network Rail (High Speed) Limited. Access to the escrow funds is restricted under the terms of the concession agreement.

Other financial assets relate to derivative financial instruments measured at fair value. The fair value has been determined using discounted future cash flows associated with the instrument and this has been checked to counterparty valuations for reasonableness.

## Helix Acquisition Limited

### Notes to the unaudited financial statements for the six months ended 30 September 2019

#### 11. Debtors: amounts falling due within one year

	30 September 2019 Unaudited £m	30 September 2018 Unaudited Restated £m	31 March 2019 Audited £m
Trade debtors	22.7	18.7	19.3
Amounts owed by parent undertakings	20.3	44.7	9.6
Other debtors	2.0	8.1	1.3
Prepayments and accrued income	22.9	22.7	11.2
	67.9	94.2	41.4

#### 12. Creditors: amounts falling due within one year

	30 September 2019 Unaudited £m	30 September 2018 Unaudited Restated £m	31 March 2019 Audited £m
Bank loans and overdrafts	47.9	35.1	34.8
Trade creditors	6.3	2.8	12.1
Amounts due to parent undertaking	13.7	13.7	14.7
Other loans	0.1	5.3	10.8
Finance lease creditor	22.2	21.3	22.3
Other creditors including taxation and social security	13.0	10.8	10.2
Accruals and deferred income	95.2	111.5	95.1
	198.4	200.5	200.0

#### 13. Creditors: amounts falling due after more than one year

	30 September 2019 Unaudited £m	30 September 2018 Unaudited Restated £m	31 March 2019 Audited £m
Bank loans	40.6	65.5	54.1
Amounts due to parent undertakings	555.8	555.8	555.8
Listed bonds	910.0	903.2	904.6
USPP notes	976.9	951.2	945.9
Finance lease creditor	159.2	157.1	157.6
Escrow deferred income	133.6	116.6	126.1
Accruals and deferred income	2.0	3.2	2.8
Other financial liabilities	272.7	236.5	238.6
	3,050.8	2,989.1	2,985.5

## Helix Acquisition Limited

### Notes to the unaudited financial statements for the six months ended 30 September 2019

#### 13. Creditors: amounts falling due after more than one year (Continued)

Escrow deferred income recognises the deferral of income put into escrow. The deferred income is only recognised when expenditure is incurred in the future to offset the operating cost or depreciation on the capital item.

#### *Borrowings*

The Group has drawn down £23.0m of its working capital facility (31 March 2019: £12.0m) and has an undrawn liquidity facility (31 March 2019: undrawn).

The Group's other external borrowings comprise:

	30 September 2019 Unaudited £m	30 September 2018 Unaudited Restated £m	31 March 2019 Audited £m
Bank loan	66.3	78.0	78.0
Listed bonds	916.4	910.0	911.2
US Private Placement notes: issued in GBP	533.7	539.0	539.0
US Private placement notes: issued in USD	340.0	340.0	340.0
	1,856.4	1,867.0	1,868.2

The Group's debt is all denominated in sterling with the exception of the USD element of the US Private Placement notes of \$550.0m (31 March 2018: \$550.0m). The Group uses cross currency derivatives to fully hedge the foreign exchange currency risk.

The Group holds interest rate derivatives with a notional value of £1,697.6m (31 March 2019: £1,697.6m) which are not held for speculative treasury transactions.

The loan advanced to the Group from parent undertakings carried interest at 9.75% per annum and is repayable by agreement of both the borrower and lender.

#### 14. Capital and reserves

	30 September 2019 Unaudited £	30 September 2018 Unaudited Restated £	31 March 2019 Audited £
<b>Allotted, called up and fully paid</b>			
990 A shares of £1 each	990	990	990
10 B shares of £1 each	10	10	10
	1,000	1,000	1,000

#### **Profit and loss account**

The profit and loss account contains the balance of retained earnings to carry forward. Dividends are paid from this reserve. £10.0m dividends (31 March 2019: £Nil) were paid in respect of ordinary shares during the period.

## **Helix Acquisition Limited**

### **Notes to the unaudited financial statements for the six months ended 30 September 2019**

#### **14. Capital and reserves (continued)**

##### **Hedging reserve**

The hedging reserve comprises the effective portion of the cumulative net change in the face value of cash flow hedging instruments related to hedged transactions not yet occurred.

