Helix Acquisition Limited

Annual report and financial statements

For the year ended 31 March 2021

Registered number 07428859

Helix Acquisition Limited
Contents

Helix Acquisition Limited
Officers and professional advisors

Directors

J Curley
D Harding
A Leness
S Jones
K Ludeman
A Pitt
P Robson
S Springett
M Woodhams

Chairman

K Ludeman

Company secretary

L Clarke-Bodicoat

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5th Floor
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90 York Way
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N1 9AG

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

Helix Acquisition Limited
Strategic report

The Strategic Report has been prepared solely to provide additional information to shareholders to assess Helix Acquisition Limited and it's subsidiaries ("The Group") strategies and potential for these strategies to succeed.

The Directors, when preparing this strategic report, have complied with section 414C of the Companies Act 2006.

The Business Model

The Group 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 destinations in Europe notably Paris, Brussels and Amsterdam via the Channel Tunnel. In addition to St Pancras International, three stations are served along the route - Stratford International, Ebbsfleet International and Ashford International.

The Group has a clear goal to be recognised as providing the world's leading high-speed railway experience. Its strategy is to Protect the core business, Evolve to meet the future requirements of the asset and stakeholders, whilst seeking opportunities to Grow the business.

The Group has added a Recovery limb to the strategy to respond to the impact of the Covid-19 crisis.

The strategy is underpinned by a set of values and core delivery work streams.

Figure 1: The Group's values and long-term vision

A fair review of the business

Key developments during the year ended 31 March 2021 include:

- Covid-19 has significantly impacted passenger volumes on the route, thus impacting retail and car park revenues. The Group is largely insulated from fluctuations in domestic travel demand due to the government underpin. International and Domestic trains paths above the underpin were insulated from the Covid-19 impact passenger demand as a result of the forward booked timetables submitted by the TOCs to mid-December 2020.

- Turnover for the year ended 31 March 2021 was £191.8m (31 March 2020: £237.1m).

- Eurostar announced in July 2020 that they would not book a forward booked timetable and would react to demand by booking spot bid train paths.

A fair review of the business *(continued)*

- London Southeastern Railways ("LSER") like many domestic UK franchises was protected from the impact of Covid-19 with the Department for Transport issuing new Emergency Rail Management Agreements (EMRAs). LSER has booked a lower timetable than in previous years, which will start in May 2021.

- The Group completed the first year of its Control Period Three. The operating, maintenance and renewal ("OMR") charge was set by the Office of Rail and Road ("ORR") for a 5 year period commencing in April 2020.

- Due to the changes in the fixed timetable from both Eurostar and LSER, the Group executed a "Volume Reopener" to amend the allocation of Control Period Three charges and ensure the fixed OMR costs were recovered. The TOCs have been invoiced on this basis since February 2021.

- Eurostar received treaty clearance in the Netherlands to allow Amsterdam passengers to have passports checked on departure to London for the first time, allowing direct travel from Amsterdam to London.

- Operationally, the Group performed strongly – see key performance indicators (page 6), despite the extra complexity brought about by Covid-19. Train Paths invoiced were substantially different from those operated due to the forward booked timetable. Only 48,331 paths ran versus 69,868 invoiced.

- The Group has amended several bank facilities, including making an early repayment on part of a bank term loan of £28m in December 2020 and then amending the terms of the remaining £13m to repay this in 2023/24. The Group also refinanced its Working Capital Facility, increasing the tenor by 3 years and the quantum by £19m to £84m.

- St Pancras International was rated Number 3 station in the Summer 2020 National Rail Passenger Survey for overall passenger satisfaction. The Autumn survey was postponed due to Covid-19. St Pancras was also rated Number 3 station in the 2021 European Train Station Index.

- The Group launched its Sustainability strategy in September 2020, announcing that all traction power will be derived from a renewable source. The Group is targeting becoming Carbon neutral by 2030 and has been invited to participate in COP26 in Glasgow this year.

Future developments

The Group is conscious of the instability created by Covid-19 and is working with Government, the regulators and Train Operating Companies to mitigate the impact on the High Speed Rail system. The business outlook continues to be uncertain in the short term but is positive in the long term with demand for domestic train travel expected to remain strong, as developments continue around the stations at St Pancras, Ashford and Stratford as well as at Ebbsfleet Garden City. International Services are expected to recover and be robust over the medium term with the low carbon benefits of rail travel influencing decisions to travel. Management will continue to monitor the situation.

Please refer to principal risks and uncertainties, and subsequent event disclosures for further Covid-19 impact to the business.

Section 172(1) Statement

The Directors discharge their duties under section 172(1) (a)-(f) of the Companies Act 2006 to act in good faith and to promote the success of the Group for the benefit of shareholders and stakeholders.

Through working collaboratively with Management and listening to feedback from the Group's stakeholders, the Directors believe that the Group is well positioned to use the feedback in delivering its world leading vision. The Group assesses the impact of its activities on its stakeholders, in particular customers, employees, regulators, partners and suppliers and the wider community.

Relevant matters are reviewed at Board meetings with management and are assessed against strategic priorities. This collaborative approach helps promote the long-term vision of the Group.

The Group's values

The Group's purpose is to deliver the world's leading high-speed rail experience through its vision, strategy, and values. The 2030 "CAST" vision is the Group's values and strategy (Figure 1) to ensure key resources are allocated appropriately and key relationships are maintained to support the generation and preservation of value in the Group, and to ensure that the Group continues to serve all stakeholders well in the long-term.

How we engage and foster strong relationships with some of our key stakeholders

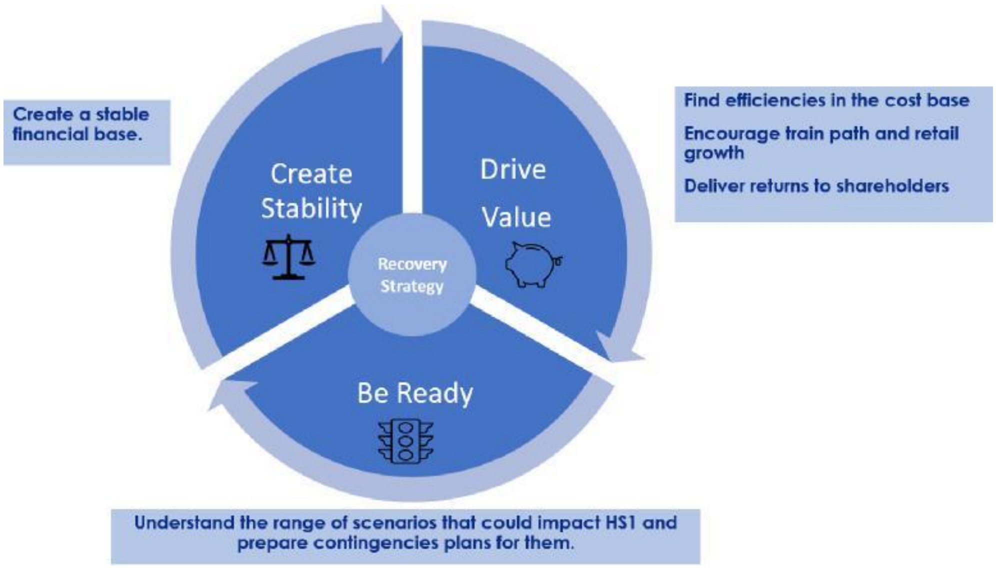
Customers	**Employees**	**Regulators**	**Lenders and shareholders**	**Partners and suppliers**	**Community**
• Customer surveys • Discussions with stakeholder groups • Monitoring industry questionnaires	• Employee Engagement survey • Town halls • Employee Suggestions Board	• Regulatory review • Public consultations • Stakeholder working groups	• Quarterly lender presentations • Information disclosure, such as budgets, financial statements and covenants • Ad-hoc meetings	• Contract review meetings • Annual supplier conference • Supplier Audits	• Social media and website • Social investment programmes • Multi stakeholder groups • Newsletters

Helix Acquisition Limited
Strategic report *(continued)*

Section 172(1) Statement *(continued)*

The Group's Recovery Strategy
An additional pillar has been added to the Group's strategy in 2021, focusing on Recovery. The Group has instigated a Recovery Strategy following the impact of the global pandemic. This is based on the key themes of "Create Stability, "Drive Value" and "Be Ready", as shown in Figure 2 below:

Figure 2: The Group's Recovery Strategy



As part of the recovery strategy, the Board has enhanced its governance of the Group with fortnightly board sessions and has also established an incremental Board Covid-19 Recovery Committee.

Key performance indicators ("KPIs")

Performance during the year to 31 March 2021 has been impacted by Covid-19. The number of trains billed during the year decreased to 69,868, a 6% decrease on the 74,267 for the year ended 31 March 2020.

Operationally, the infrastructure continues to perform well; the average delays per train path for HS1 Limited infrastructure (the Group's primary performance KPI) improved during the year to 31 March 2021 to 2.92 seconds (31 March 2020: 6.44 seconds). This was driven by collaboration with our supply chain, maintaining focus on minimising delays and is in addition to the impacts of reduced International traffic.

Our supply chain continues to improve safety culture amongst its employees which is demonstrated through the Fatalities and Weighted Injuries per 1,000,000 hours worked index, which has remained low at 0.028 at 31 March 2021 (31 March 2020: 0.027). The Group continues to monitor and challenge the supply chain through regular review meetings and oversight is provided through both the safety and asset subcommittees.

The Passenger Accident Incident Rate, number of passenger accidents per 100,000 passengers, is low at 0.03 at 31 March 2021. Station safety groups help improve passenger safety and have been instrumental in reducing accidents which are minor in nature and are predominantly in the passenger slips, trips and falls category.

Security on the Group's infrastructure remains a priority, and work continues with the authorities to ensure HS1 and its supply chain discharge responsibilities effectively. We continue to monitor the effectiveness of security strategies, sharing information and challenging where required to ensure standards are maintained.

The Group's financial KPIs are earnings before interest, tax, depreciation, and amortisation ("EBITDA") and the debt service cover ratio ("DSCR") – the ratio of cash available to service the annual debt interest and principal payments. The EBITDA for the year to 31 March 2021 was £55.1m (31 March 2020: £94.8m). The DSCR for the year to 31 March 2021 was 1.25x (31 March 2020: 1.58x), driven by the global pandemic and the loss in passenger footfall and the consequent impact on the Group's revenue and cashflow.

Principal risks and uncertainties

The Group's regulatory and contractual arrangements generally provide a low risk, stable business environment. However, the global pandemic has caused an unprecedented impact on the economy and the Group.
The Group has identified the following key risk areas and strategies to preserve the health and wellbeing of staff whilst maintaining business continuity:

a) *Workforce*

- The Group has taken immediate and contingent safety measures for its employees; applying Government guidelines to mitigate the spread of infection. This has predominantly meant all the HS1 staff working from home.

b) *Supply chain & operations*

- Network Rail High Speed ("NRHS") operational failure. The Group has contracts with NRHS to operate and maintain the infrastructure and stations (excluding Ashford International) and the Group has ongoing compliance and reporting mechanisms to ensure that contracts are delivered. If NRHS is unable to meet its obligations under the Operator Agreement, the Group has the right to step in. The contract terms also include a parent guarantee giving the Group greater security.

- The Group is in regular contact with NRHS and other parts of the supply chain. The Group continually reviews review potential causes of disruption, this includes insufficient operational NRHS staff or closures of the HS1 infrastructure that could restrict the operation of HS1 services.

Principal risks and uncertainties *(continued)*

- A major infrastructure failure or incident. The Group has appropriate insurance cover in place, so the exposure is expected to be limited to the insurance excess of £2.5m. The Group also mitigates the risk operationally by obtaining supply chain assurance and ensuring compliance of procedures followed by NRHS. In addition, the Group regularly tests its business continuity and recovery plans.

- Payment of performance regime penalties to operators. This is triggered on failure of the Group's infrastructure and this is capped at £8.5m as at 2020/21 but in most instances the first £4.1m (February 2021 prices) is passed onto our principal supplier NRHS.

- Failure of off-Group infrastructure such as the Channel Tunnel. Contractual arrangements such as continued domestic train services and £20m insurance cover for off route incidents, would limit the short-term financial impact. Long term issues could have a materially negative financial impact.

c) *Economy*

- Covid-19. The implementation of lockdown measures has led to a significant decline in passenger journeys. The Group has revised its forecasts for the implications of the current Covid-19 situation and applied appropriate sensitivities to ensure that we operate within our available financing arrangements. This is discussed in further detail in the going concern section in note 1.2 to the financial statements. The Group is monitoring the potential for short term changes following Covid-19 that become long term structural shifts in the economy that could impact the business, such as business travel or commuting, home working and internet shopping.

- Brexit. Most of the train paths that run on the infrastructure are domestic, which helps to insulate the Group from the impact of the UK departing from the EU. Furthermore, juxtaposed border controls, a key competitive advantage over air travel, are bilateral agreements between the British, French, Netherlands, and Belgian governments. Eurostar has also established a Company in France which has been granted the necessary EU license and safety certificates and is now the legal operator of services on the continent, which ensures operational resilience after Brexit. There is uncertainty over the impact of additional border controls. The Group continues to have conversations with customers, suppliers, the regulators, and government to mitigate any risks.

d) *Reliance on two key Customers (LSER and Eurostar)*

- LSER, the domestic operator, is the Group's largest customer. A Direct Award with LSER came into effect on 1 April 2020 and will expire on 17 October 2021, with an optional 6 rail period extension, that could take the Franchise to 31 March 2022.

- As a temporary measure in battling the Covid-19 crisis the DfT put in place an emergency measures arrangement for UK Passenger Railway services. In the case of LSER, this arrangement applies for the full Direct Award term. The Group understands the arrangement involves DfT taking on revenue and cost risks, previously borne by LSER. This means LSER is not exposed, for example, to changes in passenger demand and instead earns a payment from DfT for providing services linked to certain performance metrics and conditions.

- Domestic Train Path volumes: The Group is paid on the number of timetabled train paths on HS1 infrastructure during the year, adjusted for spot bids and cancellations. 1,024 train paths per standard week are underpinned by the UK Government through the Domestic Underpinning Agreement. In addition, the Group has certainty up to one year ahead due to the advanced agreement of the timetable on which billing is raised. The domestic train path volumes are currently timetabled below the underpin arrangement for the period from May 2021 to December 2021. The underpin agreement will be enforced with the DfT over this period. There is a risk the timetable remains at this level and the Group relies on the underpin on an on-going basis.

Principal risks and uncertainties *(continued)*

- Eurostar, the international operator, is currently running a low level of train paths given international travel restrictions. Eurostar reported a 77% decrease in passenger numbers to 2.5m (2020: 11.1m) for the 2020 calendar year. Eurostar is indirectly owned by the French and Belgian governments (60%) with the remaining 40% stake being owned by a consortium comprising Caisse de Dépôt et Placement du Québec and Hermes Infrastructure. Eurostar is majority owned by Société nationale des chemins de fer français ("SNCF") which is owned by the French government.

- International Train path volumes: Eurostar has been running a Nil timetable submission since July 2020 and now books “spot bid” paths to give itself flexibility to react to demand. Due to the lower train path numbers, the Group has executed a regulated cost “volume reopener” that allows regulated OMR charges to be spread over a lower number of train paths. As part of this, despite not submitting a timetable, Eurostar has committed to running a minimum service of 2,444 paths for 2021.

e) Unregulated market

- The Group receives unregulated revenues from retail units, advertising space and car-parking. This has been adversely affected by Covid-19 which has significantly reduced footfall across all 4 stations. Changes in the wider retail market, with a move towards online shopping and a change in consumer behaviour, causes a further risk.

- The Group continues to monitor the market closely and is actively managing the stations, with regular dialogue with retailers. Several factors could influence the Group’s unregulated performance which includes economic recovery and the return of passengers to the station. Customer insights, and in-depth market knowledge, allows the Group to adapt to changes in customer demand.

The principal financial risks and uncertainties faced by the Group are:

- Interest rate risk – the Group is exposed to changes in the interest rate on only 2% of the current external debt.

- Counterparty credit risk – the Group has two customers, LSER and EIL. On a regular basis we review their financial positioning. Other than this the Group is not heavily reliant on any one party or financial instrument. The Group only trades with counterparties above minimum credit risk parameters;

- Foreign exchange risk – the Group has $US denominated debt but the interest and principal repayments are 100% hedged through derivative instruments; and

- Liquidity risk – the Group has medium term and long-term debt finance to ensure that the Group has sufficient funds available to meet the current and future needs of the Group. Short term liquidity risk is mitigated through the availability of undrawn credit facilities in place.

The Directors regularly review these risks and approve the use of financial instruments to manage risk.

Approval

This report was approved by the Board of Directors on 10 June 2021 and signed on its behalf by:

....
D Harding
Director

10 June 2021

5th Floor
Kings Place
90 York Way
London
N1 9AG

Helix Acquisition Limited
Statement of corporate governance arrangements

The Group has turnover of £191.8m and total assets of £3.5 billion for the period ended 31 March 2021, therefore it is defined as a large private Company. The Board adopted the Wates Corporate Governance Principles for Large Private Companies as its chosen corporate governance code in the previous year and continues with these for the financial year ended 31 March 2021. The Board considers the Wates Principles the best option given the nature of the business and the Wates Principles relevance to it.

Principle 1 - Purpose and leadership

The Directors of Helix Acquisition Limited demonstrate the principles of promoting the success of the Group, act with integrity and lead by example, and are committed to building positive relationships with employees and all other stakeholders. The Board has a clear understanding of the views of shareholders from communications at Board meetings, Board sub-committees and regular ongoing dialogue to ensure shareholder views and concerns are understood and addressed.

Values and Culture

The Group's values, purpose, and strategy (Recover, Protect, Evolve and Grow) are integral to the way it operates. Given the challenges of the Coronavirus pandemic, for the next 16 months the Group will focus on Recovery and pause our core strategic themes of Protect, Evolve and Grow. Our recovery strategy is to ("Create Stability, Drive Value, Be Ready"). The Group values are core to internal processes, with integration into all functions and operations of the business. Employees are measured against their demonstration of Group's values in annual performance reviews, to ensure that their behaviours and practices are aligned with Group's values, purpose, and strategy.

The Board, shareholders and management are committed to embedding the desired culture throughout the organisation. Culture is measured through the People Strategy as well as the annual employee engagement and Pulse surveys and is benchmarked to other companies. In addition, the Group has been awarded the "We Invest in People" and "We Invest in Wellbeing" gold accreditation by Investors in People.

The Group has a Staff Handbook and Whistleblowing Policy, which enables concerns to be raised confidentially and anonymously to the Board. There is an annual review of the Whistleblowing Policy. The Whistleblowing Policy is designed to ensure process integrity and robustness and, if an investigation is required, the Group would ensure full independence and no bias in identifying an Investigating Officer.

Conflicts of interest are declared at the start of each Board and Subcommittee meeting.

Strategy

Alongside a Five-Year Asset Management Statement, submitted to and approved by the Group's regulator the Office of Rail and Road ("ORR") prior to the start of each control period (Control Period 3 started on 1 April 2020), the Group prepares a rolling 5-year business plan that is reviewed annually which demonstrates how the Group proposes to generate long-term sustainable value for the Group and stakeholders like the DFT and the TOCs.

Principle 2 - Board composition

Chair

The Chair is an independent appointment for a 3-year term. The roles of Chair and CEO are exercised by different individuals to ensure a balance of power and effective decision-making.

Principle 2 - Board composition *(continued)*

Balance and Diversity

The Group's Board is comprised of professionals experienced in the rail industry, Project and Corporate Finance, Engineering, Asset management and Health and Safety. The Board is kept appraised of the business's performance and shareholder interests through regular Board and Subcommittee reporting, as well as periodic CEO Reports.

Appointments to the Board are made with the aim of balancing key skillsets to ensure appropriate experience to oversee management and assess the business performance.

A policy on diversity and inclusion in relation to the workforce has been implemented during the past year, along with associated diversity and inclusion training.

The Board will consider diversity as part of any future Board appointments.

Size and Structure

The Group has two appointed independent non-executive Directors, which is relevant given the ownership structure. The Board delegates detailed oversight to five core subcommittees (Audit and Finance; HR and Remuneration; Asset; Health & Safety; and Contracts) to enable effective decision-making, see "Board Committees" below. In addition, due to the Coronavirus pandemic, the Board has formed a Covid-19 Recovery Subcommittee to oversee business recovery.

Effectiveness

The Group does not have a formalised professional development programme for the Board, the shareholder representative development is carried out at the shareholder level and the Board composition is decided to balance the needs of the business. The chairman reviews Board effectiveness through regular review sessions as do the shareholders. The Group does not currently carry out a formal evaluation of the performance of the Board, its Subcommittees, the Chairman, or individual Directors. The Board will undertake an internal effectiveness review in the coming year.

Principle 3 - Director responsibilities

Accountability

The Group has established, and maintains, corporate governance practices through the Company Secretary to support effective decision-making.

The Group maintains policies and practices that govern the internal affairs of the Group including, without limitation, terms of reference for the Board and various Sub-committees, delegated authorities, and the shareholder agreement.

Conflicts of interest are declared at the commencement of every Board and Sub-committee.

Governance processes are periodically reviewed through meetings between the General Counsel and the Chair, and at the Board Strategy Day held annually.

Committees

The Group's core subcommittees (Audit and Finance, HR and Remuneration, Asset, Health & Safety, and Contracts) are chaired by separate Board members or the CEO. In addition, the Covid-19 Recovery Subcommittee was formed in 2020 and is chaired by the CEO. All subcommittees are attended by either the Chairman and/or the CEO, and the General Counsel as Company Secretary.

Terms of reference for each Sub-committee sets out the authorities delegated.

Principle 3 - Director responsibilities (continued)

Integrity of information

The Group's subcommittees play a part in ensuring the formal and robust internal processes are operating effectively. The Subcommittees each report back to the Board on a periodic basis providing reliable information to enable the Directors to monitor and challenge the business performance and make informed decisions.

In addition, policies and procedures are reviewed and updated regularly to ensure they remain relevant and up to date.

Principle 4 - Opportunity and risk

Opportunity

The Group's strategy is to protect the core business, evolve to meet future challenges and seek opportunities to grow the business while generating returns for our shareholders. Each Directorate measures how the Group generates and preserves value over the long term through the application of these principles. In the short term, following the Global Pandemic, the business is focussed on recovery and this has been through a recovery strategy of "Create Stability, Drive Value, Be Ready". The business has focused its short term objectives around these three pillars.

The business has a vision to be Contemporary, Agile, Sustainable and Trusted. All business opportunities and objectives are viewed through this lens to ensure the support the long term vision for the business.

The Group has a Head of Business Development whose role includes identifying business opportunities, future opportunities for innovation and entrepreneurship. Key new business opportunities are discussed and approved at Board level.

Risk

The Group's Board has responsibility for overall strategic decision-making. The Audit & Finance Subcommittee has delegated responsibility for overseeing risk management and reports this to the Board on a quarterly basis and risks are also reviewed at the annual strategy day at the Board.

The Group has Risk Management Procedures that are reviewed annually.

Principle 5 - Remuneration

Setting remuneration

The HR and Remuneration Sub-committee has the responsibility for determining the policy in relation to remuneration for the executive management. Shareholder representative Board members are not reviewed by the Group.

The HR and Remuneration Sub-committee reviews remuneration in relation to the Chair and the Senior Management Team against performance (including Safety, Asset and Cash delivery), behaviours, professional objectives and the business' values and strategy.

Policies

Remuneration schemes and policies are clearly set up with focus on metrics for business imperatives, such as safety, asset performance and cashflow, this enables effective accountability to shareholders. The Group is required to separately comply with the same requirements for Senior Management under the Long-Term Incentive Plan ("LTIP") Rules and the Annual Bonus Plan ("ABP") Rules.

The Group has not formally assessed whether a gender pay gap exists but notes the male/female ratio of Senior Management is 50:50. The business will review whether to report in more detail on gender pay gaps in the coming year.

Principle 6 - Stakeholder relationships and engagement

External impacts

Given the challenges of the Coronavirus pandemic, the business has paused its push on the three strategic themes of Protect, Evolve and Grow. For the next 16 months the Group will focus on Recovery. Our recovery strategy is to "Create Stability, Drive Value, Be Ready"). The Group's strategy is to protect the core business, evolve to meet future challenges and seek opportunities to grow the business while generating returns for our shareholders. Each Directorate reviews how the Group generates and preserves value over the long term through the application of these strategies.

The Group has a formalised an ongoing Risk Management Procedure to ensure risks are identified, assessed and actions are taken to reduce business impacts.

The Group has also developed a Sustainability strategy and built this into its 10-year vision.

Stakeholders

The Group assesses the impact of its activities on its stakeholders, in particular customers, employees, regulators, partners and suppliers and the wider community.

Relevant matters are reviewed at Board meetings with management and assessed against strategic priorities, this collaborative approach helps promote the long-term vision of the Group.

Each Directorate oversees the Group's relationship with different stakeholder groups to ensure effective business oversight.

The Group presents stakeholders a fair, balanced, and understandable assessment of the Group's position and prospects through its annual report.

Workforce

The Group has channels that enable the workforce to share ideas and concerns with senior management, including the informal "PEG" (Protect, Evolve, and Grow) Board to take staff suggestions, as well as a number of employee representatives on the "Employee Forum" who discuss issues with management. The Employee Forum discuss areas such as the Whistleblowing Policy, the staff engagement survey results and the PEG Board ideas. Staff performance is monitored through regular one-to-one meetings with line management plus interim and annual performance reviews and annual calibration of reviews. Due to the Coronavirus pandemic, the Board has not been able to have a face-to-face engagement with the wider staff but hopes to reinstate this in the coming year.

The Whistleblowing Policy is reviewed annually to ensure effectiveness.

The Group's policies and practices are aligned with the Group's purpose and values. This is monitored and updated by the HR Business Partner.

Principle 6 - Stakeholder relationships and engagement *(continued)*

The Board demonstrates how the Group has undertaken effective engagement with material stakeholders through discussion and actions identified at the Board and Subcommittee meetings. They are recorded in minutes and actions are recorded on a rolling action log reviewed every quarter.

This report was approved by the Board of Directors on 10 June 2021 and signed on its behalf by:

....
D Harding
Director

10 June 2021

5th Floor
Kings Place
90 York Way
London
N1 9AG

Helix Acquisition Limited
Directors' report

The Directors present their Annual Report and the audited financial statements of the Group for the year ended 31 March 2021.

Matters covered by the strategic report

As permitted, under s.414c(2) of the Companies Act 2006, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included within the strategic report. These matters relate to future developments.

Result for the year

The profit for the year was £51.7m (2020: profit £95.0m).

Dividends

The Company paid no dividends during the year to holders of the A or B shares (2020: £23.4m).

Directors

The Directors who served during the year and to the date of approval of the financial statements were as follows:

J Curley
D Harding
A Leness
S Jones
K Ludeman
A Pitt
P Robson
S Springett
M Woodhams

Directors indemnities

The Group maintains insurance against Directors and Officers liability as permitted by the Companies Act 2006 for the benefit of the Directors and Officers of the Group. None of the Directors who served during the year had any interest in the shares of this or any other Group Company.

Health and safety

The Group has a clear objective to achieve zero harm. The Group has a commitment to continuous improvement in performance in all areas of health, safety and the environment. The Group's policies and procedures relating to health and safety at work recognise the requirements of current legislation and are kept under constant review to ensure a safe working environment for all associated staff.

The Group actively supports and works with NRHS, its contractors, and with other suppliers, in its promotion of strict adherence to all safety standards to ensure a safe environment for all parties using the railway, including train operators and their passengers and staff and customers of the facilities in and adjacent to the stations. The Group monitors safety performance, and it is one of the key performance indicators as noted in the Strategic Report.

Sustainability Strategy and statutory reporting

The Group launched its sustainability strategy in September 2020, supporting the Group strategy and purpose to be the world's leading high-speed rail experience, providing the most sustainable option for transport across the UK and Europe.

A key tenant of this is that the business has pledged to be fully carbon neutral within a decade, stringent new environmental targets in our new sustainability strategy focus on enhancing the Group's reputation as the Green Gateway to Europe.

Alongside this the Group endeavours to protect and reduce our impacts on the natural environment and on our local communities, and in turn achieve wider societal benefits.

The Group is also developing a roadmap to is 2030 Sustainability vision and is in the process of developing measurable KPIs aligned to the vision, as part of this roadmap it is in the process work working towards the Taskforce for Climate Change ("TCFD") financial disclosures by 2023.

The streamlined energy and carbon report ("SECR") identifies the future efficiency actions the Group will look to implement over the next financial year. A more detailed ESG report is anticipated to be published later in 2021.

Streamlined Energy and Carbon Reporting FY2020-21

The Group has adopted the operational control boundary approach for the measurement of energy emissions which includes all non-traction energy loads. The main areas of measurement are from the following sites:

- St Pancras International Station
- Stratford International Station
- Ebbsfleet International Station
- Ashford International Station
- Singlewell Infrastructure Maintenance Depot
- Other small depots which fall within the Network Rail (High Speed) area of responsibility
- Sections 1 and 2 of the Lineside Infrastructure (signal rooms, tunnels, access shafts etc.)

Notable exceptions include:

- All electricity supplied to traction power.

The changes to the scope and boundaries of the measurement of energy emissions that have taken place are as follows:

- The allocation of emissions for Temple Mills Depot has been transferred 100% to Eurostar International Limited who have complete operational and maintenance control of the asset.
- All electricity supplied to Singlewell Infrastructure Maintenance Depot is now included in the emissions measurement in order to align the business to its 2030 sustainability targets.

The other boundaries were set and agreed at the inception of the Carbon Reduction Commitment (CRC) scheme and have been continued into the SECR period in order to provide consistent emissions measurement and targeting.

As part of its commitment to improving carbon reporting, the Group has included the following emissions in its Scope 3 emissions data:

- Mandatory infrastructure losses
- Diesel consumption for maintenance vehicles

Streamlined Energy and Carbon Reporting FY2020-21 *(continued)*

Gross Emissions	**31 March 2021**	**31 March 2020**
	UK and offshore	**UK and offshore**
Scope 1 Emissions (direct emissions from owned or controlled sources)	1,681 tCO2e	1,511 tCO2e
Scope 2 Emissions (indirect emissions from the generation of purchased electricity, steam, heating and cooling)	7,653 tCO2e	11,682 tCO2e
Scope 3 Emissions (all other indirect emissions that occur in a Company's value chain)	875 tCO2e	1,275 tCO2e
Total gross emissions / tCO2	10,209 tCO2e	14,468 tCO2e
Intensity ratio: kg CO2e (gross Scope 1, 2 & 3) per user[1]	1.299 kg CO2e per user	0.238 kg CO2e per user
Total MWh of electricity consumed	32,825 MWh	45,705 MWh
Total MWh of gas consumed	9,142 MWh	8,216 MWh

Note 1 :Users are counted using gateline footfall as ORR data is one year in arrears.

This thereby shows environmental performance improvements as follows:

- Reduction in absolute gross emissions 29%
- Increase in normalised gross emissions 381%

Normalised gross emissions are calculated by CO2 emissions per passenger using gateline statistics.

From this financial year we have started purchasing the majority of our electricity from renewable sources covered by Renewable Energy Guarantee of Origin (REGO) and Power Purchase Agreements (PPA) certificates. Recalculating our emissions on this green energy basis provides the following indicators:

Carbon offset due to REGO/PPA	7,378 tCO2e
Net emissions	2,831 tCO2e
CO2 per user using net emissions	0.360 kg CO2e per user
Increase in normalised net emissions	33%

The increase in normalised gross emissions has expectedly been caused by the Covid-19 lockdown and while all efforts were made to close down unused facilities, the stations have had to remain open as usual during this time.

Further indicators of changes in consumption usage include:

- Reduction in electricity consumption 28%
- Increase in gas consumption 11%

Part of the reduction in electricity consumption has been due to the energy efficiency measures but also to the closing down of some facilities during the Covid-19 lockdown.

The increase in gas consumption has been due to needing to reduce recirculated air during the lockdown and the effects of a heating water leak at St Pancras requiring the boilers to run during the summer.

Streamlined Energy and Carbon Reporting FY2020-21 *(continued)*

Other GHG emissions

All other emissions from refrigerants were below the de minimis limit.

Methodology

Emissions have been calculated in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. UK Government Conversion Factors have been utilised for UK investments and International Energy Agency Conversion Factors to calculate emissions for all UK sites.

Energy use has primarily been collected from meter data and invoices from suppliers. Of the aggregate energy usage measured:

- 99.5% has been extracted from actual meter readings
- 0.5% has been evaluated using estimates

The improvements in the actual meter reading amounts have been mostly due to the installation of electricity and gas half-hourly meters at Ashford International Station.

Transport emissions have been excluded as:

- Staff transport is below the de minimis limit.
- Traction energy use from rail assets are to be captured within the train operators emissions return of which the Group has no or limited control.

Emissions have been measured over the period 1 April 2020 to 31 March 2021.

Energy Efficiency Action Taken

In the period covered by the report the following initiatives were undertaken:

- Improved control of the St Pancras departures heating system using a new wireless reporting system.
- Optimisation of the chilled water generation control.
- Replacement of substructure lighting with high efficiency LED luminaires with presence detection.
- Various optimisation tasks on each site's Building Management System including improved pump control, more accurate time schedules and temperature control for air conditioning, ensuring our main heating and cooling plant doesn't operate in the non-heating and cooling seasons, and better use of demand-based supply of air.
- Implementation of an energy and environmental Behavioural Change Programme engaging with NRHS staff and its subcontractors.
- Various areas of energy management improvement through expert consultancy.

The estimated aggregate annual savings from these initiatives are:

- Electricity: 1,217 MWh
- Gas: 285 MWh
- CO_2: 336 tonnes

The total cost of these investments was £50k with an expected annual return on investment of £197k.

Future Efficiency Actions To Be Taken

In 2021-22, the following investment has been applied for funding to the Train Operators Committee:

- 9 projects across St Pancras, Stratford and Ebbsfleet
- Requiring £164k investment
- Providing £134k per annum return on investment
- Reducing CO_2 emissions by approximately 236 tonnes per annum and reducing utility consumption by:
  - Electricity 806 MWh
  - Gas 261 MWh

Political donations

Political donations during the year were £nil (2020: £nil).

Going concern basis

The Covid-19 pandemic has entered its second year of disruption to freedom of movement with governments continuing to place restrictions on both International and Domestic travel to contain the virus, these measures have had a negative impact on the results of the Group in the reporting period.

The Covid-19 pandemic has resulted in a drop in revenue during the period of £45.3m compared to the prior year. The Group has a UK Government underpinning arrangement for domestic services, the Group's largest revenue stream, which ensures a minimum cash receipt of £118m during the year (2020: £116.4m).

The Group is actively managing risks to liquidity and the covenant requirements of its debt. During the period the Group extended its working capital facility from £65m to £84m and has a liquidity facility of £125m. At 10 June 2021 there are undrawn facilities of £149m. The Group has agreed with lenders to extension of maturity of £13m term loan payments from 2021/22 to 2023/4. The Directors have also reviewed the Group's cost base and other mitigating actions needed to conserve liquidity.

The Group has built a range of forecast scenarios to reflect the uncertainty from the Covid-19 pandemic forecasting monthly cashflows to December 2022. The scenarios range from a medium-term delay in recovery of international train paths and unregulated income to a prolonged period of reduced demand for international travel and a slow recovery of unregulated income. The Directors have reviewed business forecasts against the cashflow and covenant requirements of the Group and based on the scenario's forecast the Group is able to meet its obligations as they fall due. The Directors have also reviewed the plans to protect the Group's liquidity, including working capital and cost reduction options. These forecasts also benefit from the security of revenue reflecting the UK Government underpinning arrangements. The Directors also have noted the recent refinancing by Eurostar, the Group's second largest customer providing improved certainty to that forecast income.

Should the Covid-19 pandemic result in revenues lower than the scenarios in the forecast range it could, without intervention result in the Group breaching banking covenants or exhausting its liquidity. In this scenario the Group would be dependent on the support of its lenders or its shareholders and discussions have started to plan for this possibility.

The Directors have concluded that there is a material uncertainty, that may cast significant doubt that the Group will be able to operate as a going concern which may mean it be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding this material uncertainty which is driven by the Covid-19 pandemic, the Directors confirm, having made appropriate enquiries, in their opinion that there is a low likelihood of factors which would lead to solvency issues for the Group. The financial statements have accordingly been prepared on a going concern basis.
More information is provided in note 1.2 to these financial statements.

Subsequent events

Details of significant events since the balance sheet date are contained in note 24 to the financial statements.

Disclosure of information to auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Auditor

Deloitte LLP have indicated their willingness to be re-appointed for another term and appropriate arrangements have been put in place for them to be deemed to be re-appointed in the absence of an Annual General Meeting.

This report was approved by the Board of Directors on 10 June 2021 and signed on its behalf by:

....
D Harding
Director

10 June 2021

5th Floor
Kings Place
90 York Way
London
N1 9AG

Helix Acquisition Limited
Directors' responsibilities statement

The Directors are responsible for preparing the strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 101 "Reduced Disclosure Framework".

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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

....
D Harding
Director

10 June 2021

5th Floor
Kings Place
90 York Way
London
N1 9AG

Helix Acquisition Limited

Independent auditor's report to the members of Helix Acquisition Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Helix Acquisition Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of profit and loss and other comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements, which indicates that the Directors believe there are scenarios which, without intervention, result in the Group breaching banking covenants or exhausting its liquidity and therefore may cast significant doubt on the entity's ability to continue as a going concern. As stated in note 1.2, these events or conditions, along with the other matters as set forth in note 1.2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the group's operating licence and regulations set out by the Office of Rail and Road ("ORR").

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions and industry specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Management's trading forecasts used within the service concession-related intangible asset impairment test – there is a potential fraud risk in management's ability to manipulate the forecast trading data used within the value in use impairment model. To address this fraud risk, we have challenged the key assumptions in management's forecasts through an assessment of historical forecasting accuracy and benchmarking assumptions against third party research, to ensure the underlying assumptions are valid and reasonable.
- Validity of data used by management in the estimation of the fair value of derivative financial instruments – there is a potential fraud risk in management's ability to influence the input data within the derivative valuations. To address this fraud risk, alongside our internal valuation specialists, we have challenged the inputs and assumptions supporting the valuations and assessed whether these capture the impact of recent market movements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

Use of our report

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.

Anthony Matthews FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

10 June 2021

Helix Acquisition Limited

Consolidated statement of profit and loss and other comprehensive income

For the year ended 31 March 2021

	Note	2021 £m	2020 £m
Revenue from contracts with customers	*4*	**191.8**	237.1
Other operating expenditure		**(185.5)**	(191.2)
Operating profit	*5*	**6.3**	45.9
Interest receivable and similar income	*8*	**214.4**	204.8
Interest payable and similar charges	*9*	**(160.8)**	(154.5)
Profit before taxation		**59.9**	96.2
Tax on profit	*10*	**(8.2)**	(1.2)
Profit for the financial year		**51.7**	95.0
Other comprehensive (loss) / income			
Items that will not be reclassified to profit and loss			
Re-measurement of net defined benefit pension liability	*20*	**(0.8)**	0.4
Items that may subsequently be reclassified to profit and loss			
Amounts recycled to the profit and loss account		**3.1**	3.8
Deferred cost of hedging		**(0.8)**	(3.1)
Effective portion of changes in fair value of cash flow hedges		**(86.0)**	138.1
Other comprehensive (loss) / income for the period, net of tax		**(84.5)**	139.2
Total comprehensive (loss) / income for the period		**(32.8)**	234.2

The notes on pages 32 to 71 form an integral part of these financial statements.
All activities of the Group relate to continuing operations.

Helix Acquisition Limited
Consolidated balance sheet

As at 31 March 2021

	Note		2021		2020
		£m	**£m**	£m	£m
Non-current assets					
Intangible assets	*12*		**956.9**		1,005.8
Financial assets	*22*		**1,423.1**		1,417.5
Right-of-use assets	*21*		**0.8**		1.2
Debtors: amounts falling due after more than one year	*14*		**1,124.2**		1,097.7
Current assets			**3,505.0**		3,522.2
Debtors: amounts falling due within one year	*15*	**52.5**		50.9	
Cash at bank		**8.6**		36.0	
		61.1		86.9	
Creditors: amounts falling due within one year	*16*	**(211.3)**		(234.7)	
Net current liabilities			**(150.2)**		(147.8)
Total assets less current liabilities			**3,354.8**		3,374.4
Creditors: amounts falling due after more than one year	*17*		**(2,854.4)**		(2,841.6)
Lease liabilities	*21*		**(0.8)**		(1.3)
Net assets excluding pension liability			**499.6**		531.5
Net pension liability	*20*		**(2.0)**		(1.1)
Net assets			**497.6**		530.4
Capital and reserves					
Called up share capital	*18*		**-**		-
Profit and loss account	*18*		**433.4**		379.4
Hedging reserve	*18*		**62.0**		148.0
Other reserve	*18*		**2.2**		3.0
Shareholders' funds			**497.6**		530.4

The notes on pages 32 to 71 form an integral part of these financial statements. These financial statements of the Helix Acquisition Limited group were approved by the Board of Directors and authorised for issue on 10 June 2021. They were signed on its behalf by:

....

D Harding
Director
Company registered number: 07428859

Helix Acquisition Limited
Company balance sheet

As at 31 March 2021

	Note		2021		2020
		£m	£m	£m	£m
Non-current assets					
Investments in subsidiary undertakings	*13*		**0.1**		0.1
Debtors: amounts falling due after more than one year	*14*		**1,191.8**		1,163.9
Current assets			**1,191.9**		1,164.0
Debtors: amounts falling due within one year	*15*	**58.6**		31.1	
Creditors: amounts falling due within one year	*16*	**(58.6)**		(31.2)	
Net current liabilities			**-**		(0.1)
Total assets less current liabilities			**1,191.9**		1,163.9
Creditors: amounts falling due after more than one year	*17*		**(1,224.9)**		(1,163.9)
Net liabilities			**(33.0)**		-
Capital and reserves					
Called up share capital	*18*		**-**		-
Profit and loss account	*18*		**(33.0)**		-
Shareholders' deficit			**(33.0)**		-

The Company reported loss for the financial year ended 31 March 2021 of £33.0m (2020: £nil).

The notes on pages 32 to 71 form an integral part of these financial statements.

These financial statements of the Helix Acquisition Limited group were approved by the Board of Directors and authorised for issue on 10 June 2021. They were signed on its behalf by:

....

D Harding
Director
Company registered number: 07428859

Helix Acquisition Limited
Consolidated cash flow statement

For the year ended 31 March 2021

	Note	2021 £m	2020 £m
Cash flows from operating activities			
Profit for the period		**51.7**	95.0
Adjustments for			
Amortisation	*5*	**48.4**	48.5
Depreciation of right-of-use assets	*5*	**0.4**	0.4
Interest receivable and similar income	*8*	**(214.4)**	(204.8)
Interest payable and similar charges	*9*	**160.8**	154.5
Taxation	*10*	**8.2**	1.2
		55.1	94.8
Decrease / (increase) in debtors		**0.5**	(2.5)
(Decrease) / Increase in creditors and deferred income		**(29.3)**	21.3
Tax paid		**-**	(2.6)
RPI swap payments		**1.8**	(0.3)
Net cash flow from operating activities		**28.1**	110.7
Cash flows from investing activities			
Disposal / (acquisition) of intangible assets	*12*	**0.5**	(1.8)
Repayment of financial asset	*22*	**118.0**	116.4
Net cash flows from investing activities		**118.5**	114.6
Cash flows used in financing activities			
Interest paid		**(106.8)**	(139.4)
Repayment of borrowings		**(50.5)**	(34.0)
Payment of lease liabilities		**(22.4)**	(22.0)
Dividend paid		**-**	(23.4)
Cash outflow into escrow		**2.7**	(15.6)
Net cash flows used in financing activities		**(177.0)**	(234.4)
Net decrease in cash and cash equivalents		**(30.4)**	(9.1)
Cash and cash equivalents at beginning of period		**(11.0)**	(1.9)
Cash and cash equivalents at end of period		**(41.4)**	(11.0)
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		**8.6**	36.0
Cash equivalents		**(50.0)**	(47.0)
Cash and cash equivalents at end of period		**(41.4)**	(11.0)

The notes on pages 32 to 71 form an integral part of these financial statements.

Helix Acquisition Limited
Consolidated statement of changes in equity

For the year ended 31 March 2021

	Called up share capital £m	Other reserve £m	Hedging reserve £m	Profit and loss account £m	Total equity £m
As at 1 April 2019	-	6.1	9.9	303.6	319.6
Total comprehensive income					
Profit for the year	-	-	-	95.0	95.0
Other comprehensive loss	-	(3.1)	138.1	4.2	139.2
Total comprehensive income for the year	-	(3.1)	138.1	99.2	234.2
Total contributions by and distributions to owners	-	-	-	(23.4)	(23.4)
As at 31 March 2020	-	3.0	148.0	379.4	530.4
Total comprehensive loss					
Profit for the year	-	-	-	51.7	51.7
Other comprehensive loss	-	(0.8)	(86.0)	2.3	(84.5)
Total comprehensive loss for the year	-	(0.8)	(86.0)	54.0	(32.8)
Total contributions by and distributions to owners	-	-	-	-	-
As at 31 March 2021	-	2.2	62.0	433.4	497.6

The notes on pages 32 to 71 form an integral part of these financial statements.

Helix Acquisition Limited
Company statement of changes in equity

For the year ended 31 March 2021

	Called up share capital £m	Profit and loss account £m	Total equity £m
As at 1 April 2019	-	-	-
Total comprehensive result			
Result for the year	-	-	-
Total comprehensive result for the year	-	-	-
As at 31 March 2020	-	-	-
Total comprehensive loss			
Loss for the year	-	(33.0)	(33.0)
Total comprehensive loss for the year	-	(33.0)	(33.0)
As at 31 March 2021	-	(33.0)	(33.0)

The notes on pages 32 to 71 form an integral part of these financial statements.

1. Accounting policies

Helix Acquisition Limited (the "Company") is a company limited by shares and incorporated and domiciled in the United Kingdom.

The consolidated financial statements for the year ended 31 March 2021 were prepared under IFRS and were authorised for issue in accordance with a resolution of the Directors on 10 June 2021.

The parent company is included in the consolidated financial statements and is a qualifying entity under FRS 101. The following exemptions available under FRS 101 in respect of certain disclosures for the parent company financial statements have been applied:

(a) the requirements of IFRS 7 "Financial Instruments": Disclosures; this exemption requires that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

(b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations this exemption requires that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

(c) the requirements of paragraphs 91-99 of IFRS 13 "Fair Value Measurement"; this exemption requires that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

(d) the requirement in paragraph 38 of IAS 1 "Presentation of Financial Statements" to present comparative information in respect of:

(i) paragraph 79(a)(iv) of IAS 1;

(i) paragraph 118(e) of IAS 38 "Intangible Assets";

(e) the requirements of paragraphs 10(d), 10(f) and 134-136 of IAS 1 "Presentation of Financial Statements";

(f) the requirements of IAS 7 "Statement of Cash Flows";

(g) the requirements of paragraph 17 of IAS 24 "Related Party Disclosures";

(h) the requirements in IAS 24 "Related Party Disclosures" to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and

(i) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 "Impairment of Assets". this exemption requires that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

(j) the requirements in IAS 8.30 to disclose new standards and interpretations.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

1. Accounting policies *(continued)*

1.1. Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified at fair value through the profit or loss account.

1.2. Going concern

The Covid-19 pandemic has entered its second year with continued disruption to freedom of movement with governments continuing to place restrictions on both International and Domestic travel to contain the virus, these measures have had a negative impact on the results of the group in the reporting period.

The Group has built a range of forecast scenarios to reflect the uncertainty from the Covid-19 pandemic forecasting monthly cashflows to December 2022. The scenarios range from a medium-term delay in recovery of international train paths and unregulated income to a prolonged period of reduced demand for international travel and a slow recovery of unregulated income. The directors have reviewed forecasts against the cashflow and covenant requirements of the Group and based on the scenarios forecast the Group is able to meet its obligations as they fall due. The Directors have also reviewed plans to protect the Group's liquidity including working capital options and cost reduction. These forecasts also benefit from the security of revenue reflecting the UK Government underpinning arrangements. The Directors also have noted the recent refinancing by Eurostar, the Group's second largest customer providing improved certainty to that forecast income.

Should the Covid-19 pandemic result in revenues lower than the scenarios in the forecast range it could, without intervention result in the Group breaching banking covenants or exhausting its liquidity. In this scenario the Group would be dependent on the support of its lenders or its shareholders and discussions have started to plan for this possibility.

The Directors have concluded that there is a material uncertainty, that may cast significant doubt that the Group will be able to operate as a going concern which may mean it be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding this material uncertainty which is driven by the Covid-19 pandemic, the Directors confirm, having made appropriate enquiries, in their opinion that there is a low likelihood of factors which would lead to solvency issues for the Group. The financial statements have accordingly been prepared on a going concern basis.

1.3. Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2021. A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit or loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

1. Accounting policies *(continued)*

1.3. Basis of consolidation *(continued)*

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

1.4. Investments in subsidiary undertakings

In the parent financial statements, investments in subsidiaries are carried at cost less impairment.

The carrying value of these investments is reviewed annually by the Directors to determine whether there has been any impairment to their values.

1.5. Foreign currency

Transactions in foreign currencies are translated into the functional currencies of individual companies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into sterling at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI.

1. Accounting policies *(continued)*

1.6. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. *Financial assets*

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement - Financial assets at amortised cost

This category is the most relevant to the Group (trade receivables, non-current financial assets) and includes the Group's financial asset arising from it service concession arrangement. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Subsequent measurement - Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated as hedging instruments in an effective hedge, or financial assets mandatorily required to be measured at fair value. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss except to the extent they are subject to hedge accounting.

1. Accounting policies *(continued)*

1.6. Financial instruments *(continued)*

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

When assessing whether there has been a significant increase in credit risk management have used qualitative elements such as changes to the economy, late payment of interest, whether interest has been waived and whether there has been evidence from internal reporting to indicate economic performance would be worse than expected.

In calculating the ECL the outstanding net exposure was discounted using a comparable market average default rate which is provided by a third-party expert. A recovery rate of 40% is applied to arrive at the ECL.

An ECL of £33.0m has been posted to the Company's financial statements for the year ended 31 March 21 against amounts owed by subsidiary undertakings. This reflects the increased credit risk on some intercompany loans. The ECL will be reversed in future years once the associated credit risk reduces again. No ECL is required to the Group's consolidated financial statements for the year on its credit exposures.

A charge of £2.8m has been entered into the Group's financial statements for the ECL in the year on its trade receivables. For trade receivables, the Group applies a simplified approach to calculating ECL: A loss allowance, based on lifetime ECLs at each reporting date, is recognised. To correctly reflect the current economic environment, the Company has established a provision matrix which completes a risk assessment based upon commercial risk and liquidity risk. These assessments reflect the current market pressures and limited trading because of Covid-19.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

1. Accounting policies *(continued)*

1.6. Financial instruments *(continued)*

Subsequent measurement

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

c. Derivative financial instruments and hedge accounting

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income (“OCI”). Any ineffective portion of the hedge is recognised immediately in the profit or loss account.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or other carrying amount of the asset or liability. Alternatively, when the hedged item is recognised in the profit or loss account the hedging gain or loss is reclassified to the profit or loss account. When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

1.7. Service concession assets

As the provision of the high speed rail infrastructure services is performed through a contract with a public sector entity to 31 December 2040 whereby the public sector:

- Controls or regulates the services to be provided;
- Controls or regulates the price at which these services can be provided; and
- Holds a residual interest in the assets at the end of the term of the arrangement in December 2040.

The asset is accounted for as a service concession asset.

To the extent that the future consideration relates to revenue that is underpinned through the Domestic Underpinning Agreement (“DUA”), a financial asset is recognised. Cash inflow is allocated to the financial asset using effective interest rate method giving rise to interest income. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that assets net carrying amount on initial recognition.

To the extent that the future consideration relates to all other revenues, except that which is underpinned through the DUA, an intangible asset is recognised. The intangible asset is amortised to the profit or loss account on a straight line basis over the life of the concession, running to 31 December 2040. At each reporting date, the intangible asset is measured for any impairment.

Additions to the intangible assets are amortised from the start of the following six monthly period in which they are available for use.

1. Accounting policies *(continued)*

1.7. Service concession assets *(continued)*

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as part of the service concession asset. All other leases are classified according to requirements of IFRS16.

1.8. Renewals income and expenditure

Income from the renewals element of the charges to customers is initially recognised as deferred income in the balance sheet. The cash receipts held in escrow is recognised within other debtors due in more than one year. The deferred income is released when spend from the Escrow is incurred.

1.9. Impairment excluding deferred tax assets

The carrying amounts of the entity's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss account. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used.

1.10. Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

1. Accounting policies *(continued)*

1.11. Employee benefits

Defined contribution plans

The Group offers a defined contribution pension scheme for all employees who joined HS1 after 17 February 2011. A defined contribution plan is a post-employment benefit plan under which HS1 pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

The HS1 section of the defined benefit Railways Pension Scheme was closed to new entrants on 17 February 2011. In accordance with IFRS, the service cost of pension provision relating to the period, together with the cost of any benefits relating to past service if the service has vested, is charged to the profit and loss account. A charge equal to the increase in present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the Group's long-term expected return on assets (based on the market value of the scheme assets at the start of the year), are included in the profit and loss account under net finance charges. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in the consolidated statement of profit or loss (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

1.12. Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

1. Accounting policies *(continued)*

1.13. Leases

The Group assess whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgement about whether it depends on a specified asset, whether the group obtains substantially all the economic benefits from the use of that asset, and whether the group has the right to direct use of the asset.

The group recognizes a right-of-use (ROU) asset and lease a liability at the lease commencement date, except for short term-leases of 12 months or less which are expensed in the income statement on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date; discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses an incremental borrowing rate specific to the country, term and currency of the contract. Lease payments can include fixed payments; variable payments that depend on an index or rate known at the commencement date; and extension option payments or purchase options, if the Group is reasonably certain to exercise. The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in of reassessment of options.

At inception the ROU asset comprises the initial lease liability, initial direct costs and the obligations to refurbish the asset, less any Incentives granted by the lessors. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets.

1.14. Revenue from contracts with customers

The Company has applied IFRS 15 since 1 April 2018. IFRS 15 requires a contract as well as the various performance obligations contained in the contract to be identified. IFRS 15 provides a 5 step model for revenue recognition which is summarised below:-

Step 1: Identify the contract with the customer: The Company has combined the Concession Agreement and the Domestic Underpinning Agreement because it and its predecessor entities have negotiated and varied these contracts over the concession term as a package with a single commercial objective of making the rail infrastructure available to TOCs and FOCs. The term of the combined contract has been determined to be 30 years.

Step 2: Identify the performance obligation: The promise and therefore single performance obligation in the contract is to make the rail infrastructure available to TOCs and FOCs running domestic and international rail services. Hence, the obligation is to make train paths available over some or all the infrastructure such that the relevant TOC or FOC can meet its timetable obligations. If the Company fails to meet this obligation such that as a result a TOC or FOC must either delay or cancel a service, the Company may need to pay compensation to the TOC or FOC that suffers the delay, and the compensation may be an indemnity against loss of profit, a penalty for suboptimal performance, or a rebate of potentially all the IRC that the Company received in the year. This last rebate is therefore substantially similar to an availability deduction in a standard form Private Finance Initiative ('PFI') project.

Step 3: Identify the transaction price: The contract specifies the level of income and its relationship to the volume of train paths that TOCs or FOCs can access. There are both fixed and variable elements of the transaction price which the Company has identified at the inception of the contract. Variable revenue from the contract is reassessed on a regular basis by management.

Notes for the period ended 31 March 2021 *(continued)*

1. Accounting policies *(continued)*

1.14 Revenue from contracts with customers *(continued)*

Steps 4 and 5: Allocate the transaction price and recognise revenue: As there is only one performance obligation, this being to make the rail infrastructure available for train services, the last two steps have been combined. Therefore, the Company applies the following accounting policies to recognise revenue:

- Apply the IFRC's Underpinning Payment to the financial asset that has been recorded under IFRIC 12. As a result, the Company allocates the Underpinning Payment pro-rata to Baseline Domestic Services under Step 5 above. The Company has then divided those allocations between amortising the financial asset and financial asset interest following IFRIC 12's principles.

- Allocate IRC elements additional to the Underpinning Payment to profit and loss pro-rata to any domestic train paths additional to the number of Baseline Domestic Services and all international train paths in each railway period.

- Allocate OMRC pro-rata to all train paths in each Railway Period following the method for IRC, while also deferring applicable OMRC to future renewal episodes based on management's estimate of the timing of these amounts.

Practical expedients

The Company has elected to make use of the following practical expedients:

- Contract costs incurred related to contracts with an amortisation period of less than one year have been expensed as incurred.

- Application of paragraph 121 of IFRS 15, which allows not to disclose information about remaining performance obligation that have original expected duration of one year or less.

- No adjustment of the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

1.15. Other expenses and income

Interest payable

Interest payable and similar charges include interest payable and finance changes on finance leases recognised in the profit or loss account using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit or loss account (see foreign currency accounting policy).

Interest bearing bank loans, overdrafts and other loans are recorded at proceeds received net of direct issue costs.

Finance charges, including premium payable on settlement or redemptions and direct issue costs are accounted for on an accruals basis and taken to the profit or loss account using the effective interest rate method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

Interest receivable

Interest receivable includes interest receivable on funds invested and net foreign exchange gains.

1. Accounting policies *(continued)*

1.16. Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit or loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is an accounting adjustment which reflects where more or less tax is expected to arise in the future due to differences between the accounting and tax rules. Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction effects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

1.17 Dividends

Dividends payable

Dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

Dividends receivable

Dividends receivable from subsidiary undertakings are recorded in the profit or loss account in the period in which they are received.

2. New standards and interpretations not applied

The following standards and interpretations which have not been applied in these consolidated financial statements were in issue but not yet effective for the financial period.

The Directors plan to adopt these standards in line with their effective dates stated. The current status of the Group's assessment of these standards is set out below.

Standards issued but not yet effective

- IFRS 17 Insurance Contracts

This standard is not applicable to the Group.

- IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

- Amendments to IFRS 9: Prepayment Features with Negative Compensation

These amendments have no impact on the consolidated financial statements of the Group.

- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group will apply these amendments when they become effective.

- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted.

These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

- Amendments to IAS 28: Long-term interests in associates and joint ventures

Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

- Annual Improvements 2015-2017 Cycle (issued in December 2017)

IFRS 3 Business Combinations - These amendments will apply on future business combinations of the Group.

IFRS 11 Joint Arrangements - These amendments are currently not applicable to the Group but may apply to future transactions.

IAS 12 Income Taxes – These amendments will apply to the Group but the Group does not expect any effect on its consolidated financial statements. IAS 23 Borrowing Costs - These amendments will apply to the Group but the Group does not expect any effect on its consolidated financial statements.

3. Significant accounting judgements, estimate and assumptions

In the application of the Group's accounting policies, described in note 1, the Directors are required to make judgements and estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumption are based on historical experience and other factors considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical judgements in applying the Group's accounting polices

The Directors do not consider there to be any critical judgments involved in the application of the accounting policies for the preparation of the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

- **Provision for expected credit losses of trade receivables and contract assets**

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECL charges have been posted against some intercompany balances and trade receivables.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

In calculating an ECL on intercompany balances management have determined whether the default risk on the loan has increased and consequently if there has been a significant increase in credit risk. This evaluation of the default rate is open to significant judgements, estimates and assumptions.

For trade receivables, the Company applies a simplified approach to calculating ECLs.

Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. To correctly reflect the current economic environment, the Group has established a provision matrix is based upon commercial risk and liquidity risk.

Due to the uncertainties surrounding Covid-19, management have had to use significant judgement, estimates and assumptions related to the assessment of commercial and liquidity risk of its customers.

An adjustment of £2.8m has been entered into the Group's financial statements for ECL in the year on its trade receivables.

- **Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

- **Valuation of derivatives**

The derivative financial instruments are carried at fair value in the financial statements. The fair value is calculated on the basis of market parameters, calculated by external experts, therefore giving rise to an areas of estimation uncertainty.

3. Significant accounting judgements, estimate and assumptions *(continued)*

- **Defined benefit pension schemes**

The assumptions used in calculating the balance sheet assets and liabilities of the defined benefit pension scheme include estimates as set out in note 20.

4. Revenue from contracts with customers

All revenue from contracts with customers arises in the United Kingdom from operating the HS1 railway network.

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Segment		2021 £m	2020 £m
Revenue from concession	operating, maintaining and renewing high speed rail	**191.8**	237.1

Total revenue from contracts with customers

- The Investment Recovery Charge ('IRC') comprises an amount per train mile that varies with indexation and recovers its costs of constructing the high-speed rail infrastructure.
- The Operations, Maintenance and Renewals Charge ('OMRC'), relates to costs of operating and maintaining the infrastructure.
- Station access charges comprises qualifying operation and maintenance costs including management fee.
- Unregulated income relates to income from car parks and retail tenants

4.2 Performance obligations

Information about the Company's performance obligations are summarised below. The Company has a single performance obligation under IFRS 15, which is to make the rail infrastructure available to a specific standard. Management has made this judgement based on the following information:

- The contracts in the arrangement are combined into a single arrangement with a common commercial objective of making the infrastructure available to its customers;
- The majority of the Company's revenue streams falling within IFRS 15's scope fund that performance obligation;
- While the contracts require the Company to maintain and renew the infrastructure, these obligations apply to the extent necessary for the Company to meet the standards applicable to the rail infrastructure rather than to complete this maintenance and renewal to specific standards and at specific times.

The single performance obligation is being transferred over time to the customer with the period of the contract being 30 years based on access to the high speed rail infrastructure.

5. Operating profit

	2021 £m	2020 £m
Operating profit is stated after charging:		
Depreciation of right-of-use assets	**0.4**	0.4
ECL on trade receivables	**2.8**	0.2
Amortisation on intangible assets	**48.4**	48.5

Auditor's remuneration:

	2021 £000	2020 £000
Audit of the Company's financial statements	**11**	10
Amounts receivable by the group's auditor and its associates in respect of:		
Audit of financial statements of subsidiaries of the company	**79**	82
Audit-related assurance services	**4**	3
	83	85

There is £4k included in 2021 on agreed audit procedure work performed in respect of audit-related assurance services. (2020: £3k)

Notes for the period ended 31 March 2021 *(continued)*

6. Staff numbers and costs

The average number of persons employed by the Group during the period, analysed by category, was as follows:

	Number of employees 2021	Number of employees 2020
Senior management team	**6**	5
Other	**55**	50
	61	55

The aggregate payroll costs of these persons were as follows:

	2021 £m	2020 £m
Wages and salaries	**6.0**	5.4
Social security costs	**0.5**	0.5
Defined contribution pension scheme costs	**0.4**	0.4
Defined benefit pension scheme costs	**0.1**	0.1
	7.0	6.4

7. Remuneration of Directors

	2021 £000	2020 £000
Directors' emoluments	**135**	135
Remuneration paid to the highest paid Director	**90**	90

Pension contribution is £nil in 2021 (2020: £nil).

0. Interest receivable and similar income

	2021 £m	2020 £m
Financial asset interest	**133.2**	130.6
Other interest receivable	**81.2**	74.2
	214.4	204.8

9. Interest payable and similar charges

	2021	2020
	£m	£m
Interest payable to parent undertaking	**54.2**	54.3
Interest payable on bank borrowings	**20.6**	22.4
Interest payable on other loans	**63.9**	67.9
Interest on lease liabilities	**25.6**	25.2
Net interest on defined benefit liability	**-**	-
Movement in assets/liabilities measured at fair value	**(3.5)**	(15.3)
	160.8	154.5

10. Taxation

Total tax recognised in the profit and loss account, other comprehensive income and equity

	2021		2020	
	£m	**£m**	£m	£m
UK corporation tax				
Current tax on income for the period	**-**		-	
Adjustments in respect of prior periods	**-**		-	
Total current tax		**-**		-
Deferred tax				
Origination/reversal of timing differences	**8.0**		13.2	
Change in tax rates	**-**		(6.9)	
Adjustment in respect of prior years	**0.2**		(5.1)	
Total deferred tax		**8.2**		1.2
Total tax on profit		**8.2**		1.2

The aggregate deferred tax relating to items that are recognised as items of other comprehensive income is debit of £20.2m (31 March 2020: debit of £32.4m). No current tax recognised as items of other comprehensive income or equity in the year (2020: £nil).

10. Taxation *(continued)*

Tax reconciliation

	2021 **£m**	2020 £m
Total tax reconciliation		
Profit before tax	**59.9**	96.2
Profit multiplied by the standard rate of corporation tax in the UK of 19% (31 March 2020: 19%)	**11.4**	18.3
Effects of:		
Expenses not deductible for tax purposes	**(3.4)**	(5.1)
Change in deferred tax rate	**-**	(6.9)
Prior year adjustment	**0.2**	(5.1)
Total tax charge (see above)	**8.2**	1.2

The movement on deferred tax for the Group in the year is outlined below:

	2021 Timing differences £m	**2021 Trading losses £m**	**2021 Total £m**	2020 Timing differences £m	2020 Trading losses £m	2020 Total £m
At beginning of year	**(64.1)**	**84.4**	**20.3**	(22.4)	76.1	53.7
Prior year adjustment	**-**	**-**	**-**	5.1	-	5.1
Change in tax rate	**-**	**-**	**-**	(2.1)	9.0	6.9
Origination and reversal of timing differences	**11.9**	**0.1**	**12.0**	(44.7)	(0.7)	(45.4)
At end of year	**(52.2)**	**84.5**	**32.3**	(64.1)	84.4	20.3

Prior year adjustment includes an adjustment of £5.1m to correct a prior year journal mis-posting in the deferred tax asset balance.

The deferred tax asset for the Group has been disclosed as follows:

	2021 **£m**	2020 £m
Debtors falling due after more than one year	**32.3**	20.3
	32.3	20.3

Notes for the period ended 31 March 2021 *(continued)*

10. Taxation *(continued)*

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2020 – 19%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing Covid-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. If the group's deferred tax balances at the period end were remeasured at 25% this would result in an additional deferred tax credit of £10.7m.

11. Dividends

Dividends receivable
During the year the Group received £nil (2020: £nil) from subsidiary undertakings.

Dividends payable

The aggregate amount of dividends comprises:

	2021	2020
	£m	£m
Dividends payable on A shares	**-**	23.4

No dividends were paid in respect of A shares (31 March 2020: £23.4m) and B shares (31 March 2020: £nil) in the year.

12. Intangible assets

Group

	Licence £m
Cost	
As at 1 April 2019	1,378.8
Additions	1.8
As at 31 March 2020	1,380.6
Amortisation	
As at 1 April 2019	326.3
Charge for year	48.5
As at 31 March 2020	374.8
Cost	
As at 1 April 2020	**1,380.6**
(Disposals)	**(0.5)**
As at 31 March 2021	**1,380.1**
Amortisation	
As at 1 April 2020	**374.8**
Charge for year	**48.4**
As at 31 March 2021	**423.2**
Net book value	
At 31 March 2021	**956.9**
At 31 March 2020	1,005.8

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 19 years.

Notes for the period ended 31 March 2021 *(continued)*

13. Investments in subsidiary undertakings

	2021	2020
	£	£
Class A shares in HS1 Limited	**989**	989
Class B shares in HS1 Limited	**800**	800
Ordinary shares in High Speed Rail Finance plc	**50,000**	50,000
Ordinary shares in High Speed Rail Finance (1) plc	**50,000**	50,000
Class A shares in CTRL (UK) Limited	**1**	1
Class B shares in CTRL (UK) Limited	**4**	4
	101,794	101,794

The companies in which the Company's interest at the year end is more than 20% are as follows:

Company	**Country**	**Principal activity**	**Class and percentage of shares held**
HS1 Limited	UK	Rail infrastructure operator	100% of A shares* 60% of B shares 40% of B shares*
High Speed Rail Finance plc	UK	Finance company	100% of ordinary shares*
High Speed Rail Finance (1) plc	**UK**	Finance company	100% of ordinary shares*
High Speed One (HS1) Limited	**UK**	Dormant company	100% of ordinary shares*
CTRL(UK) Limited	UK	Dormant company	100% of A shares* 60% of B shares 40% of B shares*

* Shares held by a subsidiary undertaking

The holders of A shares carry all voting rights with the exception of the rights to appoint Directors which are held by holders of the B shares.

In the opinion of the Directors the value of the investment is not less than the amount stated in the balance sheet.

14. Debtors: amounts falling due after one year

	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Amounts owed by parent undertakings	**870.6**	791.3	**669.1**	608.1
Amounts owed by subsidiary undertakings	**-**	-	**555.7**	555.8
Less allowance for expected credit losses	**-**	-	**(33.0)**	-
Other debtors	**147.3**	150.1	**-**	-
Deferred tax assets (note 10)	**32.3**	20.3	**-**	-
Derivative financial assets	**60.0**	123.9	**-**	-
Prepayments and accrued income	**14.0**	12.1	**-**	-
	1,124.2	1,097.7	**1,191.8**	1,163.9

For terms, maturities and currencies of loans advanced to fellow group undertakings please refer to note 23.

Other debtors represent cash amounts held in escrow to fund certain future renewals and replacements, together with railway related spares where the risk of ownership lies with NRHS. Access to the escrow funds is restricted under the terms of the revised concession agreement.

Other financial assets relate to derivate 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.

15. Debtors: amounts falling due within one year

	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Trade receivables and accrued income	**21.1**	19.3	**-**	-
Less allowance for expected credit losses	**(3.0)**	(0.2)	**-**	-
Amounts owed by parent undertakings	**23.5**	21.6	**17.7**	16.3
Amounts owed by group undertakings	**-**	-	**40.9**	14.8
Other debtors	**0.8**	0.6	**-**	-
Prepayments	**10.1**	9.6	**-**	-
	52.5	50.9	**58.6**	31.1

For terms, maturities and currencies of loans advanced to fellow group undertakings please refer to note 23.

Notes for the period ended 31 March 2021 *(continued)*

16. Creditors: amounts falling due within one year

	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Bank loans and overdrafts	**50.0**	74.0	**-**	-
Trade creditors	**0.7**	0.1	**-**	-
Amounts due to parent undertakings	**40.9**	14.9	**40.9**	14.9
Amounts due to group undertakings	**-**	-	**17.7**	16.3
Other loans	**11.5**	9.0	**-**	-
Finance lease creditor	**23.0**	22.5	**-**	-
Other creditors including taxation and social security	**12.1**	13.2	**-**	-
Accruals and deferred income	**73.1**	101.0	**-**	-
	211.3	234.7	**58.6**	31.2

For terms, maturities and currencies of loans advanced from fellow group undertakings please refer to note 23.

17. Creditors: amounts falling due after more than one year

	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Bank loans	**12.9**	27.1	**-**	-
Amounts due to parent undertakings	**555.8**	555.8	**555.8**	555.8
Amounts due to group undertakings	**-**	-	**669.1**	608.1
Listed bonds	**914.0**	911.0	**-**	-
USPP notes	**904.5**	957.5	**-**	-
Finance lease creditor	**163.2**	160.5	**-**	-
Escrow deferred income	**137.8**	137.7	**-**	-
Accruals and deferred income	**2.2**	2.7	**-**	-
Derivative financial liabilities	**164.0**	89.3	**-**	-
	2,854.4	2,841.6	**1,224.9**	1,163.9

For terms, maturities and currencies of loans advanced from fellow group undertakings please refer to note 23.

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.

The bank loans, excluding amortising gilt lock payments are as follows:

Group

	2021 Bank loans and overdrafts £m	2020 Bank loans and overdrafts £m
Amounts due:		
In less than one year	**50.0**	74.3
Between one and two years	**-**	27.3
Between two and five years	**13.0**	-
More than five years	**-**	-
Less: debt issue costs	**(0.2)**	(0.5)
	62.8	101.1

18. Capital and reserves

Called up share capital

	2021	2020
	£	£
Authorised, allotted, called up and fully paid		
990 A shares of £1 each	**990**	990
10 B shares of £1 each	**10**	10
	1,000	1,000

Holders of A shares and B shares are entitled to income distributions. The amount of distribution and the right to payment of the distribution need not be the same per each share class. In the event of liquidation, the surplus of assets, after the Company's liabilities have been met, will be distributed to A shareholders and B shareholders to the sum of £1 in respect of each share held. Any remaining surplus will be distributed to A shareholders only. The holders of A shares carry all voting rights with the exception of the rights to appoint Directors which are held by holders of the B shares.

Profit and loss account

The profit and loss account contains the balance of retained earnings to carry forward. Dividends are paid from this reserve. No dividends were paid in respect of ordinary shares during the period.

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.

Other Reserves (Cost of hedging)

This reflects the fair value movement in the currency basis spread excluded from the designated hedging instrument and recognised in other comprehensive income.

19. Parent undertaking and controlling party

The Company's immediate parent undertaking is Betjeman Holdings Limited, a company incorporated in the United Kingdom.

The Company's ultimate parent undertaking is Betjeman Holdings JvCo Limited, a company incorporated in the United Kingdom.

The smallest group in which the results of the Company are consolidated is Helix Acquisition Limited. The largest group in which the results of the Company are consolidated is Betjeman Holdings JvCo Limited, a company incorporated in the United Kingdom.

Copies of the consolidated financial statements of Helix Holdings Limited are available from 5th Floor, Kings Place, 90 York Way, London, N1 9AG.

20. Pension scheme

Net employee defined benefit liabilities

Defined contribution pension scheme

The Group, through HS1 Limited, offers a defined contribution scheme for all employees. HS1 contributions to the defined contribution scheme are disclosed in note 6.

Defined benefit scheme

The Group, through HS1 Limited, operates a defined benefit scheme for qualifying employees with assets held in a separately administered fund. This scheme was closed to new entrants on 17 February 2011.

The disclosure required by IAS 19 *Employee Benefits* in relation to the HS1 section of the Railway Pension Scheme is given in this note.

The HS1 Limited Section ("Section") is part of the Railways Pension Scheme, but its assets and liabilities are identified separately from the remainder of the scheme.

This plan is governed by the employment laws of United Kingdom, which require final salary payments to be adjusted for the consumer price index upon payment during retirement. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the legal form of a foundation and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

The Section is a shared cost arrangement whereby the Group is only responsible for a share of the cost. The figures reported below therefore represent only the Group's share of the cost, except that the tables reconciling the Section liabilities and assets from the start to the end of the year are presented before the deduction of the members' share of the defined benefit cost, or the surplus or deficit. This is for simplicity of presentation and for consistency with the liabilities and assets quoted in the table showing the pension scheme liability or asset at the end of the year.

The most recent actuarial valuation of the HS1 Limited Section of the Railways Pension Scheme was completed at 31 December 2019. The present value of the defined benefit liability and the related current service costs and past service cost were measured using the projected unit credit method.

Employer contributions were 21.54% of section pay to 31 March 2021. The employer has also committed to pay lump sums of £74,000 each year from 2021 to 2023.

20. Pension scheme *(continued)*

Key assumptions:

	2021 % pa	2020 % pa
Discount rate	**2.15**	2.50
Price inflation (RPI measure)	**3.20**	2.50
Increases to deferred pensions (CPI measure)	**2.80**	2.00
Pension increases (CPI measure)	**2.80**	2.00
Pensionable salary increases	**3.70**	3.00

The assumed average expectation of life in years at age 65 is as follows:

	2021	2020
Retiring today		
Males	**87.6**	87.4
Females	**88.5**	89.1
Retiring in 20 years		
Males	**89.2**	88.8
Females	**90.4**	90.6

The fair value of assets in the scheme at the balance sheet date were as follows:

	Fair value	
	2021 £m	2020 £m
Growth assets	**8.0**	5.7
Government bonds	**2.1**	2.0
Non-Government bonds	**-**	1.2
Total fair value of section assets	**10.1**	8.9

Movements in fair value of assets

	2021 £m	2020 £m
At beginning of year	**8.9**	8.9
Interest income on assets	**0.2**	0.2
Return on plan assets greater than discount rate	**1.1**	(0.1)
Employer contributions	**0.2**	0.1
Employee contributions	**-**	-
Actual benefits paid	**(0.3)**	(0.2)
At end of year	**10.1**	8.9

20. Pension scheme *(continued)*

Reconciliation of Defined Benefit Obligation ("DBO")

	2021 £m	2020 £m
At beginning of year	**10.8**	11.3
Service cost	**0.2**	0.2
Interest cost on DBO	**0.3**	0.3
Gain/(loss) on DBO	**2.4**	(0.8)
Actual benefit payments	**(0.3)**	(0.2)
At end of year	**13.4**	10.8

Defined benefit liability at end of period

	2021 £m	2020 £m
DBO at end of year	**13.4**	10.8
Fair value of assets at end of year	**(10.1)**	(8.9)
Deficit at end of year	**3.3**	1.9
Adjustment for members' share of deficit	**(1.3)**	(0.8)
Net defined benefit liability at end of year	**2.0**	1.1

Reconciliation of net defined benefit liability

	2021 £m	2020 £m
Net defined benefit liability at beginning of year	**1.1**	1.4
Employers share of expense	**0.2**	0.2
Employers contributions	**(0.1)**	(0.1)
Total gain/(loss) recognised in other comprehensive income ("OCI")	**0.8**	(0.4)
Net defined benefit liability at end of year	**2.0**	1.1

Analysis of amounts charged to the profit and loss account

	2021 £m	2020 £m
Employer's share of service cost	**0.2**	0.2
Total employer's share of profit and loss account expense (excluding employer's contributions)	**0.2**	0.2

0. Pension scheme *(continued)*

Analysis of amounts charged to OCI

	2021 **£m**	2020 £m
Liability gain/(loss) arising during the year	**0.8**	(0.4)
Total gain/(loss) recognised in OCI	**0.8**	(0.4)

20. Leases

Right-of-use assets

The group has the following right-of-use assets over property:

	Right-of-use assets *£m*	*Total* *£m*
Cost		
At 1 April 2020	2.0	2.0
Additions	-	-
At 31 March 2021	**2.0**	**2.0**
Accumulated depreciation		
At 1 April 2020	0.8	0.8
Depreciation charge for the year	0.4	0.4
At 31 March 2021	**1.2**	**1.2**
Net book value		
At 31 March 2021	**0.8**	**0.8**
At 1 April 2020	1.2	1.2

The lease relates to the HS1 Limited office at 90 York Way, London N1 9AG. As at the year end there are 2 years remaining on the lease.

21. Leases *(continued)*

Lease related income and expenses

	2021 £000	2020 £000
Interest expense on lease liabilities	**38.5**	29.1
	38.5	29.1

The total cash outflow for the Group's lease arrangements in 2021 was £0.5m (2020: £0.5m). **Lease liabilities**

	2021 £m	2020 £m
Maturity analysis – contractual undiscounted cash flows:		
Less than one year	**0.5**	0.5
One to five years	**0.3**	0.8
More than five years	**-**	-
Total undiscounted lease liabilities at 31 March 2021	**0.8**	1.3

22. Financial instruments

Financial risk management

The Group's financial risk management operations are ultimately carried out by the Board of Directors.

The Group is exposed to a number of financial risks in the normal course of its business operations, the key ones being:

- Interest rate risk
- Market risk
- Credit risk
- Foreign currency risk
- Liquidity risk

The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below. These polices have remained unchanged throughout the period.

The Group's financial instruments (other than derivatives) comprise listed bonds, loan notes, US Private Placement notes ("USPP notes"), bank loans, cash and various items such as trade receivables and creditors that arise directly from operations. The Group finances operations from these financial instruments.

Notes for the period ended 31 March 2021 *(continued)*

22. Financial instruments *(continued)*

The Group also enters into interest rate derivatives to manage interest rate risk arising from the Group's borrowings and cross currency swaps to manage currency risk on foreign currency borrowings. The Group does not undertake speculative treasury transactions. The Group does not trade in financial instruments. All of the Group's financial instruments are denominated in GBP with the exception of the US$ USPP notes. The Group's borrowings are secured by a fixed and floating charge over all the assets of the Helix Acquisition Limited group and a charge over the shares of that company.

Contractual maturity of financial liabilities

The following tables detail the contractual maturities of the Group's financial liabilities measured at amortised cost. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

31 March 2021

	Less than one year	**One to two years**	**Two to five years**	**Greater than five years**
	£m	**£m**	**£m**	**£m**
Borrowings	329.4	208.0	623.1	3,969.7
Other financial liabilities	16.6	16.6	49.8	-
	346.0	224.6	672.9	3,969.7

31 March 2020

	Less than one year	One to two years	Two to five years	Greater than five years
	£m	£m	£m	£m
Borrowings	354.3	184.6	631.6	4,252.2
Other financial liabilities	16.6	16.6	49.8	16.6
	370.9	201.2	681.4	4,268.8

22. Financial instruments *(continued)*

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2021	**2020**
	£m	**£m**
Assets measured at fair value through profit or loss	**60.0**	123.9
Assets measured at amortised cost	**2,492.0**	2458.0
Liabilities measured at fair value through profit or loss	**(164.0)**	(89.3)
Liabilities measured at amortised cost	**(2,765.1)**	(2,850.6)

Financial instruments measured at fair value

Derivative financial instruments

Hedge accounting

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur.

				2021		
	Carrying amount	**Expected cash flows**	**1 year or less**	**1 to <2years**	**2 to 5 years and <5years**	**over**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Cross currency swaps:						
Assets	60.0	(396.0)	(23.1)	(61.0)	(196.0)	(115.9)
Liabilities	-	-	-	-	-	-
	60.0	(369.0)	(23.1)	(61.0)	(196.0)	(115.9)

				2021		
	Carrying amount	**Expected cash flows**	**1 year or less**	**1 to <2years**	**2 to 5 years and <5years**	**over**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Interest rate swaps:						
Assets	-	-	-	-	-	
Liabilities	78.0	(83.0)	(16.6)	(16.6)	(49.8)	-
	78.0	(83.0)	(16.6)	(16.6)	(49.8)	-

				2021		
	Carrying amount £m	**Expected cash flows**	**1 year or less**	**1 to <2years**	**2 to 5 years and <5years**	**over**
	Revenue swaps:	**£m**	**£m**	**£m**	**£m**	**£m**
Assets	-	-	-	-	-	-
Liabilities	86.0	(74.7)	(3.2)	(3.7)	(14.2)	(53.6)
	86.0	(74.7)	(3.2)	(3.7)	(14.2)	(53.6)

22. Financial instruments *(continued)*

Interest rate risk

Interest rate risk is the risk that fluctuations in interest rates could result in volatility in interest payable and receivable. The Group is exposed to interest rate risk on its working capital facility, liquidity facility and the floating interest USPP notes. The Group uses interest rate derivatives to reduce exposure to interest rate exposure on the bank loan. The Group does not use derivative financial instruments for speculative purposes.

There is no interest rate risk on other financial instruments as they are either non-interest bearing or at fixed interest rates.

The Directors are responsible for managing interest rate risk and approve all decisions to enter into borrowings and interest rate swaps. The Director's aim is to ensure that all exposure to interest rate risk is minimal by entering into appropriate derivative products.

The Group's policy is to maintain a mix of fixed to floating debt such that a minimum of 70% of borrowings and a maximum of 110% of borrowings is at a fixed rate. At 31 March 2021, the Group's fixed to floating interest rate profile on borrowings was 98:2 (31 March 2020: 95:5).

Sensitivity analysis on interest rate risk

All of the Group's non-derivative financial instruments are accounted for at amortised cost. Fluctuations in market interest rates would therefore have no impact on the balance sheet in respect of these items.

As at 31 March 2021, the Group had floating interest rate borrowings with a notional value of £71.0m (31 March 2020: £112.7m). An increase/(decrease) of 100 basis points in interest rates would increase/(decrease) annual interest payments by £0.7m / £(0.7)m.

As at 31 March 2021, the Group held interest rate derivatives with a combined notional value of £1,697.6m. The fair value of the interest rate derivative contracts was £(78.0)m (31 March 2020:£(89.3)m).

Foreign exchange currency risk

Foreign exchange currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign exchange currency risk on the US$ element of the USPP of $550m. The Group uses cross currency derivatives to hedge currency risk on its foreign currency denominated borrowings.

As at 31 March 2021, the Group held cross currency swaps with a combined notional value of £340m. The fair value of the cross-currency swaps was £60.0m (31 March 2020: £112.1m).

When a derivative is entered into for the purpose of being a hedge, the Group negotiates the terms of the derivative to match the terms of the hedged exposure. For hedges of forecast transactions, the derivative covers the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

Retail Price Index Risk

Retail Price Index ("RPI") risk is the risk that future changes in RPI could have a negative impact on revenue growth. RPI swaps are held by the Group. This fixes inflation on £116m of Investment Recovery Charge ("IRC") income which reduces the volatility of the IRC revenue growth to inflation.

At 31 March 2021, the group held RPI swaps with a combined notional value of £58m. The fair value of the RPI swaps was £(85.2)m (31 March 2020: £11.8m).

Fair values

All the Group's derivatives are classified as Level 2.

The fair value of interest rate and cross currency derivatives is determined by discounting future cash flows based on the terms and maturity of each contract using market data at the measurement date. This is tested to valuations provided by counterparties to ensure reasonableness.

22. Financial instruments *(continued)*

The fair value of revenue swap derivatives is based on non-observable inputs. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using available market information at the measurement date.

The fair values of all financial assets and financial liabilities by category together with their carrying amounts shown in the balance sheet are as follows:

	Carrying amount 2021 £m	**Fair value 2021 £m**	Carrying amount 2020 £m	Fair value 2020 £m
Financial assets				
Concession asset	**1,423.1**	**1,423.1**	1,417.5	1,417.5
Trade and other debtors	**166.2**	**166.2**	213.2	213.2
Amounts owed from parent undertakings	**894.1**	**1,049.7**	791.3	993.0
Cash and cash equivalents	**8.6**	**8.6**	36.0	36.0
RPI swaps	**-**	**-**	11.8	11.1
Cross currency swaps	**60.0**	**56.8**	112.1	108.9
	2,552.0	**2,704.4**	2,581.9	2,779.7
Financial liabilities				
Trade and other creditors	**76.0**	**76.0**	103.8	103.8
Amounts owed to parent undertakings	**596.7**	**714.5**	570.7	691.6
Bank borrowings	**62.8**	**62.8**	101.1	101.1
Other external borrowings	**1,843.1**	**2,041.1**	1,890.5	2,149.8
Interest rate swaps	**78.0**	**71.4**	89.3	91.8
RPI swaps	**86.0**	**86.0**	-	-
	2,742.6	**3,051.8**	2,755.4	3,138.1

US Private Placement (“USPP”) notes

On 29 October 2012 High Speed Rail Finance plc (“HSRF”), a fully owned subsidiary of the Group, entered into USPP notes with seventeen institutional investors over a range of terms, maturities and base currencies (tranches A-D). On 15 December 2016 HSRF entered into USPP notes with nine institutional investors over a range of terms and maturities (tranches E-F).

22. Financial instruments *(continued)*

The significant terms of the USPP notes are as follows:

	Tranche A1	Tranche A2	Tranche B1	Tranche B2
Currency	USD	USD	GBP	GBP
Listed	No	Jersey	No	Jersey
Amount	$530m	$20m	£70m	£47m
Type	Fixed	Fixed	Fixed	Fixed
Interest rate	3.79%	3.79%	4.21%	4.21%
Term	15.5 years	15.5 years	18.5 years	18.5 years
Maturity	30 March 2028	30 March 2028	30 March 2031	30 March 2031

	Tranche C	Tranche D	Tranche E	Tranche F
Currency	GBP	GBP	GBP	GBP
Listed	No	No	No	No
Amount	£58m	£50m	£184m	£130m
Type	Floating	Fixed	Fixed	Fixed
Interest rate	GBP 6mLIBOR1.64% +1.64%	4.72%	2.30%	2.81%
Term	18.5 years	23.5 years	22.5 years	23 years
Maturity	30 March 2031	30 March 2036	31 March 2039	31 December 2039

Listed bonds

On 14 February 2013, High Speed Rail Finance 1 plc ("HSRF1"), a fully owned subsidiary of the Group, listed £760m bonds on the London Stock Exchange across two tranches. Tranche A of the bonds was issued at a discount of £9m.

On 17 April 2015, HSRF1 successfully completed a new sterling index-linked bond issue. The issue of new bonds was in the form of a tap (the "Tap"). The Tap amount was £96.5m, indexed to £100.4m. The bonds were issued pursuant to the base prospectus dated 8 April 2015 relating to the £5,000,000,000 Multicurrency Programme for the Issuance of Bonds of HSRF1. The proceeds of the Tap were used to refinance the bank debt outstanding on the same date.

The significant terms of the listed bonds are as follows:

	Tranche A	Tranche B
Currency	GBP	GBP
Amount	£610m	£246.5m
Type	Fixed	Index linked
Interest rate	4.375%	UKTI .75% plus 1.566%
Term	25.7 years	25.7 years
Maturity	1 November 2038	1 November 2038

The inflationary increase to the nominal value of Tranche B of the listed bonds has been reflected in amounts due in more than one year (note 17).

22. Financial instruments *(continued)*

Bank loans

On 14 February 2013 HS1 Limited ("HS1"), a fully owned subsidiary of the Group, entered into £221.3m of loans, a working capital facility of £65m and an annual rolling liquidity facility of £90m with a consortium of banks.

On 17 April 2015, HS1 refinanced its existing bank loans (Tranche A and B) totalling £198m at that date by entering into the following transactions:

- A £96m tap (inflation adjusted amount of £100m) on the existing 1.566% 2038 maturing index linked bond held by HSRF1 (see above).
- A £98m extension of bank loan tranche A with an amortising maturity profile to 31 March 2022 at an interest rate of LIBOR plus 0.85%.
- Interest rate swaps were entered into for a nominal value of £98m to fully hedge the bank loan extension of £98m and mitigate against future interest rate risk.

On the 29 March 2021, HS1 extended the terms of the bank loan tranche A via an amend and restatement agreement. This extended the loan repayments from 31 March 2022 to 31 March 2024.

In addition to the above the working capital facility was extended to 24 October 2022 at an interest rate of LIBOR plus 0.40% (with a utilisation fee ranging between 0.10% to 0.20%). Post year end, on 15 April 2021, the quantum of this facility was increased to £84m and maturity extended to 15 April 2024. The liquidity fund was maintained at £125m and was renewed to 29 March 2022 at an interest rate of LIBOR plus 1.00%.

At the balance sheet date £50m was drawn down in respect of the working capital facility. This amount has been included in "bank loans and overdrafts due within one year" (note 16).

At the balance sheet date £nil was drawn down in respect of the liquidity facility.

The significant terms of the loans are as follows:

	Tranche A	**Working capital facility**	**Liquidity facility**
Currency	GBP	GBP	GBP
Amount	£98m	£65m	£125m
Type	Floating	Floating	Floating
Interest rate	GBP LIBOR plus 0.85%	GBP LIBOR plus 0.4% (plus utilisation fee)	GBP LIBOR plus 1.0%
Term	9 years	3 years	1 year
Maturity	31 March 2024	24 October 2022	29 March 2022

At the balance sheet date £nil was drawn down in respect of the liquidity facility. The liquidity facility was renewed for a further year for the same amount and terms listed below.

Notes for the period ended 31 March 2021 *(continued)*

22. Financial instruments *(continued)*

Loans with parent undertakings

Including in debtors due in more than one year is a loan of £669.1m (31 March 2020: £608.1m) advanced to its immediate parent undertaking, Helix Bufferco Limited. This loan carries interest at 9.75% and is repayable by agreement of both the borrower and lender. This loan is included in debtors due in more than one year as no significant repayment is expected in the next 12 months.

During the year the Company with the agreement of the Helix Bufferco Limited capitalised accrued loan interest of £61.0m (31 March 2020: £45.5m) in accordance with the terms of the loan agreement.

Included in debtors due in more than one year is a loan of £201.5m (31 March 2020: £183.2m) advanced to Betjeman Holdings Limited. This loan is subject to interest at 9.75% per annum and is repayable by agreement of both the borrower and lender. No significant repayment is expected in the next 12 months.

Included within creditors due in more than one year is a loan of £555.8m (31 March 2020: £555.8m) advanced from Helix Bufferco Limited. This loan is subject to interest at 9.75% per annum and is repayable by agreement of both the borrower and lender. No significant repayment is expected in the next 12 months.

All other balances owed to / from group undertakings, unless stated above, are non-interest bearing and repayable by agreement of both the borrower and lender.

Loans with subsidiary undertakings

Company only

Included in debtors due in more than one year is a loan of £555.8m (31 March 2020: £555.8m) advanced to HS1 Limited. The loan carries interest at 9.75% per annum and is repayable by agreement of both the borrower and lender as no significant repayment is expected in the next 12 months.

Included in creditors due in more than one year is a loan of £669.1m (31 March 2020: £608.1m) advanced from HS1 Limited. This loan is subject to interest at 9.75% per annum and is repayable by agreement of both the borrower and lender. No significant repayment is expected in the next 12 months.

All other balances owed to / from group undertakings, unless stated above, are non-interest bearing and repayable by agreement of both the borrower and lender.

22. Financial instruments *(continued)*

Financial asset

	2021	2020
	£m	£m
As at 1 April	**1,417.5**	1,408.8
Additions	**-**	-
Capital repayment of financial asset	**(118.0)**	(116.3)
Financial asset interest	**131.4**	130.6
Revaluation of asset	**(7.8)**	(5.6)
As at end of period	**1,423.1**	1,417.5
Analysed as:		
Less than one year	**(1.5)**	5.6
More than one year	**1,424.6**	1,411.9
	1,423.1	1,417.5

The financial asset relates entirely to the service concession held to 31 December 2040 to operate, maintain and renew the 109 kilometre high speed rail line.

Notes for the period ended 31 March 2021 *(continued)*

23. Related parties

Group

Identity of related parties which the Group has transacted with:

In the year ended 31 March 2021, there have been no transactions with the Company's Directors or parties related to them (31 March 2020: none).

Helix Bufferco Limited and Betjeman Holdings Limited are related parties by virtue of being an intermediary parent undertakings. Betjeman Holdings JvCo Limited is a related party by virtue of being the ultimate parent undertaking (note 19).

During the financial year the Group completed the following transactions with related parties within the Betjeman Holdings JvCo Limited group of companies:

	2021	2020
	£m	£m
Interest receivable		
Helix Bufferco Limited	**62.4**	57.1
Betjeman Holdings Limited	**18.8**	17.1
Interest payable		
Helix Bufferco Limited	**54.2**	54.3

At the end of the financial year, the following balances were outstanding with related parties within the Betjeman Holdings JvCo Limited group of companies:

	2021	2020
	£m	£m
Debtors: amounts falling due within one year		
Helix Bufferco Limited	**17.7**	16.3
Helix Holdings Limited	**0.4**	0.4
Betjeman Holdings Limited	**5.4**	4.9
Debtors: amounts falling due after more than one year		
Helix Bufferco Limited	**669.1**	608.1
Betjeman Holdings Limited	**201.5**	183.2
Creditors: amounts falling due within one year		
Helix Bufferco Limited	**40.9**	14.8
Creditors: amounts falling due after more than one year Helix Bufferco Limited	**555.8**	555.8

21. Related parties *(continued)*

All transactions with related parties within the Group have taken place at arm's length. The terms of the transactions undertaken are detailed within note 19.

Key management personal compensation

The total remuneration for key management personnel for the year totalled £2.3m (31 March 2020: £3.4m). This amount is included in the staff costs in note 6.

There have been no related party transactions with any Director in the year or subsequent year.

No Director held any material interest in any contract with the Group and company in the year

22. Events after the balance sheet date

There have been no events subsequent to the balance sheet date that require disclosure.