

Helix Acquisition Limited

Unaudited consolidated financial statements

Six months ended 30 September 2021

Helix Acquisition Limited

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Helix Acquisition Limited

Directors' report for the six months ended 30 September 2021

The Directors present their unaudited consolidated financial statements of Helix Acquisition Limited (the "Group") for the six months ended 30 September 2021.

Principal activity

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

Review of business

Key developments during the six months ended 30 September 2021 are as follows:

- Covid-19 has had a significant impact on the UK and Global Economy, with domestic and international travel impacted by lockdown, and international travel restrictions impacting the number of travellers and shoppers in the stations. In the period, there is evidence of the beginnings of a recovery in international travel.
- Earnings before Interest, Tax, Depreciation and Amortisation for the six months ended 30 September 2021 was £1.2m vs. £36.8m for the six months ended 30 September 2020. Covid-19 has had a prolonged impact on HS1, with reduced track access income driving the period-on-period reduction in turnover.
- The Group has a UK Government underpinning arrangement for domestic services, the Group's largest revenue stream. The underpin agreement has partially insulated HS1 from the reduction in domestic passenger numbers.
- Eurostar booked a minimal forward booked timetable for the period May 2021 to December 2021. Eurostar is expected to react to excess demand by booking spot bid train paths, consistent with that booked in December 2020.
- Operational performance of the infrastructure remains strong, with the moving annual average ("MAA") delays per train path from the HS1 infrastructure (the Group's primary performance KPI) decreasing to 3.36 seconds at September 2021 from 4.35 seconds at September 2020. Initiatives continue to be delivered to reduce delays and maintain safe operations.
- Safety performance remains a key business priority with the target of an injury free business. The MAA Fatalities and Weighted Injuries (being a railway industry weighted measure of accidents per 1,000,000 hours worked) has remained low at 0.030 and 0.021 at September 2021 and September 2020 respectively.
- St Pancras International, Stratford International and Ebbsfleet International have all been awarded the Certificate of Assurance from Bureau Veritas as recognition for the cleaning measures in place which reduces the risk of transmission of Covid-19.
- HS1 offers strong sustainability credentials, being the first UK railway to operate entirely on renewable electricity.

Helix Acquisition Limited

Directors' report (*continued*)

Further developments

The LSER direct award was not extended in October 2021 and the Government's Operator of Last Resort (OLR), Southeast Trains Limited, has taken over the service. The OLR takes over a service when a rail franchise contract has ended, as the Government is required to maintain continuity of passenger rail travel. This is not expected to impact HS1 operationally or financially.


Although there is continued uncertainty in the short-term because of Covid-19, including potential new variants, HS1 is seeing growth in passenger station footfall, growth in Retail Income and growth in International travel. All positive signs the market is starting to recover since the previous lockdowns, the business will continue to monitor the situation.

The long-term view remains unchanged with the business expecting to return to pre-pandemic levels by 2024, as the long-term demand for domestic and international train travel is expected to be strong. Train services are expected to recover and be robust over the medium term with the low carbon benefits of rail travel influencing decisions to travel. HS1 will continue to explore further sustainability opportunities for High-Speed rail travel to Kent and the continent.

HS1 hosted a workshop at the World Climate Summit Investment COP this year, which presented High Speed Railways as an integral part of a decarbonised transport network. This is in support of its overall sustainability strategy launched in September 2020.

Approval

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



Patrick Robson

2 December 2021

Helix Acquisition Limited

Consolidated profit and loss account and other comprehensive income

For the six months ended 30 September 2021

	Notes	Six months ended 30 September 2021 Unaudited £m	Six months ended 30 September 2020 Unaudited £m	Year ended 31 March 2021 Audited £m
Turnover	2	64.8	103.5	191.8
Other operating expenditure		(88.0)	(91.2)	(185.5)
Operating (loss) / profit on ordinary activities before interest	3	(23.2)	12.3	6.3
Interest receivable and similar income	4	111.4	107.0	214.4
Interest payable and similar charges	5	(99.5)	(85.6)	(160.8)
(Loss) / Profit on ordinary activities before taxation		(11.3)	33.7	59.9
Tax credit/(charge) on ordinary activities	6	2.8	(3.1)	(8.2)
(Loss) / Profit for the financial period		(8.5)	30.6	51.7
Other comprehensive income				
Re-measurement of net defined benefit pension liability		-	-	(0.8)
Amounts recycled to the profit and loss account		2.2	1.6	3.1
Effective portion of changes in fair value of cash flow hedges		(160.1)	(44.1)	(86.0)
Deferred cost of hedging		-	-	(0.8)
Other comprehensive (loss) for the period, net of tax		(157.9)	(42.5)	(84.5)
Total comprehensive (loss) for the period		(166.4)	(11.9)	(32.8)

The notes on pages 7 to 14 form part of these financial statements.

All activities of the Group relate to continuing operations.

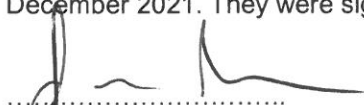
Helix Acquisition Limited
Consolidated balance sheet

As at 30 September 2021

		30 September 2021 Unaudited £m	30 September 2020 Unaudited £m	31 March 2021 Audited £m
Non-current assets				
Intangible assets	7	932.7	980.9	956.9
Right-of-use assets	8	0.6	1.0	0.8
Financial assets – concession related	9	1,423.8	1,420.3	1,423.1
Debtors: amount falling due after more than one year	10	1,160.4	1,102.8	1,124.2
		3,517.5	3,505.0	3,505.0
Current assets				
Debtors: amounts falling due within one year	11	58.9	79.0	52.5
Cash at bank and in hand		3.8	9.2	8.6
		62.7	88.2	61.1
Creditors: amounts falling due within one year	12	(218.1)	(225.0)	(211.3)
Net current liabilities		(155.4)	(136.8)	(150.2)
Total assets less current liabilities		3,362.1	3,368.2	3,354.8
Creditors: amounts falling due after more than one year	13	(3,028.3)	(2,847.7)	(2,854.4)
Lease liabilities		(0.6)	(1.0)	(0.8)
Net assets excluding pension liability		333.2	519.5	499.6
Net pension liability		(2.0)	(1.0)	(2.0)
Net assets		331.2	518.5	497.6
Capital and reserves				
Called up share capital	14	-	-	-
Profit and loss account		427.1	411.6	433.4
Hedging reserve		(98.1)	103.9	62.0
Other reserves		2.2	3.0	2.2
Shareholders' funds		331.2	518.5	497.6

The notes on pages 7 to 14 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 2 December 2021. They were signed on its behalf by:



Patrick Robson
 2 December 2021

Helix Acquisition Limited
Consolidated cash flow statement

For the period ended 30 September 2021

	Six months ended 30 September 2021 Unaudited £m	Six months ended 30 September 2020 Unaudited £m	Year ended 31 March 2021 Audited £m
Cash flows from operating activities			
Profit for the period	(8.5)	30.6	51.7
<i>Adjustments for</i>			
Amortisation of intangible asset and RoU asset	24.4	24.5	48.8
Interest receivable and similar income	(111.4)	(107.0)	(214.4)
Interest payable and similar charges	99.5	85.6	160.8
Taxation	(2.8)	3.1	8.2
	1.2	36.8	55.1
(Increase)/Decrease in debtors	(6.9)	(19.6)	0.5
Increase/(Decrease) in creditors and deferred income	9.4	(2.1)	(29.3)
Repayment of right-of-use liabilities	(0.3)	(0.3)	-
RPI Swap payments	1.7	-	1.8
Tax paid	-	-	-
Net cash from operating activities	5.1	14.8	28.1
Cash flow from investing activities			
Acquisition of intangible and financial assets	-	0.6	0.5
Repayment of financial asset	60.7	61.4	118.0
Net cash from investing activities	60.7	62.0	118.5
Cash flows from financing activities			
Interest paid	(54.2)	(68.0)	(106.8)
Repayment of borrowings	(5.7)	(18.1)	(50.5)
Payment of lease liabilities	(11.4)	(11.2)	(22.4)
Cash (out)/inflow into escrow	(6.2)	0.7	2.7
Net cash from financing activities	(77.5)	(96.6)	(177.0)
Net decrease in cash and cash equivalents	(11.7)	(19.8)	(30.4)
Cash and cash equivalents at beginning of period	(41.4)	(11.0)	(11.0)
Cash and cash equivalents at end of period	(53.1)	(30.8)	(41.4)
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand	3.8	9.2	8.6
Cash equivalents	(56.9)	(40.0)	(50.0)
Cash and cash equivalents at end of period	(53.1)	(30.8)	(41.4)

The notes on pages 7 to 14 form an integral part of these financial statements.

Helix Acquisition Limited
Consolidated statement of changes in equity
As at 30 September 2021

	Called up share capital £m	Profit and loss account £m	Hedging reserve £m	Other reserves £m	Total equity £m
At 1 April 2021	-	433.4	62.0	2.2	497.6
Total comprehensive income for the period					
Loss for the period	-	(8.5)	-	-	(8.5)
Other comprehensive income	-	2.2	(160.1)	-	(157.9)
Total comprehensive income for the period	-	(6.3)	(160.1)	-	(166.4)
As at 30 September 2021	-	427.1	(98.1)	2.2	331.2
At 1 April 2020	-	379.4	148.0	3.0	530.4
Total comprehensive income for the period					
Profit for the period	-	30.6	-	-	30.6
Other comprehensive income	-	1.6	(44.1)	-	(42.5)
Total comprehensive income for the period	-	32.2	(44.1)	-	(11.9)
As at 30 September 2020	-	411.6	103.9	3.0	518.5

The notes on pages 7 to 14 form an integral part of these financial statements.

Helix Acquisition Limited

Notes to the unaudited financial statements for the six months ended 30 September 2021 (continued)

1. Accounting policies

Basis of preparation

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

This Interim Report has been prepared in accordance with the International Accounting Standard ("IAS") 34 'Interim Financial Reporting' and should be read in conjunction with the consolidated financial statements for the year ended 31 March 2021. Selected explanatory notes are included to explain events and transactions that are significant to the understanding since the last annual financial statements. The accounting policies used are in compliance with the recognition and measurement requirements of International Reporting Standards ("IFRS") as adopted by the European Union ("EU") using the historical cost basis, except that financial instruments are classified as investments at fair value through the profit and loss.

The presentational currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £ hundred thousand.

This Interim Report has been prepared on the basis of accounting policies consistent with those applied in the financial statements for the year ended 31 March 2021. The financial statements for year ended 31 March 2021 were prepared on a going concern basis but disclosed that material uncertainties existed driven by the Covid-19 pandemic. For the Interim Report the Directors confirm, having made appropriate enquiries that the going concern basis continues to be appropriate. The previously disclosed material uncertainties continue to apply as disclosed in the financial statements for the year ended 31 March 2021 and in their opinion that there is a low likelihood of factors which would lead to solvency issues for the Group. The Interim Report has accordingly been prepared on a going concern basis.

Basis of consolidation

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

2. Turnover

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

3. Operating profit on ordinary activities before interest

Operating profit on ordinary activities before interest is stated after charging:	Six months ended	Six months ended	Year ended
	30 September 2021	30 September 2020	31 March 2021
	Unaudited	Unaudited	Audited
	£m	£m	£m
Depreciation of right-of-use assets	0.2	0.2	0.4
ECL on trade receivables	1.8	3.1	2.8
Amortisation of intangible assets	24.2	24.3	48.4

Helix Acquisition Limited

Notes to the unaudited financial statements for the six months ended 30 September 2021 (continued)

4. Interest receivable and similar income

	Six months ended 30 September 2021 Unaudited £m	Six months ended 30 September 2020 Unaudited £m	Year ended 31 March 2021 Audited £m
Financial asset interest	66.1	65.9	131.4
Other interest receivable	45.3	41.1	83.0
	<u>111.4</u>	<u>107.0</u>	<u>214.4</u>

5. Interest payable and similar charges

	Six months ended 30 September 2021 Unaudited £m	Six months ended 30 September 2020 Unaudited £m	Year ended 31 March 2021 Audited £m
Interest payable to parent undertaking	28.7	27.2	54.2
Interest payable on bank borrowings	10.1	11.6	20.6
Interest payable on other loans	40.3	31.9	63.9
Interest payable on finance leases	13.1	12.8	25.6
Movement in assets/liabilities measured at fair value	7.3	2.1	(3.5)
	<u>99.5</u>	<u>85.6</u>	<u>160.8</u>

6. Taxation on loss on ordinary activities

UK corporation tax	Six months ended 30 September 2021 Unaudited £m	Six months ended 30 September 2020 Unaudited £m	Year ended 31 March 2021 Audited £m
Current tax	-	-	-
Deferred tax	(2.8)	3.1	8.2
Total tax (credit)/charge on ordinary activities	<u>(2.8)</u>	<u>3.1</u>	<u>8.2</u>

The enacted tax rate of 25% (30 September 2020: 19% and 31 March 2021: 19%) has been used in the calculation of the deferred tax asset. The tax rate of 19% (30 September 2020 and 31 March 2021: 19%) has been used in the calculation of current tax payable.

Helix Acquisition Limited

Notes to the unaudited financial statements for the six months ended 30 September 2021 (continued)

7. Intangible assets

	Licence
	£m
Cost	
At 1 April 2021	1,380.1
Additions	-
	<hr/>
At 30 September 2021	1,380.1
	<hr/>
Accumulated amortisation	
At 1 April 2021	423.2
Charge for the period	24.2
	<hr/>
At 30 September 2021	447.4
	<hr/>
Net book value	
At 30 September 2021	932.7
	<hr/> <hr/>
At 31 March 2021	956.9
	<hr/> <hr/>
	Licence
	£m
Cost	
At 1 April 2020	1,380.6
Disposals	(0.6)
	<hr/>
At 30 September 2020	1,380.0
	<hr/>
Accumulated amortisation	
At 1 April 2020	374.8
Charge for the period	24.3
	<hr/>
At 30 September 2020	399.1
	<hr/>
Net book value	
At 30 September 2020	980.9
	<hr/> <hr/>
At 31 March 2020	1,005.8
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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 18.5 years.

Helix Acquisition Limited

Notes to the unaudited financial statements for the six months ended 30 September 2021 (continued)

8. Right-of-use assets

	Right-of-use assets £m
Cost	
At 1 April 2021	2.0
Additions	-
	<hr/>
At 30 September 2021	2.0
	<hr/>
Accumulated depreciation	
At 1 April 2021	1.2
Charge for the period	0.2
	<hr/>
At 30 September 2021	1.4
	<hr/>
Net book value	
At 30 September 2021	0.6
	<hr/> <hr/>
At 31 March 2021	0.8
	<hr/> <hr/>
	Right-of-use assets £m
Cost	
At 1 April 2020	2.0
Additions	-
	<hr/>
At 30 September 2020	2.0
	<hr/>
Accumulated depreciation	
At 1 April 2020	0.8
Charge for the period	0.2
	<hr/>
At 30 September 2020	1.0
	<hr/>
Net book value	
At 30 September 2020	1.0
	<hr/> <hr/>
At 31 March 2020	1.2
	<hr/> <hr/>

Helix Acquisition Limited

Notes to the unaudited financial statements for the six months ended 30 September 2021 (continued)

9. Financial assets – concession related

	Six months ended 30 September 2021 Unaudited £m	Six months ended 30 September 2020 Unaudited £m	Year ended 31 March 2021 Audited £m
As at beginning of the period	1,423.1	1,417.5	1,417.5
Additions	-	-	-
Capital repayment of financial asset	(60.7)	(61.4)	(118.0)
Financial asset interest	66.1	65.9	131.4
Revaluation of asset	(4.7)	(1.7)	(7.8)
As at end of period	<u>1,423.8</u>	<u>1,420.3</u>	<u>1,423.1</u>

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

	30 September 2021 Unaudited £m	30 September 2020 Unaudited £m	31 March 2021 Audited £m
Amounts owed by parent undertakings	914.8	822.3	870.6
Other debtors	153.4	149.4	147.3
Deferred tax asset	6.7	27.3	32.3
Prepayments and accrued income	15.0	13.0	14.0
Other financial assets	70.5	90.8	60.0
	<u>1,160.4</u>	<u>1,102.8</u>	<u>1,124.2</u>

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

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

Helix Acquisition Limited

Notes to the unaudited financial statements for the six months ended 30 September 2021 (continued)

11. Debtors: amounts falling due within one year

	30 September 2021 Unaudited £m	30 September 2020 Unaudited £m	31 March 2021 Audited £m
Trade debtors	22.4	25.3	21.1
Less: allowance for expected credit losses	(4.8)	(3.3)	(3.0)
Amounts owed by parent undertakings	23.0	30.2	23.5
Other debtors	0.8	0.3	0.8
Prepayments and accrued income	17.5	26.5	10.1
	<u>58.9</u>	<u>79.0</u>	<u>52.5</u>

For trade receivables the Group applies a simplified approach in calculating ECLs as these items do not have a significant financing component. There are two key income streams, being track access and retail tenant income.

For Track access receivables the group has considered historical loss rates. For retail tenants, the Group has established a provision matrix based upon retail tenant type, which has then been assessed on a collective basis as they possess shared commercial and liquidity risk characteristics.

12. Creditors: amounts falling due within one year

	30 September 2021 Unaudited £m	30 September 2020 Unaudited £m	31 March 2021 Audited £m
Bank loans and overdrafts	56.9	67.1	50.0
Trade creditors	2.5	5.6	0.7
Amounts due to parent undertaking	17.9	13.9	40.9
Other loans	30.5	10.3	11.5
Finance lease creditor	23.0	22.7	23.0
Other creditors including taxation and social security	12.7	13.2	12.1
Accruals and deferred income	74.6	92.2	73.1
	<u>218.1</u>	<u>225.0</u>	<u>211.3</u>

Helix Acquisition Limited

Notes to the unaudited financial statements for the six months ended 30 September 2021 (continued)

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

	30 September 2021 Unaudited £m	30 September 2020 Unaudited £m	31 March 2021 Audited £m
Bank loans	12.6	13.5	12.9
Amounts due to parent undertakings	593.1	555.8	555.8
Listed bonds	923.5	911.9	914.0
USPP notes	888.3	937.7	904.5
Finance lease creditor	164.8	161.9	163.2
Escrow deferred income	144.6	138.7	137.8
Accruals and deferred income	1.0	1.6	2.2
Other financial liabilities	300.4	126.6	164.0
	3,028.3	2,847.7	2,854.4

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

Borrowings

The Group has drawn down £56.9m of its working capital facility (31 March 2021: £50.0m) and has an undrawn liquidity facility (31 March 2021: undrawn).

The Group's other external borrowings comprise:

	30 September 2021 Unaudited £m	30 September 2020 Unaudited £m	31 March 2021 Audited £m
Bank loan	12.6	41.0	12.9
Listed bonds	923.5	916.5	915.3
US Private Placement notes: issued in GBP	518.8	523.9	528.4
US Private placement notes: issued in USD	335.1	340.0	340.0
	1,790.9	1,821.4	1,796.6

The Group's debt is all denominated in sterling with the exception of the USD element of the US Private Placement notes of \$542.0m (31 March 2021: \$550.0m). The Group uses cross currency derivatives to fully hedge the foreign exchange currency risk.

The Group holds interest rate derivatives with a notional value of £1,697.6m (31 March 2021: £1,697.6m) which are not held for speculative treasury transactions.

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

Helix Acquisition Limited

Notes to the unaudited financial statements for the six months ended 30 September 2021 (continued)

14. Capital and reserves

	30 September 2021 Unaudited £	30 September 2020 Unaudited £	31 March 2021 Audited £
Allotted, called up and fully paid			
990 A shares of £1 each	990	990	990
10 B shares of £1 each	10	10	10
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

Profit and loss account

The profit and loss account contains the balance of retained earnings to carry forward. Dividends are paid from this reserve. Nil dividends (31 March 2021: £Nil) 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.