

Helix Acquisition Limited

**Unaudited consolidated
financial statements**

Six months ended 30 September 2022

Helix Acquisition Limited

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Helix Acquisition Limited

Directors' report for the six months ended 30 September 2022

The Directors present their unaudited consolidated financial statements of Helix Acquisition Limited (the "Group") for the six months ended 30 September 2022.

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 2022 are as follows:

- Earnings before Interest, Tax, Depreciation and Amortisation for the six months ended 30 September 2022 were £31.8m (six months ended 30 September 2021: £1.2m). The increase is due to a more stable business environment with improved timetable bookings. However, the business is not yet performing to pre-covid levels.
- The Group has continued to utilise the UK Government domestic underpinning arrangement ("DUA") for the domestic services, where services are below the contractual underpin level. Domestic services are expected to continue to remain below this level for the immediate term due to the reduction in domestic passenger numbers.
- Eurostar has maintained a stable level of operations, with a recovery in train paths partly impacted by restrictions in border processing capacity.
- Retail income has recovered to c.90% of pre-covid levels, with 100% of units trading.
- Operational performance of the infrastructure is the Group's primary performance KPI. The moving annual average ("MAA") delays per train path from the HS1 infrastructure has increased to 5.8 seconds at September 2022 (September 2021: 3.36 seconds). The level remains within the concession agreement limits but has been caused by increases in lineside fires and trespass. Network Rail High Speed ("NR(HS)") are working to improve detection and mitigation of trespass events in the future.
- 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 increased to 0.11 and 0.03 at September 2022 and September 2021 respectively. NRHS is working on new initiatives to reduce this in the future.
- The Rail, Maritime and Transport Workers ("RMT"), and the Associated Society of Locomotive Engineers and Firemen ("ASLEF") have held strikes in relation to its members pay, guarantees over redundancies and changes to maintenance practices. Between 1 April and 30 September 2022, HS1 has seen 8 days of strike action to date. HS1 has been partially insulated from the effect as NR(HS) have been able to operate the railway for a large portion of each strike day.
- HS1 has strong sustainability credentials. HS1 recently published its ESG report for 21/22 which confirms the business is on track to deliver the 'Green Gateway to Europe'. Furthermore, HS1's 'Project Peatlands' sustainability campaign received the 'Highly Recommended' award, in the 'Best Sustainability Initiative' category at the Global Travel Retail Awards.

Helix Acquisition Limited

Directors' report (*continued*)

Further developments

The Retail Price Index ("RPI") reached a historic high at 12.6% in the 12 months to September 2022. HS1 stands to benefit from the increase as its income is positively correlated to RPI. However, rising inflation has had a knock on effect in the cost of living in the UK and the impact of this on our customers is being monitored.

The rise in utilities cost does not directly impact HS1 railway or station operations, as the cost is pass through to customers, but does impact their cost base. HS1 has a well-developed Energy Procurement Strategy which it has utilised to take out Corporate Power Purchase Agreements ("CPPA") linked to UK renewable assets, helping to fix prices for its customers. The first CPPA was contracted in April 2022 and the first trade secured renewable energy from October 2022 to September 2032.

Changes to border controls, continue to impact international travel, with Eurostar confirming they are capping services levels to ensure service quality and customer experience. The re-introduction of the wet stamping of passports has increased the processing time and therefore has limited the number of passengers that can travel in one day. An electronic visa Entry / Exit system ("EES") is planned to be implemented in May 2023 for the Schengen Area, which is also expected to increase the processing time. HS1 is working with Eurostar on several initiatives to reduce processing time for end customers.

Train services are expected to recover to pre-pandemic levels over time and to be robust in the medium term, partly driven by the low carbon benefits of rail travel. HS1 will continue to explore further sustainability opportunities for high speed rail travel to Kent and the continent.

The Government has previously announced, but not yet implemented into law, a planned restructure to the railway system under a new body called Great British Rail ("GBR").

Approval

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



[Patrick Robson \(Dec 1, 2022 15:24 GMT\)](#)

Patrick Robson

1 December 2022

Helix Acquisition Limited

Consolidated profit and loss account and other comprehensive income

For the six months ended 30 September 2022

	Notes	Six months ended 30 September 2022 Unaudited £m	Six months ended 30 September 2021 Unaudited £m	Year ended 31 March 2022 Audited £m
Turnover	2	105.2	64.8	149.7
Other operating expenditure		(97.8)	(88.0)	(178.0)
Operating Profit / (Loss) on ordinary activities before interest	3	7.4	(23.2)	(28.3)
Interest receivable and similar income	4	112.7	111.4	229.8
Interest payable and similar charges	5	(100.3)	(99.5)	(176.0)
Profit / (Loss) on ordinary activities before taxation		19.8	(11.3)	25.5
Tax credit on ordinary activities	6	10.1	2.8	4.6
Profit / (Loss) for the financial period		29.9	(8.5)	30.1
Other comprehensive income				
Re-measurement of net defined benefit pension liability		-	-	(0.2)
Amounts recycled to the profit and loss account		(0.8)	2.2	3.1
Effective portion of changes in fair value of cash flow hedges		(24.0)	(160.1)	(440.5)
Deferred cost of hedging		-	-	(2.0)
Other comprehensive (loss) for the period, net of tax		(24.8)	(157.9)	(439.4)
Total comprehensive Profit / (Loss) for the period		5.1	(166.4)	(409.5)

The notes on pages 7 to 13 form part of these financial statements.

All activities of the Group relate to continuing operations.


Helix Acquisition Limited
Consolidated balance sheet

As at 30 September 2022

		30 September 2022 Unaudited £m	30 September 2021 Unaudited £m	31 March 2022 Audited £m
Non-current assets				
Intangible assets	7	884.4	932.7	908.5
Right-of-use assets		0.2	0.6	0.4
Financial assets – concession related	8	1,423.0	1,423.8	1,424.6
Debtors: amount falling due after more than one year	9	1,343.0	1,160.4	1,206.3
		3,650.6	3,517.5	3,539.8
Current assets				
Debtors: amounts falling due within one year	10	67.5	58.9	66.5
Cash at bank and in hand		4.4	3.8	4.3
		71.9	62.7	70.8
Creditors: amounts falling due within one year	11	(225.7)	(218.1)	(227.9)
Net current liabilities		(153.8)	(155.4)	(157.1)
Total assets less current liabilities		3,496.8	3,362.1	3,382.7
Creditors: amounts falling due after more than one year	12	(3,400.6)	(3,028.3)	(3,291.4)
Lease liabilities		(0.1)	(0.6)	(0.3)
Net assets excluding pension liability		96.1	333.2	91.0
Net pension liability		(2.2)	(2.0)	(2.2)
Net assets		94.0	331.2	88.8
Capital and reserves				
Called up share capital	13	-	-	-
Profit and loss account		505.0	427.1	475.8
Hedging reserve		(411.2)	(98.1)	(387.2)
Other reserves		0.2	2.2	0.2
Shareholders' funds		94.0	331.2	88.8

The notes on pages 7 to 13 form part of these financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 1 December 2022. They were signed on its behalf by:


Patrick Robson (Dec 1; 2022 15:24 GMT)
Patrick Robson
 1 December 2022

Helix Acquisition Limited
Consolidated cash flow statement
For the period ended 30 September 2022

	Six months ended 30 September 2022 Unaudited £m	Six months ended 30 September 2021 Unaudited £m	Year ended 31 March 2022 Audited £m
Cash flows from operating activities			
Profit for the period	29.9	(8.5)	30.1
<i>Adjustments for</i>			
Amortisation of intangible asset and RoU asset	24.4	24.4	48.8
Interest receivable and similar income	(112.7)	(111.4)	(229.8)
Interest payable and similar charges	100.3	99.5	176.0
Taxation	(10.1)	(2.8)	(4.6)
	31.8	1.2	20.5
(Increase)/Decrease in debtors	(1.7)	(6.9)	(11.5)
Increase/(Decrease) in creditors and deferred income	25.9	9.1	8.9
RPI Swap (receipts)/payments	(1.5)	1.7	9.1
Tax paid	-	-	-
Net cash from operating activities	54.6	5.1	27.0
Cash flow from investing activities			
Acquisition of intangible and financial assets	(0.2)	-	-
Repayment of financial asset	66.8	60.7	122.3
Net cash from investing activities	66.6	60.7	122.3
Cash flows from financing activities			
Interest paid	(51.6)	(54.2)	(108.6)
Repayment of borrowings	(24.6)	(5.7)	(11.3)
Payment of lease liabilities	(12.2)	(11.4)	(22.7)
Cash (out)/inflow into escrow	(18.8)	(6.2)	(15.0)
Net cash from financing activities	(107.2)	(77.5)	(157.6)
Net increase/(decrease) in cash and cash equivalents	14.0	(11.7)	(8.3)
Cash and cash equivalents at beginning of period	(49.7)	(41.4)	(41.4)
Cash and cash equivalents at end of period	(35.6)	(53.1)	(49.7)
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand	4.4	3.8	4.4
Cash equivalents	(40.0)	(56.9)	(54.1)
Cash and cash equivalents at end of period	(35.6)	(53.1)	(49.7)

The notes on pages 7 to 13 form an integral part of these financial statements.

Helix Acquisition Limited
Consolidated statement of changes in equity
As at 30 September 2022

	Called up share capital £m	Profit and loss account £m	Hedging reserve £m	Other reserves £m	Total equity £m
At 1 April 2022	-	475.8	(387.2)	0.2	88.8
Total comprehensive income for the period					
Result for the period	-	29.9	-	-	29.9
Other comprehensive income	-	(0.8)	(24.0)	-	(24.8)
<i>Total comprehensive income for the period</i>	-	29.1	(24.0)	-	5.1
As at 30 September 2022	-	505.0	(411.2)	0.2	94.0
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)
<i>Total comprehensive income for the period</i>	-	(6.3)	(160.1)	-	(166.4)
As at 30 September 2021	-	427.1	(98.1)	2.2	331.2

The notes on pages 7 to 13 form an integral part of these financial statements.

Helix Acquisition Limited

Notes to the unaudited financial statements for the six months ended 30 September 2022 (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.

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

This Interim Report has been prepared on the basis of accounting policies consistent with those applied in the financial statements for the year ended 31 March 2022. For the Interim Report the Directors confirm, having made appropriate enquiries that the going concern basis continues to be appropriate. 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 30 September 2022	Six months ended 30 September 2021	Year ended 31 March 2022
	Unaudited	Unaudited	Audited
	£m	£m	£m
Depreciation of right-of-use assets	0.2	0.2	0.4
Expected credit loss charge / (reversal)	-	1.8	(2.2)
Amortisation of intangible assets	24.2	24.2	48.4

Helix Acquisition Limited

Notes to the unaudited financial statements for the six months ended 30 September 2022 (continued)

4. Interest receivable and similar income

	Six months ended 30 September 2022 Unaudited £m	Six months ended 30 September 2021 Unaudited £m	Year ended 31 March 2022 Audited £m
Financial asset interest	64.7	66.1	133.8
Other interest receivable	48.0	45.3	96.0
	<u>112.7</u>	<u>111.4</u>	<u>229.8</u>

5. Interest payable and similar charges

	Six months ended 30 September 2022 Unaudited £m	Six months ended 30 September 2021 Unaudited £m	Year ended 31 March 2022 Audited £m
Interest payable to parent undertaking	30.2	28.7	57.9
Interest payable on bank borrowings	10.9	10.1	20.2
Interest payable on other loans	53.7	40.3	82.7
Interest payable on finance leases	13.7	13.1	26.0
Movement in assets/liabilities measured at fair value	(8.3)	7.3	(10.8)
	<u>100.3</u>	<u>99.5</u>	<u>176.0</u>

6. Taxation on gains/losses on ordinary activities

UK corporation tax	Six months ended 30 September 2022 Unaudited £m	Six months ended 30 September 2021 Unaudited £m	Year ended 31 March 2022 Audited £m
Current tax	-	-	-
Deferred tax	(10.1)	(2.8)	(4.6)
Total tax (credit) on ordinary activities	<u>(10.1)</u>	<u>(2.8)</u>	<u>(4.6)</u>

The enacted tax rate of 25% (30 September 2021 and 31 March 2022: 25%) has been used in the calculation of the deferred tax asset. The tax rate of 25% (30 September 2021 and 31 March 2022: 25%) 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 2022 (continued)

7. Intangible assets

	Licence
	£m
Cost	
At 1 April 2022	1,380.1
Additions	-
	<hr/>
At 30 September 2022	1,380.1
	<hr/>
Accumulated amortisation	
At 1 April 2022	471.6
Charge for the period	24.1
	<hr/>
At 30 September 2022	495.7
	<hr/>
Net book value	
At 30 September 2022	884.4
	<hr/> <hr/>
At 31 March 2022	908.5
	<hr/> <hr/>
	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/>

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 17.5 years.

Helix Acquisition Limited

Notes to the unaudited financial statements for the six months ended 30 September 2022 (continued)

8. Financial assets – concession related

	Six months ended 30 September 2022 Unaudited £m	Six months ended 30 September 2021 Unaudited £m	Year ended 31 March 2022 Audited £m
As at beginning of the period	1,424.6	1,423.1	1,423.0
Additions	-	-	-
Capital repayment of financial asset	(66.8)	(60.7)	(122.3)
Financial asset interest	66.2	66.1	132.0
Revaluation of asset	(1.0)	(4.7)	(8.1)
As at end of period	<u>1,423.0</u>	<u>1,423.8</u>	<u>1,424.6</u>

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

	30 September 2022 Unaudited £m	30 September 2021 Unaudited £m	31 March 2022 Audited £m
Amounts owed by parent undertakings	1,006.2	914.8	957.5
Other debtors	179.8	153.4	161.9
Deferred tax asset	-	6.7	-
Prepayments and accrued income	16.0	15.0	16.0
Other financial assets	141.0	70.5	70.9
	<u>1,343.0</u>	<u>1,160.4</u>	<u>1,206.3</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 2022 (continued)

10. Debtors: amounts falling due within one year

	30 September 2022 Unaudited £m	30 September 2021 Unaudited £m	31 March 2022 Audited £m
Trade debtors	17.3	22.4	13.9
Less: allowance for expected credit losses	-	(4.8)	(0.5)
Amounts owed by parent undertakings	25.2	23.0	25.8
Other debtors	1.5	0.8	1.0
Prepayments and accrued income	23.5	17.5	26.3
	<u>67.5</u>	<u>58.9</u>	<u>66.5</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.

11. Creditors: amounts falling due within one year

	30 September 2022 Unaudited £m	30 September 2021 Unaudited £m	31 March 2022 Audited £m
Bank loans and overdrafts	40.0	56.9	58.5
Trade creditors	-	2.5	1.5
Amounts due to parent undertaking	15.8	17.9	16.3
Other loans	53.7	30.5	49.3
Finance lease creditor	23.7	23.0	23.3
Other creditors including taxation and social security	6.9	12.7	3.3
Accruals and deferred income	85.6	74.6	75.7
	<u>225.7</u>	<u>218.1</u>	<u>227.9</u>

Helix Acquisition Limited

Notes to the unaudited financial statements for the six months ended 30 September 2022 (continued)

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

	30 September 2022 Unaudited £m	30 September 2021 Unaudited £m	31 March 2022 Audited £m
Bank loans	12.8	12.6	8.4
Amounts due to parent undertakings	627.6	593.1	608.7
Listed bonds	958.5	923.5	935.9
USPP notes	906.0	888.3	872.7
Finance lease creditor	167.4	164.8	166.2
Escrow deferred income	168.5	144.6	153.6
Accruals and deferred income	1.0	1.0	1.5
Other financial liabilities	514.3	300.4	496.2
Deferred tax liability	44.5	-	48.2
	3,400.6	3,028.3	3,291.4

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 £40.0m of its working capital facility (31 March 2022: £54.0m) and has an undrawn liquidity facility (31 March 2022: undrawn).

The Group's other external borrowings comprise:

	30 September 2022 Unaudited £m	30 September 2021 Unaudited £m	31 March 2022 Audited £m
Bank loan	12.8	12.6	12.7
Listed bonds	958.5	924.6	935.9
US Private Placement notes: issued in GBP	517.6	518.8	518.0
US Private placement notes: issued in USD	444.4	335.1	406.6
	1,933.3	1,790.9	1,873.2

The Group's debt is all denominated in sterling with the exception of the USD element of the US Private Placement notes of \$494.9m (31 March 2022: \$534.1m). 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 £1,600.0m (31 March 2022: £1,600.0m) 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 2022 (continued)

13. Capital and reserves

	30 September 2022 Unaudited £	30 September 2021 Unaudited £	31 March 2022 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
	<hr/>	<hr/>	<hr/>
	1,000	1,000	1,000
	<hr/>	<hr/>	<hr/>

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 2022: £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.