

Helix Acquisition Limited

Unaudited consolidated financial statements

Six months ended 30 September 2024

Helix Acquisition Limited

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Helix Acquisition Limited

DIRECTORS' REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

The Directors present their unaudited consolidated financial statements of Helix Acquisition Limited (the "Group") for the six months ended 30 September 2024.

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. In addition to St Pancras International, three stations are served along the route - Stratford International, Ebbsfleet International and Ashford International.

Business Review

In the half year to 30 September 2024, the Group has benefited from the growth in demand for international rail travel, and a growth in footfall, driving an increase in both the International and Retail revenue streams. Key developments during the six months ended 30 September 2024 are as follows:

- Earnings before Interest, Tax, Depreciation and Amortisation for the six months ended 30 September 2024 was £55.9m (H1 2023 restated: £46.2m), with the increase primarily driven by higher RPI and increased train paths.
- International paths have continued to grow, with Eurostar increasing paths operated by 279 (3.3%) compared to the equivalent period last year. Booked in advance ("FWT") paths made up 99.7% of all trains for the six months ended 30 September 2024 (H1 2023: 74%), evidencing an improved confidence in the market post-pandemic. Any excess demand has continued to be met through spot bids.
- 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. In the half year to 30 September 2024, domestic services were running at 91% of pre-Covid levels.
- Retail income has recovered and is now c. 5% above pre-Covid levels, with only one empty unit as at the 30th September 2024.
- 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 reduced to 8.23 seconds at September 2024 (H1 2023: 9.38 seconds). This is well within concession target but slightly short of HS1's internal target of 7.5 seconds. The Route has seen improved performance with better infrastructure reliability and a reduction in delays due to trespass.
- Safety performance remains a key business priority with the target of an injury free business. The Workforce MAA Fatalities and Weighted Injuries (being a railway industry weighted measure of accidents per 1,000,000 hours worked) reduced from 0.145 at September 2023 to 0.069 at September 2024. The Passenger MAA Fatalities and Weighted Injuries (a railway industry weighted measure of accidents per 10,000,000 passenger journeys) decreased from 0.013 at September 2023 to 0.012 at September 2024.
- HS1 is in year 5 of the Control Period 3, with the operating, maintenance, and renewal ("OMR") charge set by the Office of Rail and Road ("ORR") for a 5-year period commencing in April 2020.
- HS1 has strong sustainability credentials and continues to deliver against the published Sustainability Strategy, which was updated in 2023 to ensure that it remains effective and ambitious. HS1 published its fourth ESG report in June 2024, including metrics for all key areas of sustainability and their impact on the natural environment as well as the Group's Taskforce for Climate related Financial Disclosures (TCFD) report.

Helix Acquisition Limited

Further developments

In the 6 months ending 30th September, international services have continued to recover toward pre-pandemic levels. HS1 will continue to promote recovery and growth of international travel service offerings. HS1 is also proactively supporting a number of prospective operators who are in advanced stages of business case development to launch international services using HS1.

HS1 has progressed feasibility studies examining the optimum way to expand the international capacity at St Pancras station and improve the passenger experience. Working closely with Eurostar, HS1 has identified an operational and infrastructure strategy to unlock additional processing capacity at the station.

The new UK government has confirmed the implementation of the UK Rail Reform Bill, with the objective and intention of improving rail performance and connectivity for passengers through bringing passenger railway services back into public ownership. The Passenger Railway Services (Public Ownership) Bill has passed all stages in the House of Commons and is now with the House of Lords, and a Shadow Great British Railways has been established. While there should not be a direct impact on HS1 and the Concession, HS1 remains engaged with the Great British Railways developments.

The Periodic Review 24 (“PR24”) process with the Office of Rail and Road (“ORR”) is underway, to set route and station renewal charges for the next control period, spanning 1st April 2024 to 31st March 2030. The ORR published its Draft Determination in September 2024, and HS1’s plans to oversee and control station and route charges were assessed positively. The ORR has outlined a few areas of potential further improvement, and highlighted opportunities for efficiencies, which might further reduce operator’s charges. The ORR consultation of stakeholders is now closed and HS1 provided its revised plans in response to the ORR Draft Determination at the end of November. The ORR will make its Final Determination on 6th January 2025.

HS1 has concluded their Public Procurement project for the supply of traction electricity. From 1st April 2025, SSE will provide the traction electricity on the high-speed line, replacing the current supplier Npower. This is forecasted to give rise to annual electricity cost savings, all of which will be passed onto the Train Operators making use of the high-speed line.

Approval

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

Mike Osborne
Mike Osborne, Res 4, 2024 09/31/2024

Michael Osborne
4th December 2024

Helix Acquisition Limited

Consolidated profit and loss account and other comprehensive income

For the six months ended 30 September 2024

	Notes	Six months ended 30 September 2024 Unaudited £m	Six months ended 30 September 2023 Unaudited (Restated) £m	Year ended 31 March 2024 Audited £m
Turnover	2	148.9	145.2	299.7
Other operating expenditure		(117.5)	(123.5)	(247.8)
Operating Profit on ordinary activities before interest	3	31.4	21.7	51.9
Interest receivable and similar income	4	113.3	109.8	221.0
Interest payable and similar charges	5	(78.5)	(88.6)	(171.6)
Profit on ordinary activities before taxation		66.2	42.9	101.3
Tax credit/(charge) on ordinary activities	6	(1.9)	2.5	0.2
Profit for the financial period		64.3	45.4	101.5
Other comprehensive income				
Re-measurement of net defined benefit pension liability		-	-	(0.6)
Amounts recycled to the profit and loss account		1.2	1.0	2.6
Effective portion of changes in fair value of cash flow hedges		31.6	(1.6)	27.8
Deferred cost of hedging		-	-	0.6
Other comprehensive loss for the period, net of tax		32.8	(0.6)	30.4
Total comprehensive profit for the period		97.1	44.8	131.9

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

All activities of the Group in the current and preceding periods relate to continuing operations.

The prior year figures have been restated to correct for a misstatement which impacted Turnover and Debtors. More information is included in Note 2.

Helix Acquisition Limited

Consolidated balance sheet

As at 30 September 2024

		30 September 2024 Unaudited £m	30 September 2023 Unaudited (Restated) £m	31 March 2024 Audited £m
Non-current assets				
Intangible assets	7	789.7	836.0	812.4
Right-of-use assets		1.5	1.9	1.7
Financial assets – concession related	8	1,395.4	1,406.0	1,399.0
Debtors: amount falling due after more than one year	9	1,546.5	1,357.8	1,479.4
		3,733.1	3,601.7	3,692.5
Current assets				
Debtors: amounts falling due within one year	10	87.6	136.4	92.3
Financial assets – concession related	8	10.7	11.3	14.2
Cash at bank and in hand		0.7	14.6	9.4
		99.0	162.3	115.9
Creditors: amounts falling due within one year	11	294.6	296.7	313.5
		(195.6)	(134.4)	(197.6)
Total assets less current liabilities		3,537.5	3,467.3	3,494.9
Creditors: amounts falling due after more than one year	12	3,091.9	3,212.8	3,172.3
Lease liabilities		1.8	2.1	1.7
Deferred Tax Liabilities		57.6	53.2	49.3
		386.1	201.2	289.0
Net assets excluding pension liability		386.1	201.2	289.0
Net pension asset/(liability)		-	0.7	-
		386.1	201.9	289.0
Net assets		386.1	201.9	289.0
Capital and reserves				
Called up share capital	13	-	-	-
Profit and loss account		686.6	562.8	621.1
Hedging reserve		(300.2)	(360.0)	(331.8)
Other reserves		(0.3)	(0.9)	(0.3)
		386.1	201.9	289.0
Shareholders' funds		386.1	201.9	289.0

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

The prior year figures have been restated to correct for a misstatement which impacted Turnover and Debtors. More information is included in Note 2.

These financial statements were approved by the Board of Directors and authorised for issue on 4 December 2024. They were signed on its behalf by:

Mike Osborne
Mike Osborne, Director, 2024 PRESENT
Michael Osborne
 4th December 2024

Helix Acquisition Limited

Consolidated cash flow statement

For the period ended 30 September 2024

	Note	Six months ended 30 September 2024 Unaudited	Six months ended 30 September 2023 Unaudited (Restated)	Year ended 31 March 2024 Audited
		£m	£m	£m
Cash flows from operating activities				
Profit for the period		64.3	45.4	101.5
<i>Adjustments for</i>				
Amortisation of intangible asset and RoU asset		24.3	24.2	48.6
Depreciation of RoU Assets		0.2	0.2	0.4
Interest receivable and similar income	4	(113.3)	(109.8)	(221.0)
Interest payable and similar charges	5	78.5	88.6	171.6
Taxation charge/(credit)	6	1.9	(2.5)	(0.2)
Cash Generated from Operations		55.9	46.1	100.9
Decrease/(Increase) in debtors		3.8	14.2	1.3
Increase in creditors and deferred income		(3.9)	(7.1)	10.3
RPI Swap payments		(10.3)	(8.9)	(19.4)
Tax Paid		(1.9)	-	-
Net cash from operating activities		43.6	44.3	93.2
Cash flow from investing activities				
Acquisition of intangible and financial assets	7	(1.5)	-	(0.8)
Repayment of financial asset	8	77.5	74.7	150.0
Net cash from investing activities		76.0	74.7	149.2
Cash flows from financing activities				
Interest paid to parent		(31.4)	(33.9)	(60.2)
Interest paid on external borrowings		(45.2)	(32.7)	(74.8)
Repayment of external borrowings		(27.6)	(32.0)	(66.4)
Repayment of group borrowings		(6.7)	(28.8)	(29.2)
Payment of lease liabilities		(14.6)	(13.9)	(27.7)
Cash inflow for renewals		23.4	21.9	40.1
Cash outflow into escrow		(25.2)	(21.9)	(39.6)
Net cash from financing activities		(127.3)	(141.3)	(257.9)
Net (decrease)/increase in cash and cash equivalents		(7.7)	(22.3)	(15.5)
Cash and cash equivalents at beginning of period		(27.6)	(12.1)	(12.1)
Cash and cash equivalents at end of period		(35.3)	(34.4)	(27.6)
Reconciliation to cash at bank and in hand:				
Cash at bank and in hand		0.7	14.6	9.4
Cash equivalents		(36.0)	(49.0)	(37.0)
Cash and cash equivalents at end of period		(35.3)	(34.4)	(27.6)

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

The prior year figures have been restated to correct for a misstatement which impacted Turnover and Debtors. More information is included in Note 2. Furthermore, following a review of the nature of the cash inflow for renewals (and associated cash outflow into the associated escrow accounts), and to align with the disclosure of cash outflows within financing, the cash inflows for renewals previously within operating activities has been reclassified within financing activities with the comparatives as at 30 September 2023 restated. There is no other impact on the financial statements from this change.

Helix Acquisition Limited

Consolidated statement of changes in equity

As at 30 September 2024

	Called up share capital £m	Profit and loss account £m	Hedging reserve £m	Other reserves £m	Total equity £m
At 1 April 2023		516.4	(358.4)	(0.9)	157.1
Total comprehensive income for the period					
Loss for the period (Restated)	-	45.4	-	-	45.4
Other comprehensive income	-	1.0	(1.6)	-	(0.6)
<i>Total comprehensive income for the period (Restated)</i>	-	46.4	(1.6)	-	44.8
As at 30 September 2023 (Restated)	-	562.8	(360.0)	(0.9)	201.9
At 1 April 2024	-	621.1	(331.8)	(0.3)	289.0
Total comprehensive income for the period					
Result for the period	-	64.3	-	-	64.3
Other comprehensive income	-	1.2	31.6	-	32.8
<i>Total comprehensive income for the period</i>	-	65.5	31.6	-	97.1
As at 30 September 2024	-	686.6	(300.2)	(0.3)	386.1

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

The prior year figures have been restated to correct for a misstatement which impacted Turnover and Debtors. More information is included in Note 2.

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Notes to the unaudited financial statements for the six months ended 30 September 2024

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 2024. 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.

As part of half-year Financial Statement preparation, management identified a misstatement in the prior year accounts of Helix Acquisition Limited. The misstatement resulted in an understatement of Operating Profit and Trade Debtors by £5.8m and has been adjusted in comparative figures within the current year HAL financial statements. The misstatement arose due to an error in the posting of an IFRS Adjustment relating to the intangible concession asset.

This adjustment has also seen Trade Debtors, and as such, Net Assets and the closing balance of the Profit and Loss Account increase by £5.8m.

3. Operating profit on ordinary activities before interest

Operating profit on ordinary activities before interest is stated after charging:	Six months ended 30 September 2024	Six months ended 30 September 2023	Year ended 31 March 2024
	Unaudited	Unaudited	Audited
	£m	£m	£m
Depreciation of right-of-use assets	0.2	0.2	0.4
Expected credit loss charge	-	0.1	0.2
Amortisation of intangible assets	24.3	24.2	48.6

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Notes to the unaudited financial statements for the six months ended 30 September 2024

4. Interest receivable and similar income

	Six months ended 30 September 2024 Unaudited £m	Six months ended 30 September 2023 Unaudited £m	Year ended 31 March 2024 Audited £m
Financial asset interest	55.1	57.0	112.4
Other interest receivable	58.2	52.8	108.6
Total	113.3	109.8	221.0

5. Interest payable and similar charges

	Six months ended 30 September 2024 Unaudited £m	Six months ended 30 September 2023 Unaudited £m	Year ended 31 March 2024 Audited £m
Interest payable to parent undertaking	30.2	31.2	61.4
Interest payable on bank borrowings	10.6	10.1	20.5
Interest payable on other loans	35.8	44.9	82.9
Interest payable on finance leases	13.4	13.4	26.7
Movement in assets/liabilities measured at fair value	(11.5)	(11.0)	(19.9)
Total	78.5	88.6	171.6

6. Taxation on gains/losses on ordinary activities

UK corporation tax	Six months ended 30 September 2024 Unaudited £m	Six months ended 30 September 2023 Unaudited £m	Year ended 31 March 2024 Audited £m
Current tax	1.7	-	-
Deferred tax	0.2	(2.5)	(0.2)
Total tax charge/(credit) on ordinary activities	1.9	(2.5)	(0.2)

The enacted tax rate of 25% (30 September 2024 and 31 March 2024: 25%) has been used in the calculation of the deferred tax asset. The tax rate of 25% (30 September 2023 and 31 March 2024: 25%) has been used in the calculation of current tax payable.

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Notes to the unaudited financial statements for the six months ended 30 September 2024

7. Intangible assets

	Licence
	£m
Cost	
At 1 April 2024	1,381.0
Additions	1.5
At 30 September 2024	<u>1382.5</u>
Accumulated amortisation	
At 1 April 2024	568.6
Charge for the period	24.3
At 30 September 2024	<u>592.9</u>
Net book value	
At 30 September 2024	<u>789.7</u>
At 31 March 2024	<u>812.4</u>
	Licence
	£m
Cost	
At 1 April 2023	1,380.1
Additions	-
At 30 September 2023	<u>1,380.1</u>
Accumulated amortisation	
At 1 April 2023	520.0
Charge for the period	24.1
At 30 September 2023	<u>544.1</u>
Net book value	
At 30 September 2023	<u>836.0</u>
At 31 March 2023	<u>860.2</u>

The licence held is in respect of the service concession held to 31 December 2040 to operate, maintain and renew the 109 kilometre high speed rail line. The remaining amortisation period of the licence is 16.25 years.

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Notes to the unaudited financial statements for the six months ended 30 September 2024

8. Financial assets – concession related

	Six months ended 30 September 2024 Unaudited £m	Six months ended 30 September 2023 Unaudited £m	Year ended 31 March 2024 Audited £m
As at beginning of the period	1,413.2	1,421.5	1,421.5
Additions	-	-	-
Capital repayment of financial asset	(77.5)	(74.7)	(150.0)
Financial asset interest	65.4	65.9	131.8
Revaluation of asset	5.0	4.6	9.9
Total financial asset	1,406.1	1,417.3	1,413.2

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.

The element of the financial asset due within one year is classed as a current asset. The financial asset is split into a non-current and current asset as follows:

	Six months ended 30 September 2024 Unaudited £m	Six months ended 30 September 2023 Unaudited £m	Year ended 31 March 2024 Audited £m
Non-current asset	1,395.4	1,406.0	1,399.0
Current asset	10.7	11.3	14.2
Total financial asset	1,406.1	1,417.3	1,413.2

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Notes to the unaudited financial statements for the six months ended 30 September 2024

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

	30 September 2024 Unaudited £m	30 September 2023 Unaudited £m	31 March 2024 Audited £m
Amounts owed by parent undertakings	1,217.4	1,106.6	1,158.3
Other debtors	265.8	153.9	240.6
Prepayments and accrued income	20.7	18.9	19.6
Other financial assets	42.6	78.4	60.9
Total	1,546.5	1,357.8	1,479.4

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.

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Notes to the unaudited financial statements for the six months ended 30 September 2024

10. Debtors: amounts falling due within one year

	30 September 2024 Unaudited £m	30 September 2023 Unaudited (Restated) £m	31 March 2024 Audited £m
Trade debtors	21.6	25.1	16.4
Less: allowance for expected credit losses	(0.1)	(0.3)	(0.1)
Amounts owed by parent undertakings	31.2	28.1	32.0
Other debtors	12.5	69.4	15.8
Prepayments and accrued income	22.4	14.1	28.2
Total	87.6	136.4	92.3

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 both key income streams, the Group has applied the simplified approach under IFRS 9. This applies historical loss rates over the past 12 months, as well as forward looking macro-economic factors, to conclude on appropriate loss rates. The ECL for all retail tenant income has been calculated as £148k (31 March 2024: £147k). There is no ECL for track access income as it has historically been recovered in full.

As part of the preparation of the Half-Year accounts, a misstatement was identified which impacts Trade Debtors, for more details please refer to Note 2.

11. Creditors: amounts falling due within one year

	30 September 2024 Unaudited £m	30 September 2023 Unaudited £m	31 March 2024 Audited £m
Bank loans and overdrafts	36.0	53.3	37.0
Trade creditors	-	-	9.6
Amounts due to parent undertaking	15.8	15.8	16.9
Other loans	78.8	79.6	92.3
Finance lease creditor	29.6	28.3	29.0
Other creditors including taxation and social security	16.7	9.1	9.7
Accruals and deferred income	117.7	110.6	119.0
Total	294.6	296.7	313.5

Deferred income 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. Accrued expenses relate to services used but not yet billed for and deferred income relates to billing done in advance to TOCs, NRHS and retail tenants where a performance obligation has not yet been satisfied at half-year. Amounts owed on other loans relates to elements of the listed bonds and USPP notes due within one year.

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Notes to the unaudited financial statements for the six months ended 30 September 2024

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

	30 September 2024 Unaudited £m	30 September 2023 Unaudited £m	31 March 2024 Audited £m
Bank loans	-	-	-
Amounts due to parent undertakings	611.4	616.5	618.1
Listed bonds	1,004.7	992.2	999.4
USPP notes	676.4	778.8	717.4
Finance lease creditor	159.7	162.7	161.6
Escrow deferred income	255.7	207.8	232.3
Accruals and deferred income	0.2	0.6	0.6
Other financial liabilities	383.9	452.2	425.5
Total	3,091.9	3,212.8	3,172.3

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 £36.0m of its working capital facility (30 September 2023: £49.0m, 31 March 2024: £37.0m) and has an undrawn liquidity facility (30 September 2023: undrawn, 31 March 2024: undrawn).

The Group's other external borrowings comprise:

	30 September 2024 Unaudited £m	30 September 2023 Unaudited £m	31 March 2024 Audited £m
Bank loan	-	4.3	-
Listed bonds	1,004.7	992.2	999.4
US Private Placement notes: issued in GBP	511.8	515.8	431.5
US Private placement notes: issued in USD	244.1	338.2	379.8
Total	1,760.6	1,850.5	1,810.6

The Group's debt is all denominated in sterling with the exception of the USD element of the US Private Placement notes of \$326.4m (31 March 2024: \$479.1m). 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 2024: £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.

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Notes to the unaudited financial statements for the six months ended 30 September 2024

13. Capital and reserves

	30 September 2024 Unaudited £	30 September 2023 Unaudited £	31 March 2023 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
Total	1,000	1,000	1,000

Profit and loss account

The profit and loss account contains the balance of retained earnings to carry forward. Dividends are paid from this reserve. Nil dividends (31 March 2024: £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.

Other Reserves

The other reserves balance accounts for the cost of hedging bought forward.