

Helix Acquisition Limited

Unaudited consolidated financial statements

Six months ended 30 September 2020

Helix Acquisition Limited

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Helix Acquisition Limited

Directors' report for the six months ended 30 September 2020

The Directors present their unaudited consolidated financial statements of Helix Acquisition Limited (the "Group") for the six months ended 30 September 2020.

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, via the Channel Tunnel, international passenger destinations in Europe such as Paris and Brussels. 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 2020 are as follows;

- EBITDA of £36.8m for the six months ended 30 September 2020 vs. £49.3m for the six months ended 30 September 2019. EBITDA for the year-ended 31 March 2020 was £94.8m. Lower EBITDA period on period was driven by reduced retail and car park income as a result of the impact of COVID 19.
- COVID 19 has, and continues to have, an unprecedented impact on the UK and Global Economy, with domestic and international travel significantly impacted by lockdown, and quarantine travel restrictions impacting the number of travellers and shoppers in the stations.
- HS1 has been partially insulated from the reduction in passenger numbers as the forward booked timetable to mid-December 2020 was paid for in advance by both Eurostar and Southeastern. However, Eurostar has announced that, from December 2020, they will book train paths on a monthly 'spot bid' basis which has reduced the certainty of cashflows.
- 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 4.35 seconds at September 2020 from 7.11 seconds at September 2019. The MAA has improved by 2.09 seconds since March 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 0.021 at September 2020 and September 2019.
- St Pancras International was voted number 3 Station in the UK by the Spring 2020 National Passenger Survey (Spring 2019: No 2).
- In the period, HS1 issued its sustainability strategy with a commitment to be net-zero carbon impact by 2030. To support this, HS1 has secured The Renewable Energy Guarantees of Origin scheme (REGOs) that provide fully renewable energy for the rail infrastructure. A first for the UK.

Future developments

There remains significant uncertainty in the short-term, despite the emergence of a vaccine, as a result of the impact of COVID 19. The business is working with the UK Government, regulators and Train Operating Companies to manage this impact. The long term demand for domestic and international train travel is expected to be strong. Importantly, HS1 offers strong ESG credentials as the infrastructure to support High Speed rail travel to Kent and the continent and has continued opportunity to form a material component of the UK's carbon reduction targets.

Helix Acquisition Limited

Directors' report (continued)

Approval

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



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David Harding

3 December 2020

Helix Acquisition Limited

Consolidated profit and loss account and other comprehensive income

For the six months ended 30 September 2020

	Notes	Six months ended 30 September 2020	Six months ended 30 September 2019	Year ended 31 March 2020
		Unaudited £m	Unaudited £m	Audited £m
Turnover	2	103.5	116.3	237.1
Other operating expenditure		(91.2)	(91.5)	(191.2)
Operating profit on ordinary activities before interest	3	12.3	24.8	45.9
Interest receivable and similar income	4	107.0	101.7	204.8
Finance charges	5	(85.6)	(83.8)	(154.5)
Profit on ordinary activities before taxation		33.7	42.7	96.2
Taxation on profit on ordinary activities	6	(3.1)	(6.0)	(1.2)
Profit for the financial period		30.6	36.7	95.0
Other comprehensive income				
Re-measurement of net defined benefit pension liability		-	-	0.4
Amounts recycled to the profit and loss account		1.6	1.6	3.8
Effective portion of changes in fair value of cash flow hedges		(44.2)	(30.1)	138.1
Deferred cost of hedging		=	=	<u>(3.1)</u>
Other comprehensive income/(loss) for the period, net of tax		(42.6)	(28.5)	139.2
Total comprehensive income/(loss) for the period		(12.0)	8.2	234.2

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 2020

		30 September 2020	30 September 2019	31 March 2020
		Unaudited £m	Unaudited £m	Audited £m
Non-current assets				
Intangible assets	7	980.9	1,029.0	1,005.8
Right-of-use assets	8	1.0	1.4	1.2
Financial assets – concession related	9	1,420.3	1,413.0	1,417.5
Debtors: amount falling due after more than one year		1,102.8	1,055.4	1,097.7
		3,505.0	3,498.8	3,522.2
Current assets				
Debtors: amounts falling due within one year	11	79.0	67.9	50.9
Cash at bank and in hand		9.2	3.3	36.0
		88.2	71.2	86.9
Creditors: amounts falling due within one year	12	(225.0)	(198.4)	(234.7)
Net current liabilities		(136.8)	(127.2)	(147.8)
Total assets less current liabilities		3,368.2	3,371.6	3,374.4
Creditors: amounts falling due after more than one year	13	(2,847.7)	(3,050.8)	(2,841.6)
Lease liabilities		(1.0)	(1.5)	(1.3)
Net assets excluding pension liability		519.5	319.3	531.5
Net pension liability		(1.0)	(1.4)	(1.1)
Net assets		518.5	317.9	530.4
Capital and reserves				
Called up share capital	14	-	-	-
Profit and loss account		411.6	332.0	379.4
Hedging reserve		103.9	(20.8)	148.0
Other reserves		3.0	6.7	3.0
Shareholders' funds		518.5	317.9	530.4

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

Helix Acquisition Limited

These financial statements were approved by the Board of Directors and authorised for issue on 3 December 2020. They were signed on its behalf by:



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David Harding

3 December 2020

Helix Acquisition Limited
Consolidated cash flow statement
For the period ended 30 September 2020

	Six months ended 30 September 2020 Unaudited £m	Six months ended 30 September 2019 Unaudited £m	Year ended 31 March 2020 Audited £m
Cash flows from operating activities			
Profit for the period	30.6	36.7	95.0
<i>Adjustments for</i>			
Amortisation of intangible asset and RoU asset	24.5	24.5	48.9
Interest receivable and similar income	(107.0)	(101.7)	(204.8)
Interest payable and similar charges	85.6	83.8	154.5
Taxation	3.1	6.0	1.2
	36.8	49.3	94.8
Decrease/(Increase) in debtors	(19.6)	(9.2)	(2.5)
Increase/(Decrease) in creditors and deferred income	(2.1)	5.5	21.3
Repayment of right-of-use liabilities	(0.3)	(0.3)	-
RPI Swap payments	0.0	0.1	(0.3)
Tax paid	0.0	(2.5)	(2.6)
Net cash from operating activities	14.8	42.9	110.7
Cash flow from investing activities			
Acquisition of intangible and financial assets	0.6	(0.7)	(1.8)
Repayment of financial asset	61.4	57.7	116.4
Net cash from investing activities	62.0	57.0	114.6
Cash flows from financing activities			
Interest paid	(68.0)	(73.1)	(139.4)
Repayment of borrowings	(18.1)	(17.0)	(34.0)
Payment of lease liabilities	(11.2)	(11.0)	(22.0)
Dividend payment	-	(10.0)	(23.4)
Cash in/(out)flow into escrow	0.7	(6.6)	(15.6)
Net cash from financing activities	(96.6)	(117.7)	(234.4)
Net increase / (decrease) in cash and cash equivalents	(19.8)	(17.8)	(9.1)
Cash and cash equivalents at beginning of period	(11.0)	(1.9)	(1.9)
Cash and cash equivalents at end of period	(30.8)	(19.7)	(11.0)
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand	9.2	3.3	36.0
Cash equivalents	(40.0)	(23.0)	(47.0)

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Notes to the unaudited financial statements for the six months ended 30 September 2020

Cash and cash equivalents at end of period	<u>(30.8)</u>	<u>(19.7)</u>	<u>(11.0)</u>
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The notes on pages 7 to 14 form an integral part of these financial statements.

Consolidated statement of changes in equity

As at 30 September 2020

	Called up share capital £m	Profit and loss account £m	Hedging reserve £m	Other reserves £m	Total equity £m
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	(44.2)	-	(42.6)

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Total comprehensive income for the period	-	32.2	(44.2)	-	(12.0)
	-	-	-	-	-
	-	411.6	103.9	3.0	518.5
Transaction with owners, recorded directly in equity					
Dividends paid	-	-	-	-	-
Total contributions by and distributions to owners					
As at 30 September 2020					
At 1 April 2019	-	303.7	9.3	6.7	319.7
Total comprehensive income for the period					
Profit for the period	-	36.7	-	-	36.7
Other comprehensive income	-	1.6	(30.1)	-	(28.5)
Total comprehensive income for the period	-	38.3	(30.1)	-	8.2
Transaction with owners, recorded directly in equity					
Dividends paid	-	(10.0)	-	-	(10.0)
Total contributions by and distributions to owners	-	(10.0)	-	-	(10.0)
As at 30 September 2019	-	332.0	(20.8)	6.7	317.9

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

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Notes to the unaudited financial statements for the six months ended 30 September 2020

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 2020.

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 stated after charging:	Six months ended		Six months before interest is			
	ended	ended	Year ended			
			30 September	30 September	31 March	
	Unaudited	Audited	2020	2019	2020	Unaudited
			£m	£m	£m	
Depreciation of right-of-use assets			0.2	0.2	0.4	
Amortisation of intangible assets			24.3	24.3	48.5	

Helix Acquisition Limited

Notes to the unaudited financial statements for the six months ended 30 September 2020

4. Interest receivable and similar income

	Six months ended 30 September	Six months ended 30 September 2020	Year ended 31 March 2020
	Unaudited £m	Unaudited £m	Audited £m
Financial asset interest	65.9	65.3	130.6
Other interest receivable	41.1	36.4	74.2
	<u>107.0</u>	<u>101.7</u>	<u>204.8</u>

5. Interest payable and similar charges

	Six months ended 30 September	Six months ended 30 September 2020	Year ended 31 March 2020
	Unaudited £m	Unaudited £m	Audited £m
Interest payable to parent undertaking	27.2	27.1	54.3
Interest payable on bank borrowings	11.6	12.1	22.4
Interest payable on other loans	31.9	35.3	67.9
Interest payable on finance leases	12.8	12.6	25.2
Movement in assets/liabilities measured at fair value	2.1	(3.3)	(15.3)
	<u>85.6</u>	<u>83.8</u>	<u>154.5</u>

6. Taxation on loss on ordinary activities

UK corporation tax	Six months ended 30 September	Six months ended 30 September 2020	Year ended 31 March 2020
	Unaudited £m	Unaudited £m	Audited £m
Current tax	-	0.4	-
Deferred tax	3.1	5.6	1.2
Taxation on ordinary activities	<u>6.0</u>	<u>3.1</u>	<u>1.2</u>

Helix Acquisition Limited

Notes to the unaudited financial statements for the six months ended 30 September 2020

The enacted tax rate of 19% (30 September 2019: 17% and 31 March 2020: 19%) has been used in the calculation of the deferred tax asset. The tax rate of 19% (30 September 2019 and 31 March 2020: 19%) has been used in the calculation of current tax payable.

7. Intangible assets

	Licence
	£m
Cost	
At 1 April 2020	1,380.6
Disposals	(0.6)
	<hr/>
	1,380.0
At 30 September 2020	
Accumulated depreciation	
At 1 April 2020	374.8
Charge for the period	24.3
	<hr/>
	399.1
At 30 September 2020	
	<hr/>
	<hr/>
	1,005.8
	<hr/>
Net book value	
At 30 September 2020	980.9
At 31 March 2020	

	Licence
	£m
Cost	
At 1 April 2019	1,378.8
Additions	0.7
	<hr/>
	1,379.5
At 30 September 2019	
Accumulated depreciation	
At 1 April 2019	326.2
Charge for the period	24.3
	<hr/>
	350.5
At 30 September 2019	

Helix Acquisition Limited

Notes to the unaudited financial statements for the six months ended 30 September 2020

Net book value

At 30 September 2019	1,029.0
	<hr/>
At 31 March 2019	1,052.5
	<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 19.5 years.

8. Right-of-use assets

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

Helix Acquisition Limited

Notes to the unaudited financial statements for the six months ended 30 September 2020

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

9. Financial assets – concession related

	Six months 30 September 2020 Unaudited £m	Six months ended 30 Year ended September 2019 Unaudited £m	ended 31 March 2020 Audited £m
As at beginning of the period	1,417.5	1,408.8	1,408.8
Additions	-	-	-
Capital repayment of financial asset	(61.4)	(57.6)	(116.3)
Financial asset interest	65.9	65.3	130.6
Revaluation of asset	(1.7)	(3.5)	(5.6)

Helix Acquisition Limited

Notes to the unaudited financial statements for the six months ended 30 September 2020

As at end of period	<u>1,420.3</u>	<u>1,413.0</u>	<u>1,417.5</u>
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10. Debtors: amounts falling due after more than one year

	30 September 2020	30 September 2019	31 March 2020
Unaudited	£m	£m	£m
Audited			Unaudited
Amounts owed by parent undertakings	822.3	754.8	791.3
Other debtors	149.4	140.6	150.1
Deferred tax asset	27.3	54.0	20.3
Prepayments and accrued income	13.0	11.0	12.1
Other financial assets	90.8	95.0	123.9
	<u>1,102.8</u>	<u>1,055.4</u>	<u>1,097.7</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.

11. Debtors: amounts falling due within one year

30 September 2020	30 September 2019	31 March 2020
Unaudited	Unaudited	Audited
£m	£m	£m

Helix Acquisition Limited

Notes to the unaudited financial statements for the six months ended 30 September 2020

Trade debtors	25.3	22.7	19.1
Less: allowance for expected credit losses	(3.3)	-	-
Amounts owed by parent undertakings	30.2	20.3	21.6
Other debtors	0.3	2.0	0.5
Prepayments and accrued income	26.5	22.9	9.6
			50.9
	79.0	67.9	

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 2020 Unaudited £m	30 September 2019 Unaudited £m	31 March 2020 Audited £m
Bank loans and overdrafts	67.1	47.9	74.0
Trade creditors	5.6	6.3	0.1
Amounts due to parent undertaking	13.9	13.7	14.9
Other loans	10.3	0.1	9.0
Finance lease creditor	22.7	22.2	22.5
Other creditors including taxation and social security	13.2	13.0	13.3
Accruals and deferred income	92.2	95.2	101.0
	225.0	198.4	234.7

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

30 September 30 September

Helix Acquisition Limited

Notes to the unaudited financial statements for the six months ended 30 September 2020

	2020	2019	31 March 2020
	Unaudited £m	Unaudited £m	Audited £m
Bank loans	13.5	40.6	27.1
Amounts due to parent undertakings	555.8	555.8	555.8
Listed bonds	911.9	910.0	911.0
USPP notes	937.7	976.9	957.5
Finance lease creditor	161.9	159.2	160.5
Escrow deferred income	138.7	133.6	137.7
Accruals and deferred income	1.6	2.0	2.7
Other financial liabilities	126.6	272.7	89.3
	<u>2,847.7</u>	<u>3,050.8</u>	<u>2,841.6</u>

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 2020: £47.0m) and has an undrawn liquidity facility (31 March 2020: undrawn).

The Group's other external borrowings comprise:

	30 September 2020	30 September 2019	31 March 2020
	Unaudited £m	Unaudited £m	Audited £m
Bank loan	41.0	66.3	54.7
Listed bonds	916.5	916.4	915.3
US Private Placement notes: issued in GBP	523.9	533.7	528.4
US Private placement notes: issued in USD	340.0	340.0	340.0
	<u>1,821.4</u>	<u>1,856.4</u>	<u>1,838.4</u>

The Group's debt is all denominated in sterling with the exception of the USD element of the US Private Placement notes of \$550.0m (31 March 2020: \$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 £1,651.3m (31 March 2020: £1,668.4m) 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 2020

14. Capital and reserves

	30 September 2020 Unaudited £	30 September 2019 Unaudited £	31 March 2020 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 2020: £23.4m) 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.

2020-21 HY Unaudited HAL Accounts

Final Audit Report

2020-12-03

Created:	2020-12-03
By:	Charlotte Deans (charlotte.deans@highspeed1.co.uk)
Status:	Signed
Transaction ID:	CBJCHBCAABAAvbcQXkxU8NjIKQWaZFIW-plaCdp8KWq6

"2020-21 HY Unaudited HAL Accounts" History

-  Document created by Charlotte Deans (charlotte.deans@highspeed1.co.uk)
2020-12-03 - 5:12:03 PM GMT- IP address: 81.153.142.149
-  Document emailed to David J Harding (dharding@equitix.co.uk) for signature 2020-12-03
- 5:13:20 PM GMT
-  Email viewed by David J Harding (dharding@equitix.co.uk)
2020-12-03 - 5:46:03 PM GMT- IP address: 176.253.133.144
-  Document e-signed by David J Harding (dharding@equitix.co.uk)
Signature Date: 2020-12-03 - 5:46:38 PM GMT - Time Source: server- IP address: 176.253.133.144
-  Agreement completed.

2020-12-03 - 5:46:38 PM GMT

