

High Speed Rail Finance (1) plc

**Annual report and financial
statements**

For the year ended 31 March 2018

Registered number 08346271

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High Speed Rail Finance (1) plc

Officers and professional advisors

Directors

A Bhuwania
J Curley
Intertrust Directors 1 Limited
S Jones
B Loomes
K Ludeman
S Springett
M Wayment
M Woodhams

Chairman

R Holden

Company secretary

L Clarke-Bodicoat

Registered office

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

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

High Speed Rail Finance (1) plc Strategic report

The Strategic report has been prepared solely to provide additional information to shareholders to assess High Speed Rail Finance Plc (the "Company") strategies and potential for those strategies to succeed.

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

The business model

High Speed Rail Finance (1) plc (the "Company") is a wholly owned subsidiary of Helix Acquisition Limited, a company registered in England and Wales.

On 6 September 2017, OMERS Administration Corporation and Ontario Teachers' Pension Plan Board completed the sale of Helix Holdings Limited, the direct holding company of High Speed Rail Finance (1) plc, to a consortium comprised of HICL Infrastructure Company Limited (the listed infrastructure investment company, advised by InfraRed Capital Partners Limited), funds managed by Equitix Investment Management Limited and third party funds managed by InfraRed Capital Partners Limited through Betjeman Holdings JvCo Limited.

The Company's main purpose is to administer and manage an element of the debt raising strategy for the Helix Acquisition Limited group (the "Group") of companies. The Company has issued £856.5m of bonds that are listed on the London Stock Exchange. £246.5m of these bonds are index linked.

Other than the change in ownership, there have been no significant changes to the Company's principal activity in the year under review. The Directors do not anticipate any changes to activities of the Company in the foreseeable future.

A fair review of the business

The Company made a profit of £5,000 (31 March 2017: £5,000) during the year. There has been no movement in the Company's net assets from 31 March 2017 to 31 March 2018. There has been no movement in the Company's net assets from 31 March 2017 to 31 March 2018.

No dividends have been paid or proposed for the current year (31 March 2017: none).

It is not anticipated that the Company will require additional borrowings for the foreseeable future.

The Directors believe that an understanding of the performance and position of the business is more useful when viewed on a Group wide basis. Reference should be made to the key performance indicators included within the Annual Report of Helix Acquisition Limited which is available as detailed in note 15 to these financial statements.

Principal risks and uncertainties

The Company has a risk management process and arrangements that enable the organisation to systematically identify, assess, manage and monitor business and financial risks.

The principal risks and uncertainties faced by the Company are liquidity risk, interest rate risk, inflation risk and credit risk. The Board regularly reviews these risks and approves the use of financial instruments to manage risk. More information on the management of risk and uncertainties is provided in note 16 to the financial statements.

High Speed Rail Finance (1) plc **Strategic report** *(continued)*

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk is low as:

- The Company's financial obligations relating to the listed bonds are equally matched by the receipts on the loans to Group undertakings; and
- The Group continues to provide financial support to the Company; and
- The Group has adequate resources to meet its financial obligations as they fall due.

Interest rate risk

Interest rate risk is the risk that fluctuations in interest rates could result in volatility in interest payable and interest receivable. The Company has no floating interest rate financial assets or financial liabilities. As the interest on all of the Company's financial instruments is fixed there is no interest rate risk.

Inflation risk

Inflation risk is the risk that changes in the Retail Price Index ("RPI") (all items) results in the volatility of the value of future cash inflows and outflows. The Company's exposure to inflation risk is low as:

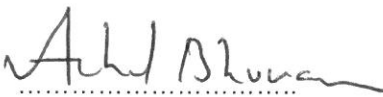
- The Company's financial obligations relating to the listed bonds are equally matched by the receipts on loans to Group undertakings;
- The Group continues to provide financial support to the Company; and
- The Group has adequate resources to meet its financial obligations as they fall due.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet contractual obligations. Credit risk is considered to be low as all loans are to Group undertakings.

Approval

This report was approved by the Board of Directors on 14 June 2018 and signed on its behalf by:



A Bhuwania
Director

14 June 2018

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

High Speed Rail Finance (1) plc Directors' report

The Directors present their Annual Report and the audited financial statements of High Speed Rail Finance (1) plc (the "Company") for the year ended 31 March 2018.

Matters covered by the strategic report

As permitted under s.414C(ii) 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, business review, key performance indicators and principal risks and uncertainties.

Directors

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

A Bhuwania	Appointed 6 September 2017
K Bradbury	Resigned 5 May 2017
J Curley	
J Guccione	Resigned 6 September 2017
A Hall	Appointed 5 May 2017 and resigned 6 September 2017
E Hargrave	Resigned 6 September 2017
C Hood	Resigned 8 December 2017
Intertrust Directors 1 Limited	
S Jones	Appointed 6 September 2017
B Loomes	Appointed 6 September 2017
K Ludeman	Appointed 26 April 2018
T Meyer-Mallorie	Resigned 5 May 2017
R Newton	Appointed 6 September 2017 and resigned 8 December 2017
J O'Halloran	Appointed 6 September 2017 and resigned 26 April 2018
S Springett	Appointed 8 December 2017
D Stanton	Resigned 6 September 2017
M Wayment	Appointed 6 September 2017
M Woodhams	Appointed 26 April 2018

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 Company excluding Intertrust Directors 1 Limited. Qualifying third party indemnity provisions for the benefit of Intertrust Directors 1 Limited are maintained by Intertrust Management Limited. None of the Directors who served during the year had any interest in the shares of the Company or any other Betjeman Holdings JvCo Limited group company.

Corporate governance

The Directors have been charged with governance in accordance with the transaction documents describing the structure and operation of the transaction. The governance structure of the Company is such that the key policies have been predetermined at the time of issuance and the operational roles have been assigned to third parties with their roles strictly governed by the transaction documents.

The transaction documents provide for procedures that have been designed for safeguarding assets against unauthorised use or disposition, for maintaining proper accounting records, and for the reliability and usefulness of financial information used within the business or for publication. Such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives whilst enabling them to comply with the regulatory obligations.

High Speed Rail Finance (1) plc **Directors' report** *(continued)*

Corporate governance *(continued)*

Due to the nature of the securities which have been issued, the Company is largely exempt from the disclosure requirements of the Financial Conduct Authority pertaining to the Disclosure and Transparency Rules ("DTR") as detailed in DTR 7.1 audit committees and 7.2 corporate governance statements (save for DTR 7.2.5 requiring a description of the features of the internal control and risk management systems).

Political donations

Political donations during the year were £nil (31 March 2017: £nil).

Going concern

The Directors have considered the use of the going concern basis in the preparation of these financial statements in light of the current economic conditions and have concluded that this remains appropriate. More information is provided in note 1 to these financial statements.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 18 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:

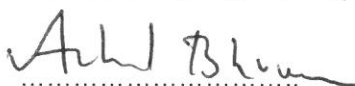
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that 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 continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

This report was approved by the Board of Directors on 14 June 2018 and signed on its behalf by:



A Bhuwania
Director

14 June 2018

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

High Speed Rail Finance (1) plc 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.

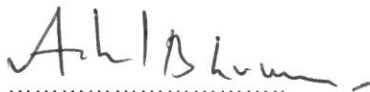
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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, subject to any material departures disclosed and explained in the financial statements; 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.



A Bhuwania
Director

14 June 2018

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

Independent auditor's report to the members of High Speed Rail Finance (1) plc

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of High Speed Rail Finance (1) plc (the 'company') which comprise:

- the profit and loss account and other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

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

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: <ul style="list-style-type: none">• Going Concern• Recoverability of Debtors
Materiality	The materiality that we used in the current year was £3.05m which was determined on the basis of total assets.
Scoping	Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Independent auditor's report to the members of High Speed Rail Finance (1) plc (continued)

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going Concern

Key audit matter description



The company has listed debt of £887.9m as at 31 March 2018, comprising fixed debt of £610m, incurring interest at 4.375% per annum. The remaining listed debt is index-linked, incurring interest at UKTI 0.75% plus 1.566%. Both types of debt have a maturity date of 1 November 2038.

The ability of the company to repay the debt and pay the relevant interest charges is dependent on the trading performance and future prospects of its group undertakings and whether they will have the ability to repay their loans to the company. Deterioration in performance of the subsidiary entities, particularly HS1 Limited (refer to note 1.2 of the financial statements), would in turn affect the going concern basis of accounting under which the financial statements have been prepared.

The directors have prepared cash flow projections for the group which involve significant judgement over key assumptions such as future performance, revenue growth and discount rates.

Further details are included within the Directors' Report on pages 4 to 5, and note 1.2 to the financial statements.





How the scope of our audit responded to the key audit matter



We evaluated the design and implementation of the key controls related to the assessment of going concern.

We reviewed management's cash flow projections, challenging the key assumptions based on our knowledge of the business and general market conditions affecting the group, our understanding of the future performance of the business, industry forecasts and assessed the potential risk of management bias.

Independent auditor's report to the members of High Speed Rail Finance (1) plc (continued)

	<p>We performed sensitivity analysis in relation to the key assumptions used to consider the extent of changes that either individually or collectively would result in the subsidiaries being unable to pay the debt. We reviewed the historical accuracy of management's forecasts by comparing the actual results to forecasts.</p> <p>We tested the integrity of the cash flow projections using our computer assisted analytics tools, and tested the accuracy and completeness of the underlying data.</p> <p>We evaluated the adequacy of disclosure made in Directors' Report on pages 4 to 5 and note 1.2 to the financial statements in respect of the company's ability to continue as a going concern.</p>
<p>Key observations</p> 	<p>Based on the work performed we are satisfied that the adoption of the going concern basis of accounting and the disclosure in respect of the company's ability to continue as a going concern are appropriate.</p>
<p>Recoverability of Debtors</p>	
<p>Key audit matter description</p> 	<p>Debtors from group undertakings are stated in the balance sheet at £887.9m and these represent 97% of the gross assets of the Company.</p> <p>There is significant level of judgement involved in determining the recoverability of these debtors from group undertakings based on the financial position and future prospects of the group undertakings. This takes into consideration a range of factors such as the trading performance and expected revenue growth.</p> <p>We also considered the risk of inappropriate management bias in the assumptions and valuations of these debtors.</p> <p>Further details are included within note 16 to the financial statements.</p>
<p>How the scope of our audit responded to the key audit matter</p> 	<p>We evaluated the design and implementation of the key controls related to the valuation and recoverability of debtors from group undertakings.</p> <p>We challenged the Directors' judgements regarding the appropriateness of the carrying value through obtaining a copy of the latest audited financial information and our understanding of the future trading performance of the group undertakings by assessing the ability of the group undertakings to repay these amounts.</p>
<p>Key observations</p> 	<p>Based on the work performed we concluded that debtors from group undertakings are appropriately stated.</p>

Our application of materiality

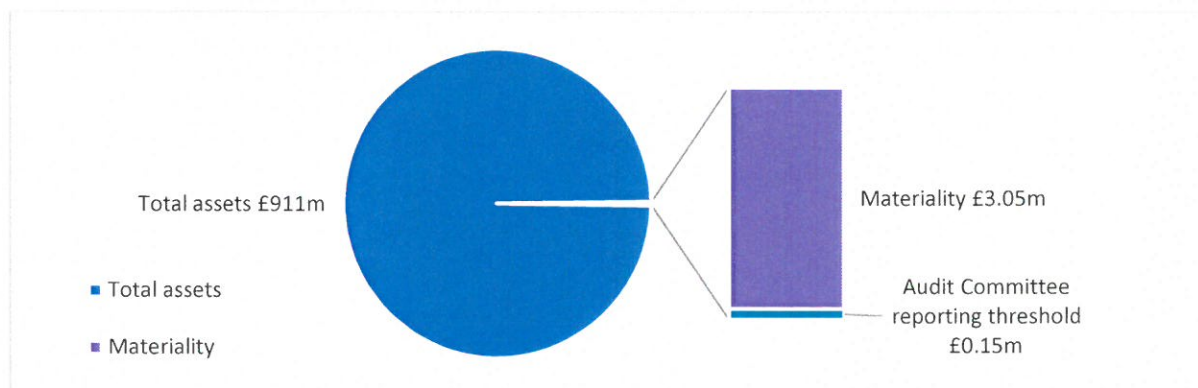
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the

Independent auditor's report to the members of High Speed Rail Finance (1) plc (continued)

results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality	£3.05m
Basis for determining materiality	2% of total assets – capped at the group performance materiality
Rationale for the benchmark applied	We determined materiality based on total assets to reflect the Company's principal activity as a financing company.



We agreed with the Directors that we would report to them all audit differences in excess of £0.15m, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the entity and its environment, including internal control and assessing the risks of material misstatement. Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic and Directors' Reports, other than the financial statements and our auditor's report thereon.

We have nothing to report in respect of these matters.

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.

Independent auditor's report to the members of High Speed Rail Finance (1) plc (continued)

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

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 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 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 Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

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

Independent auditor's report to the members of High Speed Rail Finance (1) plc (continued)

- 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 company and its 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

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

We have nothing to report in respect of these matters.

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

Other matters

Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Directors on 1 November 2011 to audit the financial statements for the year ending 31 March 2011 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 8 years, covering the years ending 31 March 2011 to 31 March 2018.

Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).



Makhan Chahal ACA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
14 June 2018

High Speed Rail Finance (1) plc
Profit and loss account and other comprehensive income

For the year ended 31 March 2018

	<i>Note</i>	2018 £m	2017 £m
Turnover	3	-	-
Other operating expenditure		-	-
		<hr/>	<hr/>
Operating profit		-	-
Interest receivable and similar income	7	43.1	40.9
Interest payable and similar charges	8	(43.1)	(40.9)
		<hr/>	<hr/>
Profit before taxation		-	-
Tax on profit	9	-	-
		<hr/>	<hr/>
Total comprehensive income for the year		-	-
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 16 to 28 form an integral part of these financial statements.

All activities of the Company in the current and preceding year relate to continuing operations.

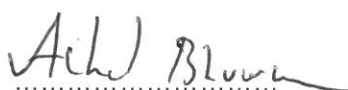
High Speed Rail Finance (1) plc Balance sheet

As at 31 March 2018

	Note	2018 £m	£m	2017 £m	£m
Non- current assets					
Debtors: amounts falling due after more than one year	10		897.9		888.7
			<u>897.9</u>		<u>888.7</u>
Current assets					
Debtors: amounts falling due within one year	11	13.6		13.6	
Cash at bank and in hand		0.1		0.1	
		<u>13.7</u>		<u>13.7</u>	
Creditors: amounts falling due within one year	12	(13.6)		(13.6)	
			<u>0.1</u>		<u>0.1</u>
Net current assets			<u>0.1</u>		<u>0.1</u>
Total assets less current liabilities			<u>898.0</u>		<u>888.8</u>
Creditors: amounts falling due after more than one year	13		(897.9)		(888.7)
			<u>0.1</u>		<u>0.1</u>
Net assets			<u>0.1</u>		<u>0.1</u>
Capital and reserves					
Called up share capital	14		0.1		0.1
Profit and loss account			-		-
			<u>0.1</u>		<u>0.1</u>
Shareholders' assets			<u>0.1</u>		<u>0.1</u>

The notes on pages 16 to 28 form an integral part of these financial statements.

These financial statements of High Speed Rail Finance (1) plc were approved by the Board of Directors and authorised for issue on 14 June 2018. They were signed on its behalf by:



A Bhuwania
Director

Company registered number: 08346271

High Speed Rail Finance (1) plc Statement of changes in equity

For the year ended 31 March 2018

	Called up share capital £m	Profit and loss account £m	Total equity £m
Balance at 1 April 2016	0.1	-	0.1
Total comprehensive income for the year			
Profit for the financial year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2017	0.1	-	0.1
	<hr/>	<hr/>	<hr/>
Balance at 1 April 2017	0.1	-	0.1
Total comprehensive income for the year			
Profit for the financial year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	-	-
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2018	0.1	-	0.1
	<hr/>	<hr/>	<hr/>

The notes on pages 16 to 28 form an integral part of these financial statements.

High Speed Rail Finance (1) plc

Notes for the year ended 31 March 2018

1 Accounting policies

High Speed Rail Finance (1) plc (the "Company") is a company limited by shares and incorporated and domiciled in the United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102")* as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £ hundred thousand.

The Company's immediate parent undertaking, Helix Acquisition Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Helix Acquisition Limited are available to the public and may be obtained from 5th Floor, Kings Place, 90 York Way, London N1 9AG.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- No Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included; and
- The disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company has taken advantage of the exemption under FRS102 paragraph 1.12 (b), preparing a statement of cashflows, on the basis that it is a qualifying entity and its parent company Helix Acquisition Limited, includes the Company's cashflows in its own consolidated financial statements.

The Company proposes to continue to adopt the disclosure exemptions permitted under FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented on these financial statements.

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 2.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

High Speed Rail Finance (1) plc

Notes for the year ended 31 March 2018 *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern

The Company exists to administer the debt raising strategy for the Betjeman Holdings JvCo Limited group. The main trading company of the Betjeman Holdings JvCo Limited group is HS1 Limited, a company that holds the concession to operate, maintain and renew the high speed rail line connecting London's St Pancras International Station to Europe via the Channel Tunnel. At 31 March 2018, the Company has net current assets but is dependent on the performance of HS1 Limited to repay its liabilities as they fall due. Having due regard to the performance of HS1 Limited, the availability of working capital and the facilities under the loan agreement with the parent undertaking, the Directors are confident that the Company has sufficient resources to meet its liabilities. The financial statements have accordingly been prepared on a going concern basis.

1.3 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- (b) where the instrument will or may be settled in the entity's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the entity's own equity instruments or is a derivative that will be settled by the entity exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the entity's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy. Transaction costs are allocated between the debt component and the equity component on the basis of their relative fair values.

High Speed Rail Finance (1) plc

Notes for the year ended 31 March 2018 *(continued)*

1 Accounting policies *(continued)*

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.5 Other financial instruments

Financial instruments not considered to be basic financial instruments (other financial instruments)

Other financial instruments not meeting the definition of basic financial instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in the profit or loss account except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment; and
- hedging instruments in a designated hedging relationship.

High Speed Rail Finance (1) plc

Notes for the year ended 31 March 2018 *(continued)*

1 Accounting policies *(continued)*

1.6 Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through the profit or loss account is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred, after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset, that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the profit or loss account. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial 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 the purpose of 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. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.7 Turnover

Turnover comprises income receivable from fellow Group undertakings for providing financing activities on behalf of the Group. Turnover is stated net of VAT.

High Speed Rail Finance (1) plc

Notes for the year ended 31 March 2018 *(continued)*

1 Accounting policies *(continued)*

1.8 Other interest receivable and interest payable

Other interest receivable comprises interest receivable from loans to fellow Group undertakings. Interest receivable is recognised in the profit and loss account as it accrues using the effective interest rate method.

Interest payable is recognised in the profit and loss account as it accrues using the effective interest rate method.

Finance charges, including premiums payable on settlement or redemptions and direct issue costs are accounted for on an accruals basis and taken to the profit and 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.

1.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and 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 year, 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 is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for:

- differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and
- differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

High Speed Rail Finance (1) plc

Notes for the year ended 31 March 2018 *(continued)*

2 Significant accounting judgements, estimates and assumptions

A key estimate used in the preparation of the financial statements is in the determination of the fair value of financial instruments as disclosed in note 16. The fair value has been determined by reference to market data available on the listed debt as at the balance sheet date. All of the Company's financial assets and financial liabilities are held at amortised cost and so the estimates used in determining the fair value would have no impact on the profit or loss for the year.

The company does not have any key assumptions concerning the future or the key area of estimation uncertainty in the reporting period that may have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year.

3 Turnover

All turnover arises in the United Kingdom from providing financing activities on behalf of the Group, which is deemed to be a single operating segment by the Chief Operating Decision Maker (being the Board of Directors). As such, no further segmental analysis is presented.

This activity is considered to be a single service line and is carried out solely in the United Kingdom. The Company has no customers external to the Group.

4 Auditor's remuneration

The fees payable to the Company's auditor for the audit of the Company's financial statements of £5,638 (31 March 2017: £5,291) have been borne by another Group company.

5 Staff numbers and costs

The Company had no employees in the year (31 March 2017: none).

6 Remuneration of directors

The total remuneration including charges for the services of the Directors was:

	2018 £000	2017 £000
Directors' emoluments	8	8
Remuneration paid to the highest paid director	8	8

No pension contribution was paid in respect of any Director during the year (2017: £nil).

7 Interest receivable and similar income

	2018 £m	2017 £m
Interest receivable on loans to group undertakings	43.1	40.9
	43.1	40.9

High Speed Rail Finance (1) plc
Notes for the year ended 31 March 2018 *(continued)*

8 Interest payable and similar charges

	2018	2017
	£m	£m
Interest payable on listed bonds	43.1	40.9
	43.1	40.9

9 Taxation

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

	2018	£m	2017	£m
	£m	£m	£m	£m
<i>UK corporation tax</i>				
Current tax on income for the period	-		-	
Adjustments in respect of prior periods	-		-	
Total current tax		-		-
<i>Deferred tax</i>				
Origination/reversal of timing differences	-		-	
Adjustment in respect of previous years	-		-	
Total deferred tax		-		-
Total tax on result		-		-

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income or directly in equity is £nil (31 March 2017: £nil).

Tax reconciliation

	2018	2017
	£m	£m
<i>Total tax reconciliation</i>		
Profit before tax	-	-
Profit multiplied by the standard rate of corporation tax in the UK of 19% (31 March 2017: 20%)	-	-
Total tax charge (see above)	-	-

From 1 April 2017, the UK corporate tax rate reduced from 20% to 19%. A further reduction in the UK tax rate to 17% from 1 April 2020, contained within the Finance Act 2016, was enacted in September 2016.

The decrease in tax rate is not expected to have a significant impact on the results of the Company.

High Speed Rail Finance (1) plc
Notes for the year ended 31 March 2018 *(continued)*

10 Debtors: amounts falling due after more than one year

	2018	2017
	£m	£m
Loans owed by group undertakings	887.9	878.0
Less: unamortised debt issuance costs	(5.3)	(5.6)
Less: unamortised discount on issue of loan	(7.5)	(7.9)
Plus: unamortised premium on issue of loan	22.8	24.2
	<u>897.9</u>	<u>888.7</u>

The amounts owed by Group undertakings due in more than one year match the exact terms and maturities as the listed bonds that the Company issued on 14 February 2013 and 17 April 2015 as detailed in note 16.

11 Debtors: amounts falling due within one year

	2018	2017
	£m	£m
Loans owed by group undertakings	13.0	12.9
Less: unamortised debt issuance costs	(0.4)	(0.4)
Less: unamortised discount on issue of loan	(0.4)	(0.4)
Plus: unamortised premium on issue of loan	1.5	1.5
	<u>13.6</u>	<u>13.6</u>

The amounts relate to accrued interest on the loans due from group undertakings. Please see note 16 for further details.

12 Creditors: amounts falling due within one year

	2018	2017
	£m	£m
Accruals	13.0	12.9
Less: unamortised debt issuance costs	(0.4)	(0.4)
Less: unamortised discount on listed bonds	(0.4)	(0.4)
Plus: unamortised premium on listed bonds	1.5	1.5
	<u>13.6</u>	<u>13.6</u>

High Speed Rail Finance (1) plc
Notes for the year ended 31 March 2018 *(continued)*

13 Creditors: amounts falling due after more than one year

	2018 £m	2017 £m
Listed bonds	887.9	878.0
Less: unamortised debt issuance costs	(6.1)	(6.4)
Less: unamortised discount on listed bonds	(6.7)	(7.1)
Plus: unamortised premium on listed bonds	22.8	24.2
	<u>897.9</u>	<u>888.7</u>

On the 14 February 2013 the Company issued £760m bonds that are listed on the London Stock Exchange.

£610m of the listed bonds were issued at an initial discount of £9.4m.

£150m of the listed bonds are index linked and the inflationary increase to the nominal value of the bonds has been reflected in the amounts due after more than one year.

On 17 April 2015 a further £96.5m of index linked bonds were issued at a premium of £28.5m.

Further details of the maturity and interest rate of these bonds are detailed in note 16. The contractual maturity of the debt is also detailed in note 16.

14 Reserves

	2017 £	2016 £
Share Capital		
<i>Allotted, called up and fully paid</i>		
50,000 Ordinary shares of £1 each	50,000	50,000
	<u>50,000</u>	<u>50,000</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.

15 Parent undertaking and controlling party

The Company's immediate parent company is Helix Acquisition Limited. The Company's ultimate parent company is Betjeman Holdings JvCo Limited.

The smallest group in which the results of this Company are consolidated is Helix Acquisition Limited, a company incorporated in England and Wales.

The largest group in which the results of this Company are consolidated is an intermediary parent Helix Holdings Limited, a company incorporated in Jersey.

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

High Speed Rail Finance (1) plc

Notes for the year ended 31 March 2018 *(continued)*

16 Financial instruments

Classification of financial instruments

All financial instruments the Company has are basic financial instruments, held at amortised cost using the effective interest rate method.

Financial risk management

The Company's financial risk management operations are ultimately carried out by the Board of Directors. The Company is exposed to a number of financial risks in the normal course of its business operations:

- Interest rate risk
- Credit risk
- Inflation risk
- Liquidity risk

The Company's financial instruments comprise listed bonds, loans to Group undertakings and cash at bank and in hand. The Company finances operations from these financial instruments.

The Company does not undertake speculative treasury transactions. The Company does not trade in financial instruments. The Company does not enter into derivative financial instruments. All of the Company's financial instruments are denominated in sterling.

Contractual maturity of financial liabilities

The following tables detail the contractual maturities of the Company's financial liabilities. 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.

As at 31 March 2018

	Less than one year £m	One to two years £m	Two to five years £m	Greater than five years £m
Borrowings	31.1	31.2	94.7	1,446.1
	31.1	31.2	94.7	1,446.1
	31.1	31.2	94.7	1,446.1

As at 31 March 2017

	Less than one year £m	One to two years £m	Two to five years £m	Greater than five years £m
Borrowings	30.9	31.0	93.9	1,467.4
	30.9	31.0	93.9	1,467.4
	30.9	31.0	93.9	1,467.4

High Speed Rail Finance (1) plc
Notes for the year ended 31 March 2018 *(continued)*

16 Financial instruments *(continued)*

Carrying amount of financial instruments

The carrying amounts of the financial assets and liabilities include:

	2018 £m	2017 £m
Financial assets measured at amortised cost		
Loans to group undertakings	911.5	902.3
	<u> </u>	<u> </u>
Financial liabilities measured at amortised cost		
Listed bonds	911.5	902.3
	<u> </u>	<u> </u>

Interest rate risk

Interest rate risk is the risk that fluctuations in interest rates could result in volatility in interest payable and receivable.

The Company is not exposed to interest rate risk as the interest on all of the financial assets and financial instruments is fixed.

Inflation risk

Inflation risk is the risk that changes in the RPI (all items) results in the volatility of the value of future cash inflows and outflows.

The Company has no exposure to inflation risk as the financial obligations relating to the listed index linked bond are equally matched by the receipts on loans to Group undertakings.

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet contractual obligations. None of the company's receivables are past due or provided and credit risk is considered to be low as all loans are to Group undertakings. The Group has adequate resources to meet financial obligations as they fall due. Financial statements of the Group are available as detailed in note 15.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk is low because the Company's financial obligations relating to listed bonds are equally matched by the receipts on the loans to Helix Holdings Limited group undertakings. The group has adequate resources to meet financial obligations as they fall due. Financial statements of the group are available as detailed in note 15.

High Speed Rail Finance (1) plc

Notes for the year ended 31 March 2018 (continued)

16 Financial instruments (continued)

Fair values

The following table details the fair value of the Company's financial instruments.

The fair value of quoted investments is determined by reference to bid prices at the close of business on the balance sheet date. Where there is not an active market for a financial instrument the fair value is calculated by discounting the expected future cash flows based on available market data of similar instruments at the balance sheet date.

	Carrying amount 2018 £m	Fair value 2018 £m	Carrying amount 2017 £m	Fair value 2017 £m
Amounts owed by group undertakings	887.9	1,097.0	878.0	1,145.6
Listed bonds – fixed	(610.0)	(754.5)	(610.0)	(786.3)
Listed bonds – index linked	(277.9)	(342.5)	(268.0)	(359.3)
	-	-	-	-

Listed bonds

On 14 February 2013, the Company listed £760m bonds on the London Stock Exchange.

On 17 April 2015 the Company 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 the Company. The proceeds of the Tap were lent on to a fellow Group undertaking to refinance existing bank debt.

The significant terms of the listed bonds are as follows:

	Tranche A	Tranche B
Currency	GBP	GBP
Amount	£610.0m	£246.5m
Type	Fixed	Index-linked
Interest rate	4.375%	UKTI 0.75% 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 the Tranche B debt has been reflected in amounts due in more than one year (note 13). Interest on both tranches is payable semi-annually.

Security and guarantees

The company'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.

High Speed Rail Finance (1) plc
Notes for the year ended 31 March 2018 *(continued)*

17 Related parties

All related party transactions the Company has entered into are with Companies wholly owned within the Group. As such, the company is exempt from disclosing related party transactions.

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 company in the year (2017: none).

18 Subsequent events

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