HS1 Limited

Annual report and financial statements

For the year ended 31 March 2018

Registered number 03539665

HS1 Limited
Contents

HS1 Limited
Officers and professional advisors

Directors

A Bhuwania
J Curley
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

HS1 Limited
Strategic report

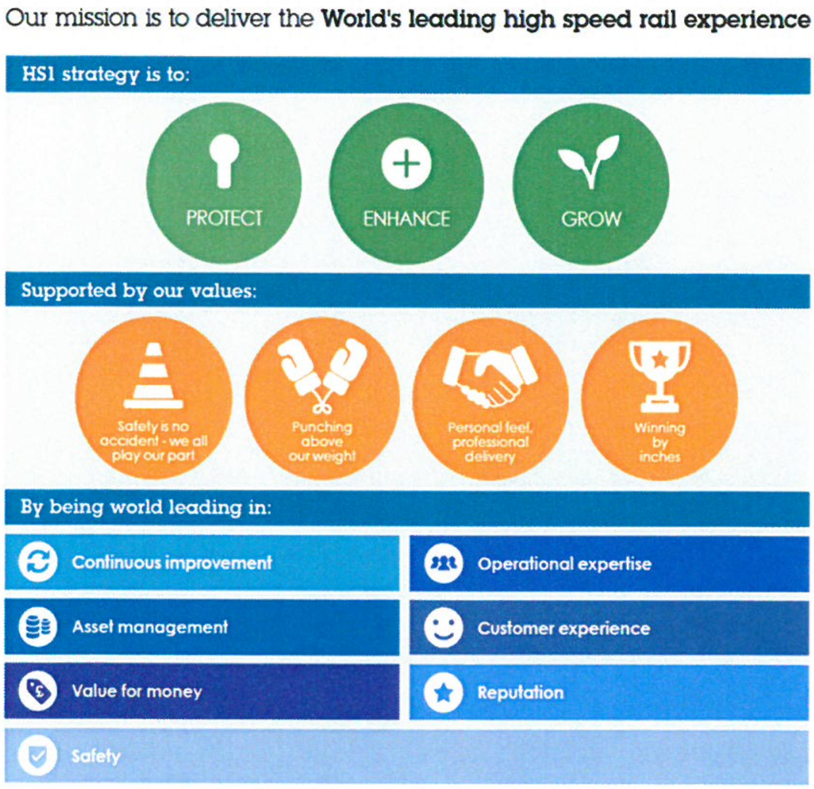
The strategic report has been prepared solely to provide additional information to shareholders to assess HS1 Limited's (the "Company") strategies and potential for those strategies to succeed.

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

The business model

The Company 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 passenger destinations in Europe such as Paris and Brussels via the Channel Tunnel. As well as St Pancras International, three stations are served along the route - Stratford International, Ebbsfleet International and Ashford International.

The Company has a clear goal to be recognised as providing the world's leading high speed railway experience. Its strategy is to Protect the core business, Enhance the efficiency of our operations, whilst seeking opportunities to Grow. The strategy is underpinned by its values and its core delivery work streams.



A fair review of the business

Key developments during the year ended 31 March 2018 included:

- On 6 September 2017, OMERS Administration Corporation and Ontario Teachers' Pension Plan completed the sale of Helix Holdings Limited, the then ultimate parent company of HS1 Limited, 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 via Betjeman Holdings Limited.
- As part of the sale, Retail Price Index ("RPI") swaps were entered by an intermediate holding Company, Betjeman Holdings Limited and then novated to HS1 Limited on 14 September 2017. This fixes inflation on c. £116m of Investment Recovery Charge ("IRC") income which reduces the volatility of the IRC revenue growth to inflation.

A fair review of the business *(continued)*

- HS1 Limited completed the third year of its Control Period Two. The Periodic Review with the Office of Rail and Road ("ORR") is the process that determines the efficient track operating, maintenance and long-term renewal costs that the Company can charge customers from 1 April 2015 to 31 March 2020. The business operated in line with expectation. The Company has started planning for Control Period Three.

- Station charges are regulated separately by the Department for Transport ("DfT"). Similar to track costs, these charges are composed of operating, maintenance and long-term renewal costs.

- The Company had a good year operationally – see key performance indicators below.

- Annual train path volumes decreased by 2% in the year. The terror attacks at several locations in Europe in 2016 and 2017 along with the introduction of the new Eurostar International Limited ("Eurostar") rolling stock, which can carry 20% more passengers per train were contributing factors to the decrease.

- In the Autumn 2017 National Rail Passenger Survey, St Pancras International was assessed as the Number 2 Station in the UK for overall passenger satisfaction.

- Turnover for the year ended 31 March 2018 was £321.8m (31 March 2017: £305.5m).

Future developments

The business outlook continues to be positive. Eurostar has reported a strong and recovering performance in the first quarter of the calendar year and with the addition of its London – Amsterdam service starting in the second quarter. Demand for domestic train travel is expected to remain strong as developments flourish on the former railway lands at Kings Cross and Stratford and as the Ebbsfleet valley build out progresses.

London Southeastern Railway ("LSER") and East Midlands Trains ("EMT") refranchise processes have started. The South Eastern Franchise bids were submitted to the DfT in March 2018 with the winner expected to be announced in August 2018. The EMT Invitation to Tender is expected to be issued in the near future. The current EMT franchise has been extended by the DfT to March 2019.

A new Thameslink timetable was launched in May 2018. This is expected to have a positive impact on passenger numbers through St Pancras International over time, as more services are stopping at peak times, once the current issues regarding the embedding of the new timetables have been resolved.

Key performance indicators ("KPIs")

Performance during the year to 31 March 2018 remains steady. The number of train paths billed during the year decreased to 73,155, a 2% reduction on the 74,673 train paths for the year ended 31 March 2017, driven by a reduction in Eurostar train paths.

Operational performance of the infrastructure remains good, the average delays per train path from HS1 Limited infrastructure (the Company's primary performance KPI) were broadly stable during the year to 31 March 2018 at 5.06 seconds (31 March 2017: 5.03 seconds).

The number of workplace accidents decreased from the prior year by 2%, most of these accidents were in the slips, trips, falls and manual handling categories. The Company continues to review each incident to identify any safety hazards to ensure that we can improve the safety of the route and stations for all staff and passengers. We are focused on continuous safety improvements through several initiatives including behavioural safety. Overall staff and contractor safety performance as measured by the industry standard accident definition of Fatalities and Weighted Injuries per 1,000,000 hours worked has decreased to 0.045 at 31 March 2018 (31 March 2017: 0.12).

Key performance indicators ("KPIs") *(continued)*

The Company's financial KPIs are earnings before interest, tax, depreciation and amortisation ("EBITDA") and debt service cover ratio ("DSCR") – the ratio of cash available to service the annual debt interest and principal payments. The EBITDA for the year to 31 March 2018 was £191.3m (31 March 2017: £185m). The DSCR for the year to 31 March 2018 was 2.21x (31 March 2017: 2.12x).

Principal risks and uncertainties

The Company's regulatory and contractual arrangements generally provide a low risk, stable business environment. The principal key risk factors and uncertainties for the Company are:

- Train path volumes - domestic. The Company is paid on the number of timetabled train paths on HS1 Limited infrastructure during the year adjusted for spot bids and cancellations. 1,024 train paths per standard week are underpinned by the UK Government through the Domestic Underpinning Agreement. In addition, the Company has certainty up to one year ahead due to the advanced agreement of the timetable on which billing is raised. The domestic train path volumes are currently timetabled above the underpin arrangement based on the Direct Award between LSER and the DfT which continues to December 2018 – beyond then there is a risk that volumes could fall back to the underpin level.

- Train path volumes – international. Passenger train paths are from Eurostar. Eurostar has now rolled out its direct service to Amsterdam via Brussels which is expected to increase train paths. Organic underlying passenger growth is expected to increase train paths in the medium to long term. In the first quarter of 2018, passenger numbers increased by 4% year on year. Recent strikes in France mean services to the continent have been disrupted. However, HS1 Limited is insulated from the impact of these, as the Company agrees timetabled train paths in advance and has received the timetable for paths up to December 2018.

- Reliance on two key customers (LSER and Eurostar). The LSER risk is mitigated by the domestic underpinning agreement. Eurostar is indirectly owned by the French and Belgian governments with the remaining 40% stake being owned by a consortium comprising Caisse de Dépôt et Placement du Québec and Hermes Infrastructure. Eurostar is still majority owned by Société nationale des chemins de fer français ("SNCF") which is owned by the French government. Eurostar reported a 3% increase on passenger numbers to 10.3m (2016: 10.0m) for the 2017 calendar year, which is only 100 thousand off the peak passenger numbers in 2015, underpinned by an uplift in business traffic and a surge in the number of travellers from the United States.

- A major infrastructure failure or incident. The Company has appropriate insurance cover in place, so the exposure is expected to be limited to the insurance excess of £2.5m. The Company regularly tests its business continuity and recovery plans.

- Payment of performance regime penalties to operators. This is triggered on failure of the Company's infrastructure and this is capped at £8.0m (February 2018 prices) but in most instances the first £3.8m (February 2018 prices) is passed onto our principal supplier Network Rail High Speed ("NRHS").

- Failure of off-Company infrastructure such as the Channel Tunnel. Contractual arrangements such as continued domestic train services and £20m insurance cover for off route incidents, would limit the short term financial impact. Long term issues could have a materially negative financial impact.

Principal risks and uncertainties *(continued)*

- Unregulated margin. A number of factors could influence the Company's unregulated performance including underlying economic growth and retail competition around St Pancras International Station.

- NRHS operational failure. The Company has contracts with NRHS to operate and maintain the infrastructure and stations (excluding Ashford International) and the Company has ongoing compliance and reporting mechanisms to ensure that contracts are delivered. If NRHS is unable to meet its obligations under the Operator Agreement, HS1 Limited has the right to step in. The contract terms also include a parent guarantee giving HS1 Limited greater security.

- Brexit could create uncertainties during the negotiation. However, most of the train paths run on the infrastructure are domestic, which insulates HS1 Limited from the impact of this uncertainty. Furthermore, juxtaposed border controls, a key competitive advantage over air travel, are bilateral agreements between the British and French and Belgian governments. The Company continues to have conversations with customers, the regulator and government in relation to the impact of Brexit on the business.

The principal financial risks and uncertainties faced by the Company are:

- Interest rate risk – the Company is exposed to changes in the interest rate on only 8% of the current external debt;

- Counterparty credit risk – the Company is not heavily reliant on any one party or financial instrument. The Company only trades with counterparties with minimum credit risk parameters;

- Foreign exchange risk – the Company has $US denominated debt but the interest and principal repayments are 100% hedged through derivative instruments; and

- Liquidity risk – the Company has medium term and long term debt finance to ensure that the Company has sufficient funds available to meet the current and future needs of the Company. Short term liquidity risk is mitigated through the availability of undrawn credit facilities in place.

The Directors regularly review these risks and approve the use of financial instruments to manage risk. More information on the management of financial risks and uncertainties is provided in note 21 to the financial statements.

Approval

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

A Bhuwania

A Bhuwania
Director

14 June 2018

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

HS1 Limited
Directors' report

The directors present their Annual Report and the audited financial statements of HS1 Limited (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.

Result for the year

The loss for the year was £55.8m (31 March 2017: loss of £78.9m).

Dividends

The Company paid no dividends during the year (31 March 2017: £nil) to holders of the A or B shares.

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
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 Company 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. None of the Directors who served during the year had any interest in the shares of this or any other Group company.

Health and safety

The Company has a clear objective to achieve zero harm. The Company has a commitment to continuous improvement in performance in all areas of health, safety and the environment. The Company's policies and procedures relating to health and safety at work recognise the requirements of current legislation and are kept under constant review to ensure a safe working environment for all associated staff.

Health and safety *(continued)*

The Company actively supports and works with NRHS, its contractors, and with other suppliers, in its promotion of strict adherence to all safety standards to ensure a safe environment for all parties using the railway, including train operators and their passengers and staff and customers of the facilities in and adjacent to the stations. The Company monitors safety performance and it is one of the key performance indicators as noted in the Strategic Report.

Environment

The Company has an Environment policy which details objectives outlining how HS1 Limited manages and minimises, where possible, the environmental impact of the high speed operation. Objectives cover environmental protection, protection and enhancement of heritage and natural surroundings as well as managing energy consumption and seeking to reduce the carbon footprint. The policy also acknowledges that we can only achieve our aims through influencing and pro-active collaboration with our stakeholders.

HS1 Limited is committed to managing and reducing emissions in respect of operational activities and is accredited under the Carbon and Energy Management and Reduction Scheme (CEMARS) for managing reductions in its emissions. The carbon footprint for the Company (excluding traction power) for the year to March 2017 was 22,367 tonnes CO_2 (March 2016: 23,553 tonnes CO_2). The footprint from stations and depots is reported as part of the Government's CRC Energy Efficiency Scheme and for the year to March 2017 is 17,560 tonnes CO_2 (March 2016: 18,078 tonnes CO_2), demonstrating a year on year reduction in carbon emissions

Political donations

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

Going concern basis

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 1.2 to these financial statements.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 23 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 be re-appointed for another term and appropriate arrangements have been put in place for them to be deemed to be re-appointed for another term in the absence of an Annual General Meeting.

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

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A Bhuwania
Director

14 June 2018

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

HS1 Limited
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.

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A Bhuwania
Director

14 June 2018

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

Independent auditor's report to the members of HS1 Limited

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 loss 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 HS1 Limited (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 23.

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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 HS1 Limited *(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.

We have nothing to report in respect of these matters.

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.

Independent auditor's report to the members of HS1 Limited *(continued)*

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 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

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Makhan Chahal

Makhan Chahal ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
14 June 2018

HS1 Limited
Profit and loss account and other comprehensive income

For the year ended 31 March 2018

	Note	**2018** **£m**	2017 £m
Turnover	*3*	**321.8**	305.5
Other operating expenditure		**(252.2)**	(241.6)
Operating profit	*4*	**69.6**	63.9
Interest receivable and similar income	*7*	**50.2**	15.6
Finance charges	*8*	**(177.9)**	(151.5)
Loss before taxation		**(58.1)**	(72.0)
Tax on loss	*9*	**2.3**	(6.9)
Loss for the financial year		**(55.8)**	(78.9)
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Re-measurement of net defined benefit pension liability	*20*	**0.4**	(0.7)
Items that may subsequently reclassified to profit and loss			
Amounts recycled to the profit or loss account		**3.2**	2.8
Effective portion of changes in fair value of cash flow hedges		**38.8**	(17.6)
Other comprehensive income/(loss) for the year		**42.4**	(15.5)
Total comprehensive loss for the year		**(13.4)**	(94.4)

The notes on pages 16 to 46 form an integral part of these financial statements.

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

HS1 Limited
Balance sheet

As at 31 March 2018

	Note	2018 £m	£m	2017 £m	£m
Non-current assets					
Tangible fixed assets	*11*		**3,614.9**		3,824.6
Investment in subsidiary undertaking	*12*		**-**		-
Debtors: amounts falling due after more than one year	*13*		**879.4**		697.9
			4,494.3		4,522.5
Current assets					
Debtors: amounts falling due within one year	*14*	**58.7**		43.1	
Cash at bank and in hand		**7.7**		2.3	
		66.4		45.4	
Creditors: amounts falling due within one year	*15*	**(260.1)**		(239.7)	
Net current liabilities			**(193.7)**		(194.3)
Total assets less current liabilities			**4,300.6**		4,328.2
Creditors: amounts falling due after more than one year	*16*		**(4,485.4)**		(4,499.2)
Net liabilities excluding pension liability			**(184.8)**		(171.0)
Net pension liability	*20*		**(1.2)**		(1.6)
Net liabilities			**(186.0)**		(172.6)
Capital and reserves					
Called up share capital	*17*		**-**		-
Profit and loss account	*17*		**(195.5)**		(143.3)
Hedging reserve	*17*		**9.5**		(29.3)
Shareholders' deficit			**(186.0)**		(172.6)

The notes on pages 16 to 46 form an integral part of these financial statements.

These financial statements of HS1 Limited were approved by the Board of Directors and authorised for issue on 14 June 2018. They were signed on its behalf by:

Akhil Bhuwania
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A Bhuwania
Director
Company registered number: 03539665

HS1 Limited
Statement of changes in equity

For the year ended 31 March 2018

	Called up share capital £m	Hedging reserve £m	Profit and loss account £m	Total equity £m
Balance at 1 April 2016	-	(11.7)	(66.5)	(78.2)
Total comprehensive income for the year				
Loss for the financial year	-	-	(78.9)	(78.9)
Other comprehensive (loss)/income	-	(17.6)	2.1	(15.5)
Total comprehensive loss for the year	-	(17.6)	(76.8)	(94.4)
Balance at 31 March 2017	-	(29.3)	(143.3)	(172.6)
Balance at 1 April 2017	-	(29.3)	(143.3)	(172.6)
Total comprehensive income for the year				
Loss for the financial year	-	-	(55.8)	(55.8)
Other comprehensive income	-	38.8	3.6	42.4
Total comprehensive(loss)/ income for the year	-	38.8	(52.2)	(13.4)
Balance at 31 March 2018	**-**	**9.5**	**(195.5)**	**(186.0)**

The notes on pages 16 to 46 form an integral part of these financial statements.

1 Accounting policies

HS1 Limited (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.

FRS 102 grants certain exemptions from the full requirements of FRS 102. The Company has taken the following exemptions in these financial statements for arrangements that were entered into prior to the adoption of FRS102.

- Service concession arrangements - accounting by operators continue to be accounted for as tangible fixed assets as under previous UK GAAP.
- Lease incentives – continue to account for incentives as under previous UK GAAP.

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:

- Cash Flow Statement with related notes; and
- Key Management Personnel compensation.

The Company has taken advantage of the exemption under FRS 102 paragraph 1.12(b), from 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.

As the consolidated financial statements of Helix Acquisition Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

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

1 Accounting policies *(continued)*

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

1.1 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified at fair value through the profit or loss account.

1.2 Going concern

After making enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Key factors that have been considered as part of these enquiries include:

- The Company has satisfactory financial resources at the balance sheet date and future cash flow projections indicate sufficient liquidity for the foreseeable future.
- The Company is the trading company within the Helix Acquisition Limited group of companies; it has external debt of £1,962.6m at 31 March 2018, with varying long term maturity dates. This debt is a mixture of bank debt, private placements and bonds. There is no immediate refinancing risk.
- At 31 March 2018 the financing of the Helix Acquisition Limited group of companies (the "Group") was rated A-/Stable by Standard & Poor's and A-/Stable by Fitch Ratings.
- The Company operates in a low risk, stable regulatory and commercial environment as noted in the principal risks and uncertainties section of the Strategic report.
- The Company's core cash revenues are derived from train and station income which historically has exhibited low volatility. Cash revenues are highly dependent on two key customers, both of whom have reported a stable underlying performance from their businesses and a UK government underpinning arrangement for domestic services reduces the risk to the Company from this reliance.
- The key core operational cash outflows have low variability, representing payments to NRHS for operations and maintenance services and UK Power Networks for lease costs on electrical assets – both of which are subject to fixed price long term contracts.
- The regulatory framework in which the Company operates remains stable. Revenue rates are locked by regulators following acceptance of the 5 Year Asset Management Statement and Station long term charges for the period 1 April 2015 to 31 March 2020.

Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report and financial statements.

1.3 Investment in subsidiaries

Investment in subsidiaries are carried at cost less impairment.

The carrying value of these investments is reviewed annually by the Directors to determine whether there has been any impairment to their values.

1 Accounting policies *(continued)*

1.4 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

1.5 Classification of financial instruments

In accordance with FRS 102.22, financial instruments 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.

1.6 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 (or equivalents) that are repayable on demand form an integral part of the Company's cash management.

1 Accounting policies *(continued)*

1.7 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 shall be recognised as set out below.

Derivative financial instruments and hedging

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the profit or loss account. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below). The fair value is determined using discounted future cash flows based on available market data at the balance sheet date. This is tested to valuations provided by counterparties to ensure reasonableness.

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income ("OCI"). Any ineffective portion of the hedge is recognised immediately in the profit or loss account.

For cash flow hedges, where the forecast transactions resulted in the recognition of a non-financial asset or non-financial liability, the hedging gain or loss recognised in OCI is included in the initial cost or other carrying amount of the asset or liability. Alternatively when the hedged item is recognised in the profit or loss account the hedging gain or loss is reclassified to the profit or loss account. When a hedging instrument expires or is sold, terminated or exercised, or the entity discontinues designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

1 Accounting policies *(continued)*

1.8 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.15 below.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

The Company was party to a service concession arrangement prior to the adaptation of FRS102 from 1 April 2014. As allowed by FRS 102 Section 35.10(i), the Company will continue to account for its existing service concession arrangements using the same accounting policies used under previous GAAP. Accordingly, tangible fixed assets arising from the service concession arrangement will continue to be accounted for as tangible fixed assets, with useful lives being the shorter of their useful economic life or the remaining life of the concession.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Additions to fixed assets in the year are depreciated from the start of the following six monthly period in which they are available for use.

The estimated useful lives are as follows:

Land and buildings:	
Land, buildings and structures	31 years
Leased electrification assets	31 years
Depot buildings	25-31 years
Track and overhead catenary	25 years
Plant and equipment:	
Signalling	15 years
Plant	5-12 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1 Accounting policies *(continued)*

1.9 Renewals income and expenditure

Renewals income

Income from the renewals element of the charges to customers is initially recognised as deferred income in the balance sheet. The cash receipt held in escrow is recognised within other debtors due in more than one year. The deferred income is released to the profit and loss account in line with the pattern of expenditure from escrow funds (see below).

Renewals expenditure

Spend from the escrow funds is capitalised into tangible fixed assets and depreciated over the shorter of the useful economic live of the asset and the concession life.

1.10 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

1.11 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 the profit and loss account.

1 Accounting policies *(continued)*

1.11 Impairment excluding deferred tax assets (continued)

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.

1.12 Employee benefits

Defined contribution plans

The Company offers a defined contribution pension scheme for all employees who joined the Company after 17 February 2011. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

The Company's section of the defined benefit Railways Pension Scheme was closed to new entrants on 17 February 2011. In accordance with FRS 102, the service cost of pension provision relating to the period, together with the cost of any benefits relating to past service if the service has vested, is charged to the profit and loss account. A charge equal to the increase in present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the Company's long-term expected return on assets (based on the market value of the scheme assets at the start of the year), are included in the profit and loss account under net finance charges.

The difference between the market value of the assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet net of deferred tax. Any differences between the actual and expected return on assets during the year are recognised in the statement of other comprehensive income along with differences arising from experience or assumption changes.

1 Accounting policies *(continued)*

1.13 Provisions

A provision is recognised in the balance sheet when the entity has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the parent Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company treats the guarantee contract as a contingent liability in its individual financial statements until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

1.14 Turnover

Turnover is stated net of VAT and trade discounts. Turnover from the supply of services represents the value of the services provided under contracts to the extent that there is a right to consideration and is recorded at the consideration due. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income.

Turnover comprises amounts receivable from the train operators using HS1, retail outlets, car parks and other sundry income.

Turnover is principally from track and station access arrangements which is recognised in the period earned based primarily on usage and agreed regulatory or contractual pricing mechanisms.

The access arrangements have a performance regime within them; however the Company has suffered no material penalties from this in the year.

1.15 Other expenses and income

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in the profit and loss account over the term of the lease as an integral part of the total lease expense.

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

1 Accounting policies *(continued)*

1.15 Other expenses and income (continued)

Interest bearing bank loans, overdrafts and other debt instruments are recorded at proceeds received net of direct issue costs. Finance charges, including premium 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.

Interest receivable

Interest receivable includes interest receivable on funds invested and net foreign exchange gains.

1.16 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 is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1 Accounting policies *(continued)*

1.17 Dividends

Dividends payable

Dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders.

Dividends receivable

Dividends receivable from subsidiary undertakings are recorded in profit or loss in the period in which they are received.

2 Significant accounting judgements estimates and assumptions

In the application of the Company's accounting policies, described in note 1, the directors are required to make judgements and estimates that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical judgements in applying the Company's accounting policies
The Directors do not consider there to be any critical judgments involved in the preparation of the financial statements.

Key sources of uncertainty
The following are key sources of uncertainty, involving estimation uncertainty that the directors have made in the process of applying the Company's accounting policies and that may have an effect on the amounts recognised in the financial statements.

- **Defined benefit pension schemes -** The assumptions used in calculating the balance sheet assets and liabilities of the defined benefit pension scheme include estimates as set out in note 20.

- **Impairment of fixed assets -** Determining whether the Company's fixed assets have been impaired requires estimation of the value in use. The value in use calculations require the Company to estimate the future cash flows expected to arise from the business and suitable discount rates to calculate present values. The carrying amount of fixed assets at the balance sheet date was £2,384.1m with no impairment loss recognised in 2018 or 2017.

- **Deferred tax assets -** The carrying amount of the deferred tax assets is reviewed at each reporting date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that the Company will earn sufficient taxable profits against which the deductions can be utilised. Any such reductions are reversed to the extent that it becomes probable that sufficient taxable profits will be available.

- **Valuation of Derivatives -** The derivative financial instruments are carried at fair value in the financial statements. The fair value is calculated on the basis of market parameters, calculated by external experts, therefore giving rise to an areas of estimation uncertainty.

3 Turnover

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

4 Operating profit

	2018 £m	2017 £m
Operating profit is stated after charging/(crediting):		
Depreciation		
Owned	**210.4**	210.1
Leased	**3.9**	3.9
Operating lease payments – other	**0.4**	0.3
Amortisation of government grants	**(92.6)**	(92.6)

Auditor's remuneration:

	2018 £000	2017 £000
Audit of Company's financial statements	**54**	51
Amounts receivable by the Company's auditor and its associates in respect of: Audit-related assurance services	36	33
	90	84

5 Staff numbers and costs

The average number of persons employed by the Company during the year, analysed by category, was as follows:

	Number of employees 2018	2017
Senior management team	**5**	5
Other	**40**	39
	45	44

The aggregate payroll costs of these persons were as follows:

	£m	£m
Wages and salaries	**6.1**	4.6
Social security costs	**0.6**	0.4
Defined contribution pension scheme costs	**0.3**	0.3
Defined benefit pension scheme costs	**0.1**	0.1
	7.1	5.4

6 Remuneration of Directors

	2018 £000	2017 £000
Directors' emoluments	**70**	80
Remuneration paid to the highest paid director	**40**	40

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
Other interest receivable	**50.2**	15.6

8 Finance charges

	2018 £m	2017 £m
Interest payable to parent undertaking	**54.2**	54.2
Interest payable to group undertakings	**70.1**	62.4
Interest payable in respect of bank facilities	**22.7**	22.6
Finance lease interest	**24.1**	23.6
Movement in assets/liabilities measured at fair value	**6.8**	(11.3)
	177.9	151.5

9 Taxation

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

	2018		2017	
	£m	**£m**	£m	£m
UK corporation tax				
Current tax on income for the period	**0.2**		-	
Adjustments in respect of prior periods	**-**		-	
Total current tax		**0.2**		-
Deferred tax				
Origination/reversal of timing differences	**2.0**		0.4	
Change in tax rates	**(1.4)**		6.5	
Adjustment in respect of previous years	**(3.1)**		-	
Total deferred tax		**(2.5)**		6.9
Total tax on loss		**(2.3)**		6.9

The aggregate deferred tax relating to items that are recognised as items of other comprehensive income is debit of £8.6m (31 March 2017: credit of £2.5m). No current tax recognised as items of other comprehensive income or equity in the year (2017: £nil).

Tax reconciliation

	2018	2017
	£m	£m
Total tax reconciliation		
Loss before tax	**(58.1)**	(72.0)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (31 March 2017: 20%)	**(11.0)**	(14.4)
Effects of:		
Expenses not deductible for tax purposes	**13.7**	14.8
Change in deferred tax rate	**(1.9)**	6.5
Prior year adjustment	**(3.1)**	-
Total tax (credit)/charge (see above)	**(2.3)**	6.9

9 Taxation *(continued)*

The movement on deferred tax for the Company in the year is outlined below:

	2018 Timing differences £m	**2018** Trading loses £m	**2018** Total £m	2017 Timing differences £m	2017 Trading loses £m	2017 Total £m
At beginning of year	**39.5**	**82.7**	**122.2**	39.0	87.6	126.6
Prior year adjustment	**3.1**	**-**	**3.1**	-	-	-
Change in tax rate	**1.4**	**-**	**1.4**	(2.2)	(4.9)	(7.1)
Origination and reversal of timing differences	**(9.6)**	**(1.0)**	**(10.6)**	2.7	-	2.7
At end of year	**34.1**	**81.7**	**116.1**	39.5	82.7	122.2

The deferred tax asset for the Company has been disclosed as follows:

	2018 £m	2017 £m
Debtors falling due after more than one year	**116.1**	122.2
	116.1	122.2

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. Accordingly, this rate has been reflected in the calculation of the deferred tax asset. A deferred tax asset has been recognised in full on trading losses and other timing differences on the basis that the Company is forecasting sufficient taxable profits against which the asset can be utilised.

The Corporate Interest Restrictions rules ("CIR") were enacted in 16 November 2017, in Finance (No.2) Act 2017 but apply from 1 April 2017, on the same date the new tax losses rules were enacted. These financial statements reflect the tax changes as a result of the CIR and tax losses legislation.

HS1 Limited
Notes for the year ended 31 March 2018 *(continued)*

10 Dividends

No dividends have been paid in respect of A or B shares (2017: £nil).

11 Tangible fixed assets

	Land and buildings	Plant and equipment	Assets in course of construction	Total
	£m	£m	£m	£m
Cost				
At beginning of year	4,774.4	2,350.3	5.7	7,130.4
Additions	-	1.2	3.4	4.6
Transfers	-	1.7	(1.7)	-
At end of year	4,774.4	2,353.2	7.4	7,135.0
Depreciation				
At beginning of year	1,890.8	1,415.0	-	3,305.8
Charge for year	121.4	92.9	-	214.3
At end of year	2,012.2	1,507.9	-	3.520.1
Net book value				
At 31 March 2018	**2,762.2**	**845.3**	**7.4**	**3,614.9**
At 31 March 2017	2,883.6	935.3	5.7	3,824.6

Land and buildings are all attributable to short leasehold assets.

Plant and equipment includes assets with a net book value of £90.2m (2017: £94.1m) which are held under finance leases. Depreciation on these assets was £3.9m in the year (2017: £3.9m).

Within the Company's business, a single cash generating unit is identified within its fixed assets, being assets associated with the provision of high-speed train paths and related activities.

The benefits derived from owning and operating HS1 are evaluated when considering the value of HS1 related assets.

The Directors have considered the value of these fixed assets, and they have been subject to a value in use review based on discounting future operating cash flows, using estimated weighted average pre-tax cost of capital determined with reference to available market data. The Directors do not consider that there are any indications of impairment at the balance sheet date.

At 31 March 2018 the depreciated carrying value of the HS1 assets above, net of deferred Government grants (notes 15 and 16) was £2,026.8m (2017: £2,142.5m).

12 Investments in subsidiary undertaking

	2018	2017
	£	£
Ordinary share in High Speed One (HS1) Limited	**1**	1

The companies in which the Company's interest at the year end is more than 20% are as follows:

Subsidiary Undertaking	**Principal place of business and place of incorporation**	**Principal activity**	**Class and percentage of shares held**
High Speed One (HS1) Limited	5th Floor, Kings Place, 90 York Way, London, N1 9AG, UK.	Dormant	100% ordinary shares

In the opinion of the Directors the value of the investment is not less than the amount stated in the balance sheet.

13 Debtors: amounts falling due after more than one year

	2018	2017
	£m	£m
Amounts owed by group undertakings	**605.8**	400.1
Other debtors	**115.4**	99.9
Deferred tax asset (note 9)	**116.1**	122.2
Prepayments and accrued income	**16.4**	8.1
Other financial assets	**25.7**	67.6
	879.4	697.9

For terms, maturities and currents of loans advance to fellow group undertakings please refer to note 21.

Other debtors 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.

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.

14 Debtors: amounts falling due within one year

	2018 £m	2017 £m
Trade debtors	**19.9**	14.3
Amounts owed by group undertakings	**30.4**	19.1
Other debtors	**1.6**	0.5
Prepayments and accrued income	**6.8**	9.2
	58.7	43.1

For terms, maturities and currencies of loans advanced to fellow group undertakings please refer to note 21.

15 Creditors: amounts falling due within one year

	2018 £m	2017 £m
Bank loans and overdrafts	**15.4**	9.3
Trade creditors	**3.0**	2.7
Amounts due to parent undertaking	**14.7**	14.7
Amounts due to group undertakings	**23.8**	13.1
Finance lease creditor	**21.3**	20.5
Other creditors including taxation and social security	**12.6**	10.7
Accruals and deferred income	**77.2**	76.1
Deferred government grants	**92.1**	92.6
	260.1	239.7

For terms, maturities and currencies of loans advanced to fellow group undertakings please refer to note 21.

16 Creditors: amounts falling due after more than one year

	2018 £m	2017 £m
Bank loans	**76.9**	95.9
Amounts due to parent undertakings	**555.8**	555.8
Amounts due to group undertakings	**1,824.6**	1,862.9
Finance lease creditor	**155.3**	152.4
Escrow deferred income	**108.1**	91.5
Accruals and deferred income	**9.4**	6.8
Deferred government grants	**1,494.2**	1,586.2
Other financial liabilities	**261.1**	147.7
	4,485.4	4,499.2

For terms, maturities and currencies of loans advanced to fellow group undertakings please refer to note 21.

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.

Finance lease arrangements for the provision of electrical distribution assets for HS1 extend over a 50 year period ending in 2057. At the end of the concession at 31 December 2040 the assets and obligations are novated back to the Secretary of State at nil consideration and therefore the obligations are calculated with a life ending 31 December 2040.

The bank loans, deferred government grants and finance lease maturities are as follows:

	2018			2017		
	Bank loans and overdrafts £m	**Deferred Government grants £m**	**Finance lease creditor £m**	Bank loans and overdrafts £m	Deferred Government grants £m	Finance lease creditor £m
Amounts due						
In less than one year	**16.0**	**92.0**	**21.3**	10.0	92.6	20.5
Between one and two years	**23.3**	**92.0**	**22.0**	-	92.0	21.2
Between two and five years	**54.7**	**271.8**	**69.8**	63.4	276.0	67.8
More than five years	**-**	**1,130.5**	**552.7**	34.2	1,218.2	592.7
Less: debt issue costs	**(1.7)**	**-**	**-**	(2.4)	-	-
Less: finance lease charges	**-**	**-**	**(489.2)**	-	-	(529.3)
At end of year	**92.3**	**1,586.3**	**176.6**	105.2	1,678.8	172.9

17 Reserves

Share Capital	**2018**	2017
	£	£
Allotted, called up and fully paid		
990 A shares of £1 each	**990**	990
10 B shares of £1 each	**10**	10
	1,000	1,000

	2018	2017
	£	£
Share premium account		
10 B shares of £1 each	**1,990**	1,990
	1,990	1,990

Holders of A shares and B shares are entitled to income distributions. The amount of distribution and the right to payment of the distribution need not be the same per each share class. In the event of liquidation, the surplus of assets, after the Company's liabilities have been met, will be distributed to A shareholders and B shareholders to the sum of £1 in respect of each share held. Any remaining surplus will be distributed to A shareholders only. The holders of A shares carry all voting rights with the exception of the rights to appoint Directors which are held by holders of the B shares.

The share premium reserve contains a premium arising on issue of 10 B shares.

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.

Profit and loss account

The profit and loss account contains the balance of retained earnings to carry forward. Dividends are paid from this reserve.

18 Operating lease commitments

Non-cancellable operating lease rentals are as follows:

	2018 Land and buildings £m	2017 Land and buildings £m
Amounts falling due:		
In less than one year	**0.5**	0.1
Between one and five years	**2.0**	-
In more than five years	**-**	-
	2.5	0.1

During the year £0.4m was recognised as an expense in the profit and loss account in respect of operating leases (2017: £0.3m).

19 Parent undertaking and controlling party

The Company's immediate parent undertaking is Helix Acquisition Limited, a company incorporated in the United Kingdom.

The Company's ultimate parent undertaking is Betjeman Holdings JvCo Limited, a company incorporated in the United Kingdom.

The smallest group in which the results of the Company are consolidated is Helix Acquisition Limited, a company incorporated in the United Kingdom.

The largest group in which the full year results of the Company are consolidated is an intermediary parent undertaking Helix Holdings Limited, a company incorporated in Jersey. On 6 September 2017, Betjeman Holdings JvCo indirectly acquired Helix Holdings Limited.

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

20 Pension scheme

Defined contribution pension scheme

The Company offers a defined contribution scheme for all employees. The Company contributions to the defined contribution scheme are disclosed in note 5.

Defined benefit scheme

The Company operates a defined benefit scheme for qualifying employees with assets held in a separately administered fund. This scheme was closed to new entrants on 17 February 2011.

The disclosure required by FRS 102 *Employee Benefits Chapter 28* in relation to the HS1 section of the Railway Pension Scheme is given in this note.

The HS1 Limited Section ("Section") is part of the Railways Pension Scheme, but its assets and liabilities are identified separately from the remainder of the scheme.

The Section is a shared cost arrangement whereby the Company is only responsible for a share of the cost. The figures reported below therefore represent only the Company's share of the cost, except that the tables reconciling the Section liabilities and assets from the start to the end of the year are presented before the deduction of the members' share of the defined benefit cost, or the surplus or deficit. This is for simplicity of presentation and for consistency with the liabilities and assets quoted in the table showing the pension scheme liability or asset at the end of the year.

The most recent actuarial valuation of the HS1 Limited Section of the Railways Pension Scheme was completed at 31 December 2016 by James C Wintle, Fellow of the Institute and Faculty of Actuaries. The present value of the defined benefit liability and the related current service costs and past service cost were measured using the projected unit credit method.

Employer contributions were 19.04% of section pay. In addition, the employer pays annual lump sums of £7,000 on each 31 December to 2020 inclusive and pay all management and accounting charges levied by RPMI from time to time. The formal actuarial valuation as at 31 December 2016 has set future employer contributions at 20.90% of section pay effective from 1 July 2018 onwards.

Key assumptions:

	2018	2017
	% pa	% pa
Discount rate	**2.4**	2.4
Price inflation (RPI measure)	**3.1**	3.2
Increases to deferred pensions (CPI measure)	**2.1**	2.2
Pension increases (CPI measure)	**2.1**	2.2
Pensionable salary increases	**3.6**	3.7

20 Pension schemes *(continued)*

The assumed average expectation of life in years at age 65 is as follows:

	2018	2017
Retiring today		
Males	**87.8**	86.2
Females	**89.1**	88.0
Retiring in 20 years		
Males	**89.6**	90.9
Females	**90.9**	92.2

The assets in the scheme at the balance sheet date were as follows:

	Fair value	
	2018	2017
	£m	£m
Growth assets	**6.0**	6.2
Government bonds	**2.2**	2.3
Non-Government bonds	**0.3**	0.1
Total fair value of section assets	**8.5**	8.6

Movements in fair value of Section assets

	2018	2017
	£m	£m
At beginning of year	**8.5**	7.7
Interest income on assets	**0.2**	0.3
Return on plan assets greater than discount rate	**-**	0.6
Employer contributions	**0.1**	0.1
Employee contributions	**0.1**	0.1
Actual benefits paid	**(0.4)**	(0.2)
At end of year	**8.5**	8.6

20 Pension schemes *(continued)*

Reconciliation of Defined Benefit Obligation ("DBO")

	2018 £m	2017 £m
At beginning of year	**11.2**	8.9
Service cost	**0.2**	0.2
Interest cost on DBO	**0.3**	0.3
Loss/(gain) on DBO	**(0.7)**	2.0
Actual benefit payments	**(0.4)**	(0.2)
At end of year	**10.6**	11.2

Defined benefit liability at end of year

	2018 £m	2017 £m
DBO at end of year	**10.6**	11.2
Fair value of assets at end of year	**(8.5)**	(8.6)
Deficit at end of year	**2.1**	2.6
Adjustment for members' share of deficit	**(0.9)**	(1.0)
Net defined benefit liability at end of year	**1.2**	1.6

Reconciliation of net defined benefit liability

	2018 £m	2017 £m
Net defined benefit liability at beginning of year	**1.6**	0.7
Employers share of expense	**0.1**	0.2
Employers contributions	**(0.1)**	(0.1)
Total (gain)/loss recognised in other comprehensive income ("OCI")	**(0.4)**	0.8
Net defined benefit liability at end of year	**1.2**	1.6

20 Pension schemes *(continued)*

Analysis of amounts charged to the profit and loss account

	2018 £m	2017 £m
Employer's share of service cost	**0.2**	0.2
Employer's share of profit and loss account expense (excluding employers contributions)	**0.2**	0.2

Analysis of amounts charged to the statement of OCI

	2018 £m	2017 £m
Liability (gain)/loss arising during the year	**(0.4)**	0.7
Total (gain)/loss recognised in OCI	**(0.4)**	0.7

21 Financial instruments

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
- Market risk
- Credit risk
- Liquidity risk
- Foreign currency risk

The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below. These polices have remained unchanged throughout the year.

The Company's financial instruments (other than derivatives) comprise loans from Group undertakings, bank loans, cash and various items such as trade receivables and creditors that arise directly from operations. The Company finances operations from these financial instruments.

The Company also enters into interest rate derivatives to manage interest rate risk arising from the Company's borrowings and cross currency swaps to manage currency risk on foreign currency borrowings.

The Company does not undertake speculative treasury transactions. The Company does not trade in financial instruments. All of the Company's financial instruments are denominated in sterling with the exception of the US$ loan from Group undertakings.

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 exposed to interest rate risk on bank loans and the floating interest element of loans from Group undertakings. The Company uses interest rate derivatives to reduce exposure to interest rate movements. The Company does not use derivative financial instruments for speculative purposes.

All other borrowings are not exposed to interest rate risk as they are at fixed interest rates. There is no interest rate risk on financial instruments other than borrowings as they are either non-interest bearing or at fixed interest rates.

The Directors are responsible for managing interest rate risk and approve all decisions to enter into borrowings and interest rate swaps. The director's aim is to ensure that all exposure to interest rate risk is minimal by entering into appropriate derivative products. The Company's policy is to maintain a mix of fixed to floating debt such that a minimum of 70% of borrowings and a maximum of 110% of borrowings is at a fixed rate. At 31 March 2018 the Company's fixed floating interest rate profile on borrowings was 92:8 (31 March 2017: 97:3).

All of the Company's non-derivative financial instruments are accounted for at amortised cost. Fluctuations in market interest rates would therefore have no impact on the balance sheet in respect of these items.

21 Financial Instruments *(continued)*

Market risk

Market risk is the risk that future changes in interest rates may make a derivative financial instrument or non-derivative financial instrument more or less valuable. The Company uses derivatives for risk management so market risk relating to derivative instruments will principally be offset by changes in the cash flows of the transactions being hedged. All non-derivative financial instruments are recorded at amortised cost so fluctuations in interest rates will not impact their carrying value in the financial statements.

Retail Price Index Risk

Retail Price Index ("RPI") risk is the risk that future changes in RPI could have a negative impact on revenue growth. Retail Price Index ("RPI") swaps are held by HS1 Limited. This fixes inflation on c. £116m of Investment Recovery Charge ("IRC") income which reduces the volatility of the IRC revenue growth to inflation.

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. The Company's principal financial assets are cash and cash equivalents, trade and other receivables, loans to group undertakings, interest rate derivatives and cross currency swaps.

The Company's exposure to credit related losses, in the event of non-performance by counterparties to financial instruments, is mitigated by limiting exposure to any one party or instrument and ensuring only counterparties within defined credit risk parameters are used.

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 has ensured continuity of funding by having long term borrowings with a maturity at the balance date of between 2019 and 2038.

Foreign exchange currency risk

Foreign exchange currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign exchange currency risk on the US$ element of the loans from group undertakings of $550m (31 March 2017: $550m). The Company uses cross currency derivatives to hedge currency risk on its foreign currency denominated borrowings.

Security and guarantees

The borrowings are secured by a fixed and floating charge over all the assets of the Helix Acquisition Limited group, the Company's immediate parent undertaking, and a charge over the shares of that company.

21 Financial instruments *(continued)*

Loans from High Speed Rail Finance plc

On 29 October 2012 High Speed Rail Finance plc ("HSRF"), a fellow subsidiary of Helix Acquisition Limited, made four loans (six tranches A-D) to the Company over a range of terms, maturities and base currencies. On 15 December 2016 HSRF made a further loan (two tranches E-F) to the Company over a range of terms and maturities.

The significant terms of the loans are as follows:

	Tranche A1	Tranche A2	Tranche B1	Tranche B2
Currency	USD	USD	GBP	GBP
Listed	No	Jersey	No	Jersey
Amount	$530m	$20m	£70m	£47m
Type	Fixed	Fixed	Fixed	Fixed
Interest rate	3.79%	3.79%	4.21%	4.21%
Term	15.5 years	15.5 years	18.5 years	18.5 years
Maturity	30 March 2028	30 March 2028	30 March 2031	30 March 2031

	Tranche C	Tranche D
Currency	GBP	GBP
Listed	No	No
Amount	£58m	£50m
Type	Floating	Fixed
Interest rate	GBP 6m LIBOR plus 1.64%	4.72%
Term	18.5 years	23.5 years
Maturity	30 March 2031	30 March 2036

	Tranche E	Tranche F
Currency	GBP	GBP
Listed	No	No
Amount	£184m	£130m
Type	Fixed	Fixed
Interest rate	2.30%	2.81%
Term	22.5 years	23 years
Maturity	31 March 2039	31 December 2039

21 Financial instruments *(continued)*

Loans from High Speed Rail Finance (1) plc

On 14 February 2013, High Speed Rail Finance (1) plc ("HSRF1"), a fellow subsidiary of Helix Acquisition Limited advanced a loan (two traches) to the Company totalling £760m. Tranche A of the loan was issued at a discount of £9m. Tranche B of the loan is index linked.

On 17 April 2015 HSRF1 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 HSRF1. The proceeds of the Tap were lent on to the Company under the same terms as Tranche B of the loan to refinance the bank debt outstanding on that date.

The significant terms of the loans are as follows:

	Tranche A	**Tranche B**
Currency	GBP	GBP
Listed	Yes	Yes
Amount	£610m	£246.5m
Type	Fixed	Index linked
Interest rate	4.375%	UKTI .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 16).

Bank loans

On 14 February 2013 the Company entered into £221.3m of loans, a working capital facility of £65m and an annual rolling liquidity facility of £90m with a consortium of banks.

On 17 April 2015, the Company refinanced its existing bank loans (Tranche A and B) totalling £198m at that date by entering into the following transactions;

- A £96m tap (inflation adjusted amount of £100m) on the existing 1.566% 2038 maturing index linked bond held by HSRF1 (see above).
- A £98m extension of bank loan tranche A with an amortising maturity profile to 31 March 2022 at an interest rate of LIBOR plus 0.85%.
- Interest rate swaps were entered into for a nominal value of £98m to fully hedge the bank loan extension of £98m and mitigate against future interest rate risk.

In addition to the above the working capital facility was extended to 31 March 2020 at an interest rate of LIBOR plus 0.50% (with an utilisation fee ranging between 0.15% to 0.30%). The liquidity fund increased to £105m and was renewed to 30 March 2019 at an interest rate of LIBOR plus 1.00%.

At the balance sheet date £16m (31 March 2017: £10m) was drawn down in respect of the working capital facility. This amount has been included in "bank loans and overdrafts due within one year" (note 15).

21 Financial instruments *(continued)*

Bank loans *(continued)*

At the balance sheet date, £nil (31 March 2017: £nil) was drawn down in respect of the liquidity facility.

The significant terms of the loans are as follows:

	Tranche A	Working capital facility	Liquidity facility
Currency	GBP	GBP	GBP
Amount	£78m	£65m	£105m
Type	Floating	Floating	Floating
Interest rate	2.35%	GBP LIBOR plus 0.5% (plus utilisation fee)	GBP LIBOR plus 1.0%
Term	7 years	5 years	1 year
Maturity	31 March 2022	31 March 2020	31 March 2019

During the year, the Company made a voluntary prepayment of £19.6m on the tranche A term loan.

Loans to / from group / parent undertakings

During the year, the Company advanced a loan of £18.9m to its immediate parent undertaking, Helix Acquisition Limited (31 March 2017: £348.1m). This loan carries interest at 9.75% and is repayable by agreement of both the borrower and lender. This loan is included in debtors due in more than one year as no significant repayment is expected in the next 12 months.

During the year the Company with the agreement of the Helix Acquisition Limited capitalised accrued loan interest of £39m (2017:£nil) in accordance with the terms of the loan agreement.

Included in debtors due in more than one year is a loan of £147.6m to Betjeman Holdings Limited advanced during the year. This loan is as a result of novating RPI swaps from Betjeman Holdings Limited to HS1 Limited in September 2017. This loan is subject to interest at 9.75% per annum and is repayable by agreement of both the borrower and lender. No significant repayment is expected in the next 12 months.

Included within creditors due in more than one year is a loan of £555.8m (31 March 2017: £555.8m) advanced from Helix Acquisition Limited. This loan is subject to interest at 9.75% per annum and is repayable by agreement of both the borrower and lender. No significant repayment is expected in the next 12 months.

All other balances owed to / from group undertakings, unless stated above, are non-interest bearing and repayable by agreement of both the borrower and lender.

Financial instruments measured at fair value

Derivative financial instruments
The fair value of interest rate derivatives is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. The fair value of revenue swap derivatives is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using available market information at the measurement date.

21 Financial instruments *(continued)*

The following table indicates the periods in which the cash flows associated with cash flow hedging instruments are expected to occur.

	2018						2017					
	Carrying amount £m	**Expected cash flows £m**	**1 year or less £m**	**1 to <2years £m**	**2 to <5years £m**	**5 years and over £m**	Carrying amount £m	Expected cash flows £m	1 year or less £m	1 to <2years £m	2 to <5years £m	5 years and over £m
Cross currency swaps:												
Assets	**35**	**(436)**	**(13)**	**(13)**	**(98)**	**(312)**	68	(450)	(13)	(13)	(39)	(384)
Liabilities	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-
		(436)	**(13)**	**(13)**	**(98)**	**(312)**		(450)	(13)	(13)	(39)	(384)

	2018						2017					
	Carrying amount £m	**Expected cash flows £m**	**1 year or less £m**	**1 to <2years £m**	**2 to <5years £m**	**5 years and over £m**	Carrying amount £m	Expected cash flows £m	1 year or less £m	1 to <2years £m	2 to <5years £m	5 years and over £m
Interest rate swaps:												
Assets	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-
Liabilities	**(1)**	**(1)**	**(1)**	**(-)**	**(-)**	**(-)**	(3)	(6)	(1)	(1)	(1)	(4)
		(1)	**(1)**	**(-)**	**(-)**	**(-)**		(6)	(1)	(1)	(4)	(4)

	2018						2017					
	Carrying amount £m	**Expected cash flows £m**	**1 year or less £m**	**1 to <2years £m**	**2 to <5years £m**	**5 years and over £m**	Carrying amount £m	Expected cash flows £m	1 year or less £m	1 to <2years £m	2 to <5years £m	5 years and over £m
Revenue swaps:												
Assets	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-
Liabilities	**(133)**	**(162)**	**(1)**	**(1)**	**(3)**	**(157)**	(-)	(-)	(-)	(-)	(-)	(-)
		(162)	**(1)**	**(1)**	**(3)**	**(157)**		(-)	(-)	(-)	(-)	(-)

22 Related parties

In the year ended 31 March 2018, there have been no transactions between the Company and Company's Directors, key management personnel or parties related to them except as disclosed in the financial statements of Helix Acquisition Limited (31 March 2017: none).

Helix Acquisition Limited, High Speed Rail Finance plc and High Speed Rail Finance (1) plc are related parties by virtue of being fellow subsidiary undertakings of Helix Holdings Limited an intermediary parent undertaking. Betjeman Holdings JvCo Limited is a related party by virtue of being the ultimate parent undertaking (note 19) through its indirect acquisition of 100% of the share capital of Helix Holdings Limited on 6 September 2017.

During the financial year the Company completed the following transactions with related parties within the Betjeman Holdings JvCo Limited group of companies:

	2018	2017
	£m	£m
Interest receivable		
Helix Acquisition Limited	**42.0**	15.6
Betjeman Holdings Limited	**8.2**	-
Finance charges		
Helix Acquisition Limited	**54.2**	54.2
High Speed Rail Finance plc	**29.3**	24.4
High Speed Rail Finance (1) plc	**40.8**	38.0

All transactions with related parties within the Company have taken place at arm's length. The terms of the transactions undertaken are detailed in note 21.

During the financial year the Company completed no transactions with related parties outside the Betjeman Holdings JvCo Limited group of companies (2017: none).

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 Group and company in the year (2017: none).

23 Subsequent events

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