

Registered number: 03539665

HS1 LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

HS1 LIMITED

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HS1 LIMITED

COMPANY INFORMATION

Directors	J Curley S Jones K Ludeman A Pitt A Leness O Racine (resigned 17 October 2024) M Osborne A Farrer (resigned 19 April 2024) R Sinclair J Carter (appointed 25 April 2024) R Gurney-Read (appointed 17 October 2024) V Merle (appointed 17 October 2024)
Chair	K Ludeman
Registered number	03539665
Registered office	5th Floor, Kings Place 90 York Way London N1 9AG
Independent auditors	Deloitte LLP Statutory Auditor 2 New Street Square London United Kingdom EC4A 3BZ
Company Secretary	C Gould

HS1 LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2025

The Directors present their Annual Report on the affairs of HS1 Limited (the 'Company') together with the audited financial statements for the year ended 31 March 2025.

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 the 109-kilometre-high speed rail line connecting London's St Pancras International station to Kent, and, via the Channel Tunnel, to international destinations in Europe notably Paris, Brussels, and Amsterdam. In addition to St Pancras International, three stations are served along the route - Stratford International, Ebbsfleet International and Ashford International.

The ultimate parent undertaking of the Group is Betjeman Holdings JvCo Limited. HS1 Limited ('HS1') is the operating company within the group.

The Company operates under a transparent regulatory framework. Revenue is derived from a combination of charges set in the concession agreement, regulated charges determined through the 5-yearly price control overseen by the Office of Rail and Road ('ORR') and a number of passthrough charge elements. The Company generates unregulated revenues from station retail and car parking. In addition to domestic and international high-speed traffic, the rail line serves a small volume of freight traffic.

The Company has a clear goal to be recognised as a sustainable and high performing transport system connecting London, Kent, and Europe. Its strategy is to drive growth on the HS1 infrastructure and encourage modal shift towards rail travel. The strategy is underpinned by a clear purpose, vision, mission, and values as illustrated in figure 1.

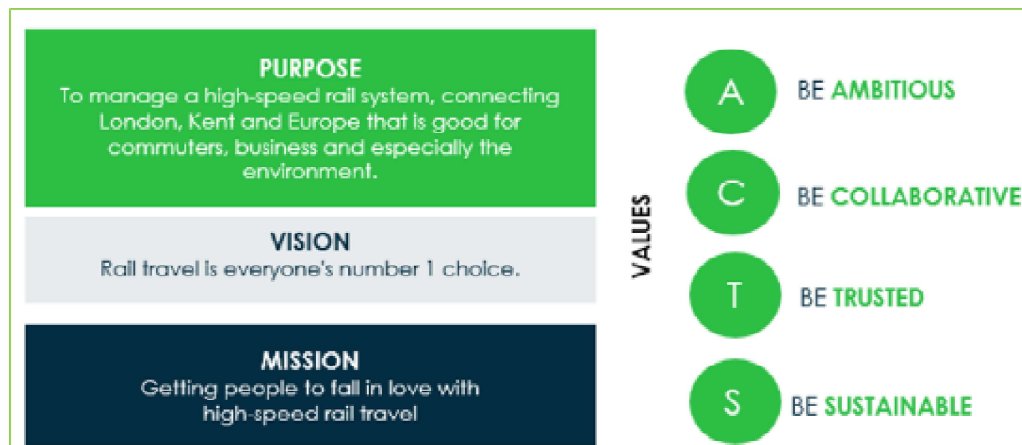


Figure 1: The Company's purpose, vision, mission, and values

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

Business review

Turnover for the year ended 31 March 2025 has decreased to £293.4m (2024: £299.8m), with the decrease being driven by lower energy income in the year, due to lower energy prices.

International train services have continued to recover from the Global Pandemic. Eurostar ("EIL") has returned to booking a full forward working timetable ("FWT"), with a FWT for May 2025 – December 2025 that reflects 97% of pre-Covid 19 levels.

Domestic train services, run by Southeastern Trains Limited ("SETL"), have also increased (+9.6% versus last year). Despite this, SETL have continued to operate below the contractual underpin level set out in the UK Government domestic underpinning agreement ("DUA"). The DUA has continued to insulate the Group from the reduced timetable.

Retail income has performed well in the year, driven by the recovery in passengers, and retail income has continued to exceed pre-Covid levels of £28.4m in the year ended 31 March 2020, with retail revenue in the current year of £31.5m (2024: £29.5m).

In line with contractual agreements with EIL and SETL, the Company executed its fourth "Volume Reopener" ("VRO") of the Control Period. VROs are triggered when train volumes deviate significantly from initial expectations. The Company are required to adjust charges relating to fixed Operation, Maintenance and Renewal Costs ("OMRC") costs to ensure these costs are recovered and allocated appropriately between our train operator customers based on actual train volumes. With the commencement of the new Control Period ("CP4") from April 2025, contractual arrangements will revert to those that were in place prior to Covid 19, and Volume Reopeners will only take place when there is a significant change ($\pm 4\%$) in volumes of traffic.

The PR24 periodic review was concluded in early 2025 outlining the asset management plans for the next control period, CP4, spanning 2025 - 2030. As part of the review the Office of Rail and Road determined our Operations, Maintenance and Renewals Charges for CP4. The plans included enhancements to how we account for the future renewals needs of the railway, as well as efficiencies. It resulted in a reduction in OMRC charges of around 20% for international operators and 15% for domestic.

This reduction in cost was welcomed by stakeholders, in a context where Train Operators have strong growth ambitions. Several other notable actions in the year ended 31 March 2025 were launched as part of a plan to deliver the Company's growth strategy:

- Entering into a Memorandum of Understanding with Eurotunnel to set out the Group's desire to work more closely together to deliver more environmental, socio-economic and passenger benefits from their networks and deepen their cooperation on specific initiatives to hasten the growth of cross-Channel highspeed rail traffic.
- Launching a commercial rebrand: HS1 Limited now trades as "London St. Pancras Highspeed." This rebrand aligns with the Company's growth strategy, to drive modal shift towards travel on highspeed rail, as well as to increase commercial revenues.
- Starting a consultation on an international growth incentive scheme. The growth incentive aims to boost international rail travel, offer more alternatives to short-haul flights, support the UK's net zero goals, stimulate the economy, and give passengers more choice and lower fares.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

- Progressing the St Pancras international station expansion project to provide a significant increase in passenger capacity. A detailed feasibility study was carried out and confirmed that expanding capacity at the station to accommodate significant growth is possible. The next stage is to develop plans to design, deliver and operationalise a reconfigured ground floor of the international zone to the RIBA2 design and operational concept feasibility stage.

The Company offers strong sustainability credentials and continues to deliver on its 2023 Sustainability Strategy, achieving key milestones that support its goal of being the most sustainable transport option from the UK to Europe. The Company aims to capitalise on the increased demand for sustainable travel and has repositioned itself in 2025 to adopt a more consumer-centric approach.

In 2025, the Company updated its Climate Transition Risk Assessment to address risks and opportunities associated with the transition to a low-carbon economy, informing its 2024-25 Taskforce for Climate-related Financial Disclosures (TCFD) report. A comprehensive Adaptation Action Plan was also developed, guided by the results of the Company's existing Physical Climate Change Risk Assessment. These initiatives focus on increasing the Company's resilience and will continue to evolve over CP4. To embed sustainability into asset management processes, the Company has also established a consultancy framework which will provide specialist support over CP4. A full update on progress against the Company's sustainability KPIs and 2030 targets will be available in the London St. Pancras Highspeed 2024-25 Sustainability report - <https://stpancras-highspeed.com/our-company/csr/>.

HS1 continues to prioritise its people and has maintained gold standard accreditation from Investors in People for 'We Invest in People', and a silver standard accreditation for 'We Invest in Wellbeing.'

Future developments

We believe passengers are increasingly choosing rail over air for climate reasons and because they prefer the convenience and comfort of direct city centre to city centre travel and we have an incredible opportunity to grow the train paths on the line.

On the international side, EIL has an ambitious growth agenda that will include the cross-Channel market. The train operator is preparing to invest in up to 50 new trains and have a target to reach 30 million passengers by 2030 (+60%). In addition to the EIL growth, several prospective Train Operators have announced their intention to launch a high-speed service between London and the continent as early as 2029. The Group welcomes competition and will continue to work with operators as they investigate the opportunity.

On April 8 we have unveiled a report commissioned from external consultancy group Steer that confirmed the demand for growth is strong, with the report stating that the market between London and destinations in continental Europe has the potential to grow from 11 million passengers a year to 35 million by 2040. We are also working to ensure the infrastructure will have the capacity required to accommodate the additional growth. As mentioned in the business review, we are working on developing plans to extend the capacity of St Pancras International. In addition, following the receipt of an independently commissioned report, the ORR has recently confirmed that Temple Mill Depot would be able to accommodate additional trains. This confirmation was welcomed by prospective Train Operators.

On the domestic side, SETL announced in April 2025 that they will be adding 29 more highspeed services each week as part of their December 2025 timetable change, which will see more services between London and Faversham in the evenings and on Saturdays.

An electronic visa Entry / Exit system ("EES") is planned for implementation in Autumn 2025 for the Schengen Area. The Group has worked with EIL to finalise operational processes within St. Pancras International and optimise the customer experience, ready for implementation.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

Section 172(1) statement

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way they consider, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires Directors to have regard to, amongst other matters, the:

- a) the likely consequences of any decision in the long term,
- b) the interests of the Group's employees,
- c) the need to foster the Group's business relationships with suppliers, customers and others,
- d) the impact of the Group's operations on the community and the environment,
- e) the desirability of the Group maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the Group.

In discharging our section 172 duties the Directors have regard to the factors set out above. In addition, we also have regard to other factors which we consider relevant to the decision being made. Those factors for example include the interests and views of members of the Group and our relationship with our lenders.

The Strategic Report sets out the Group's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we aim to make sure that our decisions are consistent and appropriate in all the circumstances. Through working collaboratively with Management, and listening to feedback from the Group's stakeholders, the Directors ensure that the Group is well positioned to deliver this vision.

We delegate authority for day-to-day management of the Company to senior management in setting, approving and overseeing execution of the business strategy and related policies. Relevant matters are reviewed at Board meetings with Management and are assessed against strategic priorities where the directors consider the Group's activities and make decisions. This collaborative approach helps promote the long-term vision of the Group and includes an assessment of the impact of major capital projects on the community and environment. The Board places high importance on employee engagement and considers the impact of decisions on HS1's employees.

As a part of those meetings the Directors receive information in a range of different formats which includes information relevant to section 172 matters when making relevant decisions. For example, the Board frequently considers whether its structure and composition are best placed to promote the success of the Group. This was supported by a third-party Board effectiveness review conducted in December 2023, which concluded that the current Board structure is appropriate.

We undertake training of the Directors in relation of their roles, duties and responsibilities, including Section 172. The Company Secretary attends all Board and Committee meetings (and is available generally) to advise directors as necessary on matters relating to their duties and responsibilities under Section 172.

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STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

The Board assesses the decisions its takes and the impact of its activities on its key stakeholders and the table below sets out the key stakeholders and how we engage and foster strong relationships with them:

Customers	Employees	Regulators	Lenders and shareholders	Partners and suppliers	Community and Environment
<ul style="list-style-type: none"> Regular senior and working level meetings Customer meetings at CEO level Discussions with stakeholder groups Monitoring industry questionnaires 	<ul style="list-style-type: none"> Employee Engagement survey All Staff briefings Employee Suggestion Board People Forum Team meetings 	<ul style="list-style-type: none"> Quarterly BAU monitoring meetings Quarterly (or more frequent) engagement on the regulatory Periodic Review process Public consultations Stakeholder working groups 	<ul style="list-style-type: none"> Annual lender presentation Information disclosure, such as budgets, financial statements, and covenants Regular meetings 	<ul style="list-style-type: none"> Contract review meetings Annual supplier conference 	<ul style="list-style-type: none"> Social media and website Volunteer days Rail Safety and Standards Board ('RSSB') Working Groups Transport Adaptation Steering Group ('TASG')

Figure 2: stakeholders

Key performance indicators ("KPIs")

KPIs were selected by management and are considered to be relevant to the business. KPIs are selected based on the needs of the business, to ensure that they remain suitable to allow the Board to monitor performance, identify areas of growth or risk, and be aware of how this performance may impact future developments for the Group.

Performance during the year to 31 March 2025 showed 0.3% year on year growth, with 71,309 train paths billed in the year (2024: 71,102).

Operational performance of the infrastructure is the Group's primary performance KPI. The moving annual average ("MAA") delays per train path from the HS1 infrastructure has significantly decreased to 4.2 seconds at March 2025 (2024: 11.8 seconds), reflective of a strong in year focus from management in targeting and reducing key risks associated with the management of points, trespass and rail operations. The Thames tunnel flood also led to large increases in delays in the prior year. We continue to work with Network Rail High Speed ("NRHS") to limit the impact of these types of events in future and prevent future incidents. We note that the level continues to remain well within the Concession agreement limits.

Safety performance remains a key business priority with the target of being a zero-harm business. The MAA Fatalities and Weighted Injuries (being a railway industry weighted measure of accidents per 1,000,000 hours worked) has increased slightly to 0.08 at 31 March 2025 (2024: 0.05). Safety performance remained strong, and NRHS continue to review and update their existing Safety Improvement Plans to continue to effectively manage safety risks.

The Passenger Accident Incident Rate, number of passenger accidents per 100,000 passengers, remains low at 0.02 at 31 March 2025 (2024: 0.01). Locally owned safety improvement plans have been effective in limiting accidents to passengers.

The Company's financial KPIs are earnings before interest, tax, depreciation, and amortisation ("EBITDA") and the debt service cover ratio ("DSCR") – the ratio of cash available to service the annual debt interest and principal payments. The DSCR for the year to 31 March 2025 was 1.47x (2024: 1.51x).

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STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

The EBITDA for the year to 31 March 2025 was £107.3m (2024: £101.0m). The increase is driven by increased unregulated income, and increased train paths in the year.

A reconciliation from the statutory measure, being operating loss, is presented in the table below:

	2025	<i>2024</i>
	£m	<i>£m</i>
Operating Profit	58.2	<i>52.0</i>
Depreciation and Amortisation	49.1	<i>49.0</i>
EBITDA	107.3	<i>101.0</i>

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

Principal risks and uncertainties

The Company's risks are actively managed, a process that is overseen by a Risk Manager and Risk Champions representing each Directorate. The Company has an annual risk strategy session with the Directors, Risk Manager and Risk Owners to consider how the Company can best manage and mitigate risks, while maximising opportunities within the Company. Risks are also reported to the Board twice a year through the Audit and Financial Subcommittee which receives a presentation from the Risk Manager. Within the year the Company implemented a new internal risk management software tool and provided training to appropriate Directors on its use. The Company maintains a structure of Risk Champions across the business and are confident that the Board is provided with the relevant information relating to the risks and opportunities of the Company and that Board decisions are taken in light of a full understanding of this risk environment.

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

a) Supply chain and operations

- 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. The Company is in regular contact with NRHS and continually reviews potential causes of disruption including staff shortages or infrastructure closures that could impact service operation. If NRHS is unable to meet its obligations under the Operator Agreement, the Company has the right to intervene. The contract terms also include a parent company guarantee from the state-owned Network Rail Infrastructure Limited giving the Company greater security.
- A major infrastructure failure or incident. The Company mitigates the risk operationally by obtaining supply chain assurance and ensuring compliance of procedures followed by NRHS, in particular. In addition, the Company regularly tests its business continuity and recovery plans and has appropriate insurance cover in place to limit the exposure to such incidents. This includes insurance cover for off route incidents occurring within 1 mile of the premises if damage occurs and cover for Police action or presence (or suspected) of harmful devices. This cover meets Concession requirements and would limit the short-term financial impact. Long term issues could have a materially negative financial impact.
- Payment of performance regime penalties to operators. HS1's track access agreements attribute payments to parties aligned to their role in delays. Exposure is triggered in the event of failure of the Company's infrastructure and such penalties for delays are capped at £10.9m as at 31 March 2025, of which £5.4m is passed onto our principal supplier, NRHS.
- Risk of a terror attack, physical or cyber. Management has carried out a risk assessment to ensure controls are optimal. The Company invests heavily in cyber and physical security measures. and through its Business Ethics Committee, reviews relevant policies and plans, ensuring alignment and compliance across key business areas such as HR, Legal and IT. As part of this, the IT Disaster Recovery plan has been updated and associated with the internal Group Crisis Management Plan. Along with other key IT policy updates, the IT function ensures robust cyber security protection and controls are in place, mitigating the risk of HS1 data and information being lost, stolen and/or corrupted.

b) Economy

- Failure to adapt to structural change. The Company monitors potential long-term shifts in the market that could impact the business, such as travel, online shopping, home-working habits and the demand for green travel. The Company continues to monitor the market closely and is actively managing the stations with regular dialogue with retailers and train operators. Customer insights, and in-depth market knowledge, allow the Company to adapt to changes in customer demand.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

- There is a risk of passenger flow disruption from new border control requirements, including the planned Schengen Border Entry / Exit system ("EES") process scheduled for implementation in Autumn 2025. Changes in immigration rules or EU border arrangements could negatively impact the passenger experience or discourage international travel. Most of the train paths that run on the infrastructure are domestic, which helps to insulate the Company from these risks. Furthermore, juxtaposed border controls, which removes the requirement for passport control at disembarkation, is a key competitive advantage over air for international travel. The Company continues engage with customers, suppliers, the regulators, government, and Border Authorities to mitigate any risks.
- While having declined versus recent years, there is continued pressure and existing risk relating to energy prices. The Company faces a reputational risk if this is not effectively managed. Management continually work with the Train Operating Companies ('TOCs'), and industry experts, to executive a robust energy purchasing strategy which balances affordability, price certainty and utilising renewable energy sources.

c) Reliance on two key customers (SETL and EIL).

- SETL, the only domestic operator, and the Company's largest customer, continued to operate a lower level of train paths than pre-pandemic. HS1 is insulated from domestic services being lower than c. 53,000 per year, as these are underpinned by the UK Government through the DUA. The underpin agreement has successfully been applied in the year with the Department for Transport ('DfT') being billed to make up the shortfall between actual and the underpin level of services and will continue to do so if the services are below this level. The Company continues to work with stakeholders to encourage increased train paths.
- Prolonged depressed EIL services. Paths have been running at 94.2% of pre-covid levels throughout FY25. The Company has certainty up to 1 year ahead due to the advanced agreement of the timetable on which billing is raised. EIL has now increased its forward booking commitment to 97% of pre-COVID levels. Demand for international travel was resilient over the global pandemic and future growth in train paths is expected, supported by the outcome of recent external demand studies commissioned by the Company, and the prospect of additional international operators running paths on the infrastructure by 2030. Several companies have expressed an interest in running international train services in the future and HS1 welcomes and supports this competition.

d) Financial risk management objectives and policies

- The Company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives to manage these risks. The Company does not use derivative financial instruments for speculative purposes.
- Interest rate risk – 97% of debt held at Company is on fixed interest rates, minimising the exposure from adverse movements.
- UK tax changes – the Company is exposed to changes in tax rules. Management stays abreast of developments to mitigate risk of change.

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STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

- Counterparty credit risk – the Company has two customers, SETL and EIL. On a regular basis we review the financial strength of our two customers. Other than this, the Company is not heavily reliant on any one party or financial instrument. The Company only trades with counterparties above minimum credit risk parameters. The Company's principal financial assets are bank balances and cash, trade and other receivables, and investments. The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for expected credit losses ("ECLs"). For further information see note 2.6 of the accounting policies.
- Foreign exchange risk – the Company has US\$ denominated debt but the interest and principal repayments are fully hedged through derivative instruments.
- 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, these have increased in the year, see note 21 for further details. For further information see note 2.3 of the accounting policies (going concern)
- The Directors regularly review these risks and approve the use of financial instruments to manage risk.

Going Concern

The Company has prepared these financial statements on a going concern basis, as set out in the Directors' Report.

Approval

This report was approved by the Board and signed on its behalf.

Jonathan Carter
Jonathan Carter (Jun 13, 2025 16:58 GMT+1)

.....
J Carter
Director

Date: 13 June 2025

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

**STATEMENT OF CORPORATE GOVERNANCE
FOR THE YEAR ENDED 31 MARCH 2025**

The chairman presents his statement for the period.

The Company has turnover of £293.4m and total assets of £4.0bn for the period ended 31 March 2025, therefore it is defined as a large private Company. The Board adopted the Wates Corporate Governance Principles for Large Private Companies as its chosen corporate governance code during the period ended 31 March 2021, and continues with these for the financial year ended 31 March 2025. The Board considers the Wates Principles the best option given the nature of the business and relevance to it.

Principle 1 - Purpose and leadership

The Directors of HS1 Limited demonstrate the principles of promoting the success of the Company, act with integrity and are committed to building positive relationships with employees and all other stakeholders. The Board has a clear understanding of the views of shareholders from communications at Board meetings, Committee meetings, site visits and safety tours, an annual Strategy Away Day with Management and regular ongoing dialogue to ensure shareholder views and concerns are understood and addressed.

In the last year the Company also set up a new Senior Leadership Team of 10 Heads of Department, who have been delegated the authority to carry out the day to day tasks of the business, reporting into the Executive Leadership Team "ELT". This enables the ELT to focus on the vision of the Company and to lead in an appropriate manner.

Values and Culture

The Company's values, purpose, and strategy are integral to the way it operates. The Board recognise their duties in upholding these values and setting a suitable tone, ensuring these values are upheld in the day to day running of the business. More information in respect of the Business Model, and how the Company operates is included in the Strategic Report on page 2.

The Board, shareholders and Management are committed to embedding the desired culture throughout the organisation. Culture is supported by the People Strategy, is reviewed through the annual employee engagement, and is benchmarked with other companies. In addition, the Company has been awarded the Gold standard in "We Invest in People" and maintained a silver accreditation for "We Invest in Wellbeing" accreditation by Investors in People. To further enhance our inclusive culture, we have signed the Equality, Diversity and Inclusion ("EDI") Charter with the Rail Industry Association.

The Company has a Staff Handbook and Speak-up Policy, which enables concerns to be raised confidentially and anonymously to the Board. There is an annual review of the Speak-up Policy, which is designed to ensure process integrity and robustness. If an investigation is required, the Company would ensure full independence and no bias in identifying an Investigating Officer.

Strategy

The Board's core focus is on business strategy, driving growth on the HS1 infrastructure safely and sustainably. Within the last 12 months, HS1 has set a new internal growth strategy which focuses on actively influencing model shift, driving forward incremental train paths and growing unregulated revenues.

We are reviewing our operational and asset management plans to ensure the ageing asset base remains resilient as we move into the second half of the Concession. In the year, the Company has submitted its latest Five-Year Asset Management Statement ("5YAMS"), which was approved by the Company's regulator, the ORR, prior to the start of Control Period 4, starting on 1 April 2025. The outcome was a favourable one for the Group with the ORR accepting of the Company's proposed cost base and commending the quality and management of long-term uncertainty.

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

The Company also prepares a rolling 5-year Business Plan that is reviewed annually by the Board and demonstrates how the Company proposes to generate longer-term sustainable value for the Company and shareholders. This is consistent with the Company's goal to drive modal shift, and to promote the sustainability of high-speed travel. This goal includes a continued ambition for the Group to be recognised as a sustainable transport system, and with the Company's values, with sustainability being considered in asset management and business planning.

The Company has also developed a Sustainability Strategy and built this into its 2030 Vision, with the goal of ensuring all energy used by the Company has net zero carbon impact by 2030/31, if market conditions allow. HS1 publishes its Sustainability Strategy on its website (<https://stpencras-highspeed.com/our-company/csr/>). Sustainability, and progress against the strategy, is reviewed by the Board.

Principle 2 - Board composition

The Chair is an independent director appointed for an initial 3-year term. Following the year-end, the incumbent Chair's appointment was extended until March 2026. The roles of Chair and CEO are exercised by different individuals to ensure a balance of power and effective decision making.

The Company's Board is comprised of six shareholder representatives and two Non-Executive Directors. The Board members collectively are experienced in the rail industry, project and corporate finance, asset management and Health and Safety. Experience includes serving on the Boards of other infrastructure assets, within the transport sector and other regulated industries. The Board is kept apprised of the business's performance and shareholder interests through regular Board and Committee reporting, as well as periodic CEO Reports and topical working groups that meet between Board meetings to drive progress and decisions on identified issues.

Appointments to the Board are made with the aim of balancing key skillsets to ensure appropriate experience to oversee Management and assess the business performance. The Board considers diversity as part of Board appointments. The CEO and CFO both sit on the Board of HS1 Limited.

The Board delegates detailed oversight to four core Committees (Audit and Finance; HR & Remuneration (which includes Nominations as required); Safety; and Business Development) to enable effective decision-making.

Effectiveness

The shareholder representatives development is carried out at the shareholder level. The Board composition is decided to balance the needs of the business. The Chair reviews Board effectiveness through regular review sessions as do the shareholders. A Board effectiveness review was conducted by the Chair in December 2023. This concluded that the Board structure is appropriate for the Group. The Chair and Company Secretary have reviewed the Terms of Reference for all Committees and these updates were approved in the March 2025 Board meeting.

Principle 3 – Director responsibilities

Accountability

The Company has established, and maintains, corporate governance practices through the Company Secretarial Team to support effective decision-making.

The Company maintains policies and practices that govern the internal affairs of the Company including, without limitation, terms of reference for the Board and various Committees, delegated authorities, and the shareholder agreement. Conflicts of interest are declared at the commencement of every Board and Committee. Documents are brought to the Board for sign-off following the recommendation of the relevant Committee, with review by the Board before this occurs.

**STATEMENT OF CORPORATE GOVERNANCE (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

Governance processes are periodically reviewed through meetings between the General Counsel and the Chair, and at the annual Board Strategy Day.

Committees

The Company's Committees are the Audit and Finance Committee, the HR and Remuneration Committee (which includes the Nomination Committee), the Safety Committee, and the Business Development Committee. Each Committee is chaired by separate Board members. All Committees are attended by either the Chair and/or the CEO, and the Company Secretary.

The Committees report to the Board to inform Board decision making and act within the terms of reference, which sets out the delegated authorities. Committees are responsible for the review of certain documents and policies, ensuring that the correct expertise is involved, however final approval remains with the Board. The Board is further supported by multiple Working Groups.

Integrity of information

The Company's Committees play a part in ensuring the formal and robust internal processes are operating effectively. The Committees each report back to the Board providing reliable information to enable the Directors to monitor and challenge the business performance and make informed decisions. In addition, policies and procedures are reviewed and updated regularly to ensure they remain relevant and up to date.

Principle 4 – Opportunity and risk

The Company's vision is to make rail travel everyone's number one choice by providing a sustainable and high performing transport system. All business opportunities and risks are viewed through this lens to ensure they support the long-term vision for the business.

The Company documents its principal risks and uncertainties, as well as mitigations, within the Strategic Report. Each Directorate has core key performance indicators, which link into the overall business priorities. Weekly cross-Directorate meetings take place to discuss and share across departments dynamic and emerging risks and opportunities, which can subsequently be raised to the senior management if necessary, or escalated onto the Corporate Risk Register for further action and monitoring.

The Company's Board has responsibility for overall strategic decision-making. The Audit & Finance Committee has delegated responsibility for overseeing risk management and reports this to the Board. The Group has Risk Management Procedures that are reviewed annually. The Group also monitors climate related risks and carries out climate risk reviews.

The Company has a Head of Business Development whose role includes identifying business opportunities, future opportunities for innovation and entrepreneurship. Key new business opportunities are discussed and approved at Board level.

Principle 5 – Remuneration

Setting remuneration

The HR and Remuneration Committee has the responsibility for developing and recommending to the Board the policy in relation to remuneration for the executive management. Shareholder representative Board members are not remunerated by the Company. The HR and Remuneration Committee reviews remuneration in relation to the Chair and the Executive Leadership Team against performance (including safety, asset, and cash delivery), behaviours, professional objectives and the business' values and strategy.

The HR and Remuneration Committee also reviews remuneration in relation to all employees by way of an annual pay review. This considers inflation and market indexes.

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STATEMENT OF CORPORATE GOVERNANCE (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

Policies

Remuneration schemes and policies are clearly set up with focus on key performance indicators such as safety, asset performance and cashflow, this enables effective accountability to shareholders. The Company is required to separately comply with the same requirements for Executive Leaders under the Long-Term Incentive Plan ("LTIP") Rules and the Annual Bonus Plan ("ABP") Rules.

The Company has not formally assessed whether a gender pay gap exists but notes two out of five members of the Executive Leadership Team are female.

Principle 6 – Stakeholder relationships and engagement

Stakeholders

The Company assesses the impact of its activities on its stakeholders, in particular customers, employees, regulators, partners, suppliers and the wider community. This is further documented within the section 172(1) statement, which forms part of the Strategic Report. The Company has a formalised Risk Management Procedure to ensure risks are identified and actions are taken to reduce the impact on stakeholders. Relevant matters are reviewed at Board meetings with Management and assessed against strategic priorities. This collaborative approach helps promote the long-term vision of the Company.

Each Directorate oversees the Company's relationship with different stakeholders to ensure effective business oversight. The Company presents stakeholders a fair, balanced, and understandable assessment of the Company's position and prospects through its annual report.

Workforce

The Company has channels that enable the workforce to share ideas and concerns with the Executive Leadership Team, including an employee representatives body called the "People Forum". The People Forum discuss areas such as the Employee Engagement; People Systems; policies, including the HS1 Speak Up Policy (whistleblowing); and ideas generated from the 'Suggestions Station' by employees. Staff performance is monitored through regular meetings with line managers alongside interim and annual performance reviews. Staff engagement is also assessed through an annual engagement survey.

The Speak-up Policy is reviewed annually to ensure effectiveness.

The Company's policies and practices are aligned with the Group's purpose and values, as detailed in our Strategic Report. This is monitored and updated by the Head of HR. The recently formed Business Ethics Group, who reports to the Audit and Finance Committee, is responsible for assuring and accounting to the Board that the Group is adhering to its obligations. Its first task has been to start a review of all the Company policies and recommend any changes as may be required.

The Board demonstrates how the Company has undertaken effective engagement with material stakeholders through discussion and actions identified at the Board and Committee meetings. They are recorded in minutes and actions are recorded on a rolling action log which is reviewed on a quarterly basis.

Jonathan Carter
Jonathan Carter (Jun 13, 2025 16:58 GMT+1)

Name J Carter
Director

Date: 13 June 2025

HS1 LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2025

The Directors present their report and the financial statements for the year ended 31 March 2025.

Matters covered by the Strategic Report

As permitted, under s.414c(2) 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.

Result for the year

The profit for the year was £121.7m (2024: profit of £101.6m).

As part of year-end financial statements preparation, a historic misstatement impacting prior period deferred tax balances has been identified, impacting comparative reserves and deferred tax balances on the Balance Sheet, Statement of Comprehensive Income, and Statement of Changes in Equity. This restatement does not impact the profit for the year ended 31 March 2024. Please see note 28 for more information.

Dividends

The Company paid £nil dividends during the year to holders of the A or B shares (2024: £nil).

Directors

The directors who served during the year were:

J Curley
S Jones
K Ludeman
A Pitt
A Leness
O Racine (resigned 17 October 2024)
M Osborne
A Farrer (resigned 19 April 2024)
R Sinclair
J Carter (appointed 25 April 2024)
R Gurney-Read (appointed 17 October 2024)
V Merle (appointed 17 October 2024)

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.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025

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.

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.

The Health, Safety and Assurance strategy is built around three core elements which are:

- 1) Understanding risk;
- 2) Improvement in managing risk; and
- 3) Assuring that the arrangements put in place remain effective.

The Company has made use of several recognised tools and guidance in developing its approach to ensure credibility and the robustness of this strategy throughout CP3.

Charitable Donations

During the year ended 31 March 2025, the Company made charitable donations of £3k (2024: £5k).

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

Sustainability Strategy and Statutory Reporting

The Company continues to deliver against its 2023 Sustainability Strategy, completing important milestones and supporting the Company's strategy and purpose to be the most sustainable option for transport across the UK to Europe. The Company is committed to delivering exceptional environmental stewardship, tangible climate action, and net social value, while supporting its supply chain in adhering to these principles. The Company aims to capitalise on the increased demand for sustainable travel and has repositioned itself in 2025 to adopt a more consumer-centric approach.

The Company has a strong focus on maintaining its high level of climate change resilience. In early 2025, the Company updated its Transition Risk Assessment, focusing on aspects including regulatory, market, and technological changes across three time horizons. This report outlines how the Company can mitigate risks and capitalise on opportunities associated with the transition to a low-carbon economy. It has also informed the Company's voluntary Taskforce for Climate-related Financial Disclosures ("TCFD") report, which continues to mature. Concurrently, the Company has developed a comprehensive adaptation action plan based on its existing physical climate change risk assessment. This plan was developed in collaboration with key supply chain partners and identifies actionable steps to mitigate identified risks and enhance infrastructure resilience.

The Company also conducted a comprehensive biodiversity re-baseline survey using best practice UK Habitat Classification (UKHAB) surveys. The accompanying report provides a biodiversity status update for the HS1 railway corridor, accompanied by a management handbook outlining necessary land management techniques to achieve a Biodiversity Net Gain (BNG) by 2030. The Company is committed to protecting and enhancing biodiversity across its managed land and will continue to work with its partners to achieve this.

The Company recognises that embedding sustainability principles into asset management processes is essential for achieving effective environmental stewardship. To achieve this, the Company has established a Sustainable Asset Management consultancy framework to leverage specialist support over the next five-year Control Period. A full update on progress against the Company's sustainability KPIs and 2030 targets will be available in the London St. Pancras Highspeed 2024-25 Sustainability report. This report will be published on the London St. Pancras Highspeed website, alongside the Company's 2024-25 TCFD report - <https://stp Pancras-highspeed.com/our-company/csr/>

HS1 LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

Streamlined Energy and Carbon Reporting FY2024-25

The Group has adopted the operational control boundary approach for the measurement of energy emissions which includes all non-traction energy loads and also traction infrastructure losses from this year. The main areas of measurement are from the following sites:

- St. Pancras International Station
- Stratford International Station
- Ebbsfleet International Station
- Ashford International Station
- Singlewell Infrastructure Maintenance Depot
- Other small depots which fall within the High Speed One area of responsibility
- Sections 1 and 2 of the Lineside Infrastructure (signal rooms, tunnels, access shafts etc.)
- Losses on the traction electricity distribution system (17.1% of total traction power)
-

Notable exceptions include the actively used energy from the traction electricity distribution system (82.9% of total traction power). No changes to the Scope and Boundary of the reporting have occurred during this Financial Year. Following a reduction to the percentage of estimated energy data, this report also includes immaterial changes to 2022/23 financial year SECR data.

As part of its commitment to improving carbon reporting, the Company has included the following emissions in its Scope 3 emissions data:

- Mandatory infrastructure losses (for both non-traction and infrastructure losses on the traction power)
- Diesel consumption for maintenance vehicles

Gross Emissions	31 March 2025	31 March 2024
Scope 1 Emissions (direct emissions from owned or controlled sources) / tCO ₂ e	972	967
Scope 2 Emissions (indirect emissions from the generation of purchased electricity, steam, heating, and cooling) / tCO ₂ e	12,912	12,794
Scope 3 Emissions (all other indirect emissions that occur in a Company's value chain) / tCO ₂ e	1,289	1,286
Total gross emissions / tCO ₂ e	15,173	15,047
Intensity ratio / kgCO ₂ e (gross Scope 1, 2 & 3) per user	0.319	0.317
Total electricity consumed / MWh	62,363	61,786
Total gas consumed / MWh	5,314	5,286

This thereby shows changes in environmental performance as follows:

- Increase in absolute gross emissions: <1%
- Increase in normalised gross emissions: <1%

Normalised gross emissions are calculated by CO₂ emissions per passenger using gateline statistics.

HS1 LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

	2025	2024
Carbon offset due to REGO ¹	5,441 tCO ₂ e	5,619 tCO ₂ e
Net emissions ²	18,788 tCO ₂ e	15,492 tCO ₂ e

1. This is calculated as emissions avoided against location-based emissions using the national grid emission factor.
2. This is calculated as overall market-based emissions.

The increase in net (market-based) emissions compared to gross (location-based) emissions this year is primarily due to differences in calculation methodology, in line with Greenhouse Gas (GHG) Protocol Corporate Account and Reporting Standard.

- Gross Emissions are calculated using location-based factors, specifically the national grid's standard conversion rates.
- Net emissions are calculated using a market-based approach, which includes:
 - Assigning zero emissions to the renewable portion of electricity (42%).
 - Applying the supplier's residual mix conversion factor - significantly higher than the national grid factor - to the non-renewable portion.

As a result, market based net emissions are currently higher than location-based gross emissions. This is expected to remain the case until Corporate Power Purchase Agreements (CPPAs) account for more than 50% of total imported electricity.

Emissions from refrigerants were below the de minimis limit.

Methodology

Emissions have been calculated over the period from 1 April 2024 to 31 March 2025 in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. UK Government Conversion Factors have been utilised for UK investments and International Energy Agency Conversion Factors to calculate emissions for all UK sites.

Energy use has primarily been collected from meter data and invoices from suppliers. Of the aggregate energy usage measured:

- 99.21% has been extracted from actual meter readings for electricity
- 0.79% has been evaluated using estimates for electricity
- 100% has been extracted from actual meter readings for gas

Transport emissions have been excluded as staff transport is below the de minimis limit.

Energy Efficiency Action Taken

During this reporting period, the Group implemented an energy efficiency project at two headhouse structures situated above tunnel ventilation shafts. Over 250 fluorescent and high-intensity discharge lights were replaced with LED alternatives coupled with presence detection sensors. These new LED fittings are approximately 70% more energy-efficient and have a life expectancy of up to 20 years, leading to reductions in both energy consumption and maintenance costs.

The estimated annual savings from this initiative are:

- Electricity: 36.4MWh
- CO₂e: 7.2 tonnes

This project was funded through a cost recovery agreement with the train operators and is expected to provide a positive return on investment over a short period of time. As train electricity costs are passed through to train

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2025**

operators directly, the Group does not receive any financial benefit from this scheme.

In the prior year, a variety of efficiency actions were taken including optimising feeder station schedules and ongoing building management systems enhancements at St Pancras, Ebbsfleet and Stratford International stations. Significant investments continued to be made in additional meters at electrical feeder stations. These meters, combined with a new reporting system, provide visibility into traction power usage with sub-second accuracy. They also enable the identification of potential faults within the electrical infrastructure, allowing for early intervention. Potential energy efficiency measures identified through this new reporting system will be actively pursued.

Future Efficiency Actions

During this reporting period, the Group submitted a Phase 3 Energy Savings Opportunity Scheme (ESOS) report and an accompanying energy action plan to the Environment Agency ahead of the statutory deadlines. These submissions were based on comprehensive survey work conducted across the railway and stations. The identified energy reduction opportunities include enhancements to lighting, pumps, and fans, optimisation of the Building Management System, and general improvements to control systems. Collectively, these opportunities represent a potential energy saving of 2,689,161 kWh.

Energy-saving projects will be prioritised and delivered by two distinct working groups: the Energy Action Group (EAG) and the Route Energy and Carbon-Reduction Team (REACT). The EAG will focus on station energy reduction projects, while REACT will concentrate on lineside energy reduction initiatives.

Political donations

Political donations during the year were £nil (2024: £nil).

Going concern basis

For the year-ended 31 March 2025, the Directors have prepared the financial statements on a going concern basis. More information is provided in note 2.3 to the financial statements.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are 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.

Post balance sheet events

As per note 27 to the financial statements, there have been no events subsequent to the balance sheet date that require disclosure.

HS1 LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

Auditors

A tender process was run for which Deloitte LLP were the successful tendering party and were reappointed for an additional term which was formally approved by the Board in July 2024.

Approval

This report was approved by the Board and signed on its behalf.


Jonathan Carter (Jun 13, 2025 16:58 GMT+1)

.....
J Carter

Director

Date: 13 June 2025

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

HS1 LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2025

The directors are responsible for preparing the Annual 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 101 "Reduced Disclosure Framework".

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 company 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;
- 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 to 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 and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Jonathan Carter
Jonathan Carter (Jun 13, 2025 16:58 GMT+1)

.....
J Carter
Director

Date: 12 June 2025

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

HS1 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HS1 LIMITED

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of HS1 Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (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 Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of relevant controls around the going concern assessment, including management review controls;
- assessing the key assumptions made by the directors to capture potential downside risks in their forecasts, including the associated macro-economic assumptions, with a particular focus on the headroom available and the wider Betjeman Holdings Limited group's ("the group's") cash resources, under severe but plausible stress scenarios;
- assessing the group's lending facilities, their availability and compliance with covenants; and
- evaluating the appropriateness of the financial statement disclosures in respect of going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

HS1 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HS1 LIMITED

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management, the directors and audit and finance committee about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included ORR safety regulations.

HS1 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HS1 LIMITED

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations, pensions and financial instruments specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the impairment of intangible assets. To address this risk we obtained an understanding of relevant controls related to the impairment assessment, assessed the mechanical accuracy of the impairment model and agreed the key assumptions within the impairment model to relevant evidence.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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.

HS1 LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HS1 LIMITED

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.



Marianne Milnes

For and on behalf of Deloitte LLP

2 New Street Square

London

United Kingdom

EC4A 3BZ

13 June 2025

HS1 LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 £m	<i>As restated 2024 £m</i>
Revenue from contracts with customers	4	293.4	299.8
Other operating expenditure	5	(235.2)	(247.8)
Operating profit	5	58.2	52.0
Interest receivable and similar income	9	228.9	221.4
Interest payable and similar expenses	10	(150.5)	(172.0)
Profit before taxation		136.6	101.4
Tax (charge)/credit on profit	11	(14.9)	0.2
Profit for the financial year		121.7	101.6
Other comprehensive income/(loss):			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of net defined benefit pension asset	25	(0.5)	(0.6)
Total items that will not be reclassified to profit or loss		(0.5)	(0.6)
Items that may be reclassified subsequently to profit and loss:			
Cumulative gain arising on hedging instruments reclassified to profit or loss		3.4	2.6
Deferred (cost)/gain of hedging		(0.2)	0.6
Fair value gain arising on hedging instruments during the period		57.0	23.0
Deferred Tax charge recognised in Other Comprehensive income		(14.7)	(6.0)
Total items that may be subsequently reclassified to profit and loss		45.5	20.2
Total comprehensive income for the year attributable to the owners of the Company		166.7	121.2

The notes on pages 31 to 72 form part of these financial statements.

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

The comparative information relating to Deferred tax charges recognised in other comprehensive income has been restated due to a prior period error, as discussed in note 28.

HS1 LIMITED
REGISTERED NUMBER: 03539665

BALANCE SHEET
AS AT 31 MARCH 2025

	Note	2025 £m	<i>As restated 2024 £m</i>	<i>As restated 1 April 2023 £m</i>
Fixed assets				
Intangible assets	13	766.4	812.5	860.2
Financial assets	26	1,379.0	1,399.0	1,413.2
Tangible fixed assets	14	1.3	1.7	2.1
Investments in subsidiary undertakings	15	-	-	-
Debtors: amounts falling due after more than one year	16	1,632.0	1,479.4	1,257.9
Deferred Tax Asset	20	80.0	107.0	112.6
		3,858.7	3,799.6	3,646.0
Current assets				
Debtors: amounts falling due within 1 year	17	87.8	92.5	175.5
Financial assets	26	20.0	14.2	8.3
Cash and cash equivalents	18	3.6	9.3	2.8
		111.4	116.0	186.6
Creditors: amounts falling due within one year	19	(315.1)	(298.1)	(246.6)
Net current liabilities		(203.7)	(182.1)	(60.0)
Total assets less current liabilities		3,655.0	3,617.5	3,586.0
Creditors: amounts falling due after more than one year	21	(3,041.1)	(3,170.4)	(3,260.6)
Lease liabilities - right of use asset	14	(1.3)	(1.7)	(2.1)
		612.6	445.4	323.3
Net assets excluding pension asset/liability		612.6	445.4	323.3
Pension (liability)/asset	25	(0.5)	-	0.7
Net assets		612.1	445.4	324.0

HS1 LIMITED
REGISTERED NUMBER: 03539665

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2025

		2025	<i>As restated</i>	<i>As restated</i>
		£m	<i>2024</i>	<i>1 April 2023</i>
			<i>£m</i>	<i>£m</i>
Capital and reserves				
Called up share capital	22	-	-	-
Other reserves	23	(0.5)	<i>(0.3)</i>	<i>(0.9)</i>
Cash Flow Hedge reserve	23	(129.2)	<i>(175.1)</i>	<i>(191.3)</i>
Profit and loss account	23	741.8	<i>620.8</i>	<i>516.2</i>
		612.1	<i>445.4</i>	<i>324.0</i>

The financial statements of HS1 Limited (registered number: 03539665) were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

Jonathan Carter
Jonathan Carter (Jun 13, 2025 16:58 GMT+1)

.....
J Carter
 Director

Date: 13 June 2025

The notes on pages 31 to 72 form part of these financial statements.

The comparative information relating to deferred tax assets, the cash flow hedge reserve has been restated as a result of a prior period error, as discussed in note 28.

HS1 LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2025

	Other reserves £m	Cash flow hedge reserve £m	Profit and loss account £m	Total equity £m
Balance as at 1 April 2023	(0.9)	(358.2)	516.2	157.1
Prior year adjustment - correction of error refer to note 28	-	166.9	-	166.9
Balance as at 1 April 2023 - Restated	(0.9)	(191.3)	516.2	324.0
Comprehensive income for the year				
Profit for the year	-	-	101.6	101.6
Actuarial losses on pension scheme	-	-	(0.6)	(0.6)
Other comprehensive income (restated)	0.6	13.8	2.6	17.0
Amortisation on novated swaps	-	3.2	-	3.2
Amounts recycled out of hedging reserve	-	2.6	(2.6)	-
Total comprehensive income/(loss) for the year	0.6	19.6	101.0	121.2
Transfer to/from profit and loss account	-	(3.8)	3.8	-
At 1 April 2024	(0.3)	(175.1)	620.8	445.4
Comprehensive income for the year				
Profit for the year	-	-	121.7	121.7
Actuarial losses on pension scheme	-	-	(0.5)	(0.5)
Other comprehensive income/(loss)	(0.2)	42.3	3.4	45.5
Total comprehensive income/(loss) for the year	(0.2)	42.3	124.6	166.7
Transfer to/from profit and loss account	-	3.6	(3.6)	-
At 31 March 2025	(0.5)	(129.2)	741.8	612.1

The notes on pages 31 to 72 form part of these financial statements.

The comparative information has been restated as a result of a prior period error, as discussed in note 28.

HS1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

HS1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

1. Authorisation of financial statements and statement of compliance with FRS 101

HS1 Limited (the "Company") is a private Company limited by shares and incorporated under Companies Act 2006, and domiciled in England, United Kingdom.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling which is the currency of the primary economic environment in which the Company operates. All values are rounded to the nearest million pounds except when otherwise indicated.

The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Helix Acquisition Limited.

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

The material accounting policies adopted by the Company are set out in note 2.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

2. Accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2025.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- a) the requirements of IFRS 7 “Financial Instruments”: Disclosures; this exemption requires that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated;
- b) the requirements of paragraphs 91-99 of IFRS 13 “Fair Value Measurement”; this exemption requires that equivalent disclosures are included in the financial statements of the group in which the entity is consolidated;
- c) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 “Presentation of Financial Statements”;
- d) the requirements of IAS 7 “Statement of Cash Flows”;
- e) the requirements of paragraphs 30 and 31 of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”;
- f) the requirements of paragraph 17 of IAS 24 “Related Party Disclosures”;
- g) the requirements in IAS 24 “Related Party Disclosures” to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- h) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets. This exemption requires that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.

2.2 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

2. Accounting policies (continued)**2.3 Going concern**

The financial statements have been prepared using the going concern basis of accounting. The Directors have prepared a range of forecast scenarios to reflect the economic uncertainty. The Directors have reviewed business forecasts against the cashflow, and covenant requirements of the Group and concluded the Company is able to meet its obligations as they fall due. While the Company is in a current liability position, under all the cases the Company can meet its covenants, has sufficient liquidity and is able to pay its scheduled borrowing repayments as they fall due. These forecasts also benefit from the security of revenue reflecting the UK Government underpinning arrangements.

The Company also considered climate change in its going concern analysis. The Company does not consider this to be material to the Company, including during the going concern assessment period, i.e. 12 months following the signing of the financial statements.

Having due regard to the performance of the Company, the availability of working capital and the facilities under the loan agreement with the parent undertaking, the Directors believe that the Company has sufficient resources to meet its liabilities. The financial statements have accordingly been prepared on a going concern basis.

2.4 Investment in subsidiaries

Investments in subsidiaries are measured at cost less accumulated impairment.

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

2.5 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.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

2. Accounting policies (continued)

2.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial assets and financial liabilities

Initial recognition and measurement

The Company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on the trade-date, which is the date on which the Company has committed to purchase or sell the instrument in question.

Classification and measurement of financial assets and financial liabilities

On initial recognition financial assets are classified and measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification depends on both the business model for managing the financial assets and their contractual cash flow characteristics. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

On initial recognition, financial liabilities are classified as measured at either amortised cost or FVTPL. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement - Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

2. Accounting policies (continued)

The Company's financial assets at amortised cost includes trade debtors and intercompany receivables/debtors.

Subsequent measurement - Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated as hedging instruments in an effective hedge, or financial assets mandatorily required to be measured at fair value. Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the profit and loss account except to the extent they are subject to hedge accounting.

Derecognition

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

All ECLs within the Company are recognised as stage 1, as there are only credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

When assessing whether there has been a significant increase in credit risk management have used qualitative elements such as changes to the economy, late payment of interest, whether interest has been waived and whether there has been evidence from internal reporting to indicate economic performance would be worse than expected.

In calculating the ECL the outstanding net exposure was discounted using the effective interest rate. A recovery rate of 40% is applied to arrive at the ECL.

No ECL has been posted to the Company's financial statements for the year ended 31 March 2025 against the financial asset or amounts owed by parent.

An ECL of £0.2m (2024: £0.1m) has been recognised against trade receivables for the ECL in the year on its trade receivables. For trade receivables, the Company applies a simplified approach to calculating ECL: A loss allowance, based on lifetime ECLs at each reporting date, is recognised. To correctly reflect the current economic environment, the Company has established a provision matrix which completes a risk assessment based upon commercial risk and liquidity risk.

For ECL's with our group companies, Management has reviewed the assumptions used in ECL calculation, no reasonably possible changes in assumptions would result in an a material charge in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

2. Accounting policies (continued)

Subsequent measurement - liabilities

Financial liabilities at fair value through profit or loss include financial liabilities designated as hedging instruments in an effective hedge, or financial liabilities mandatorily required to be measured at fair value. There are no such assets held for trading. Financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss except to the extent they are subject to hedge accounting.

Derecognition

A financial liability is primarily derecognised when:

- The obligations arising from the liability have expired or
- The Company has transferred its obligations arising from the liability or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

b. Derivative financial instruments and hedge accounting 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

2. Accounting policies (continued)**2.7 Service concession assets**

The provision of the high-speed rail infrastructure services is performed through a contract with a public sector entity to 31 December 2040 whereby the public sector:

- Controls or regulates the services to be provided;
- Controls or regulates the price at which these services can be provided; and
- Holds a residual interest in the assets at the end of the term of the arrangement in December 2040.

The asset is accounted for as a service concession asset.

To the extent that the future consideration relates to revenue that is underpinned through the DUA, a financial asset is recognised. Cash inflow is allocated to the financial asset using effective interest rate method giving rise to interest income. The effective interest rate is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that assets net carrying amount on initial recognition.

To the extent that the future consideration relates to all other revenues, except that which is underpinned through the DUA, an intangible asset is recognised. The intangible asset is amortised to the profit or loss account on a straight-line basis over the life of the concession, running to 31 December 2040. At each reporting date, the intangible asset is measured for any impairment.

Additions to the intangible assets are amortised from the start of the following six-monthly period in which they are available for use. Additions to the intangible asset include capital expenditure, as these relate to revenues apart from the DUA.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as part of the service concession asset. All other leases are classified according to requirements of IFRS 16.

See note 26 for further information.

2.8 Renewals income and expenditure

Income from the renewals element of the charges to customers is initially recognised as deferred income in the balance sheet. The cash receipts held in escrow is recognised within other debtors due in more than one year, as well as within debtors due within one year. The deferred income is released when spend from the Escrow is incurred.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

2. Accounting policies (continued)**2.9 Impairment excluding deferred tax 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.

During the year management noted that the Company is in a current liability position, therefore they carried out a review and noted no indicators that the carrying amount exceeds the recoverable amount.

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.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

The Company also considers climate change in its impairment analysis. This includes analysis of transition risks. The Company does not consider any of these risks to be material to the Company, with any risks expected to be offset by growth opportunities due to greater demand for sustainable travel. The risk is also offset due to the long-term asset funding model. The Company has also analysed physical risks from climate change, such as extreme weather. External analysis shows that the probability of this causing an impairment is remote. The Company has supported this judgement by performing sensitivity analysis, analysing the level of climate related disruption that would be required to cause an impairment.

2.10 Cash and cash equivalents

In the balance sheet, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

2. Accounting policies (continued)**2.11 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. The Company accounts for this scheme using the balance of cost approach. In accordance with IAS, 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 interest payable and similar charges. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation under 'cost of sales', 'administration expenses' and 'selling and distribution expenses' in the profit and loss account (by function):

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

2. Accounting policies (continued)**2.12 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.

2.13 Guarantees

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.

The Company has considered this standard and notes that, while inter-group guarantees do exist, these do not provide any financial benefit nor allow any entities to benefit from a lower interest rate on their borrowings. Therefore, this is not material and applicable to the group reporting.

2.14 Leases

The Company assess whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgement about whether it depends on an identifiable asset, whether the Company obtains substantially all the economic benefits from the use of that asset, and whether the Company has the right to direct use of the asset.

The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date; discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses an incremental borrowing rate specific to the country, term and currency of the contract.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date; discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses an incremental borrowing rate specific to the country, term and currency of the contract. Lease payments can include fixed payments; variable payments that depend on an index or rate known at the commencement date; and extension option payments or purchase options, if the Company is reasonably certain to exercise. The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in of reassessment of options.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

2. Accounting policies (continued)**2.14 Leases (continued)**

At inception the ROU asset comprises the initial lease liability, initial direct costs and the obligations to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of tangible and intangible assets' policy.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

2. Accounting policies (continued)

2.15 Revenue from contracts with customers

The Company has applied IFRS 15 since 1 April 2018. IFRS 15 requires a contract as well as the various performance obligations contained in the contract to be identified. IFRS 15 provides a 5 step model for revenue recognition which is summarised below:

Step 1: Identify the contract with the customer: The Company has combined the Concession Agreement and the Domestic Underpinning Agreement because it and its predecessor entities have negotiated and varied these contracts over the concession term as a package with a single commercial objective of making the rail infrastructure available to Train Operating Companies (TOCs) and Freight Operating Companies (FOCs).

Step 2: Identify the performance obligation: The promise and therefore single performance obligation in the contract is to make the rail infrastructure available to TOCs and FOCs running domestic and international rail services. Hence, the obligation is to make train paths available over some or all the infrastructure such that the relevant TOC or FOC can meet its timetable obligations. If the Company fails to meet this obligation such that as a result a TOC or FOC must either delay or cancel a service, the Company may need to pay compensation to the TOC or FOC that suffers the delay, and the compensation may be an indemnity against loss of profit, a penalty for suboptimal performance, or a rebate of potentially all the IRC that the Company received in the year. This last rebate is therefore substantially similar to an availability deduction in a standard form Private Finance Initiative (PFI) project.

Step 3: Identify the transaction price: The contract specifies the level of income and its relationship to the volume of train paths that TOCs or FOCs can access. There are both fixed and variable elements of the transaction price which the Company has identified at the inception of the contract. Variable revenue from the contract is reassessed on a regular basis by management.

Steps 4 and 5: Allocate the transaction price and recognise revenue: As there is only one performance obligation, this being to make the rail infrastructure available for train services, the last two steps have been combined. Therefore, the Company applies the following accounting policies to recognise revenue:

- Apply the IFRC's Underpinning Payment to the financial asset that has been recorded under IFRIC 12. As a result, the Company allocates the Underpinning Payment pro-rata to Baseline Domestic Services under Step 5 above. The Company has then divided those allocations between amortising the financial asset and financial asset interest following IFRIC 12's principles.
- Allocate IRC elements additional to the Underpinning Payment to profit and loss pro-rata to any domestic train paths additional to the number of Baseline Domestic Services and all international train paths in each railway period.
- Allocate OMRC pro-rata to all train paths in each Railway Period following the method for IRC, while also deferring applicable OMRC to future renewal episodes based on management's estimate of the timing of these amounts.

Practical expedients

The Company has elected to make use of the following practical expedients:

- Contract costs incurred related to contracts with an amortisation period of less than one year have been expensed as incurred.
- Application of paragraph 121 of IFRS 15, which allows not to disclose information about remaining performance obligations that have an original expected duration of one year or less.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

2. Accounting policies (continued)

- No adjustment of the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Company has concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

2.16 Finance income and expenses

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).

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

2. Accounting policies (continued)**2.17 Taxation**

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit or 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 period, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

HS1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

2. Accounting policies (continued)

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.18 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, described in note 2, the Directors are required to make judgements (other than those involving estimations) 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 associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

The Directors do not consider there to be any critical judgements involved in the application of the accounting policies for the preparation of the financial statements.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of intangible assets

Management makes significant judgements and estimates when determining what the future cash flows would be generated in respect of the intangible assets. The Company bases its impairment calculation on board reviewed business plans and forecasts. Key assumptions in the cash flow forecasts are train paths and the discount rate. A business plan has been prepared by the Directors, reflecting the recovery future train path forecasts.

Judgement is required in selecting a discount rate which reflects the Company's risk profile. A Capital Asset Pricing Model (CAPM) was used to determine a range of discount rates. More detail is provided in note 13.

Consideration was also given to whether any indicators of impairment reversal was applicable but no significant change from the economic and commercial circumstances assumed at the time of the last impairment being processed have arisen.

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. More information is provided in note 21 to these financial statements.

Provision for expected credit losses of trade receivables and contract assets.

The Company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss.

Reflecting the stabilisation and increased travel following the Covid pandemic the ECL is considered a less material estimate for the current financial statements than in previous years but the ongoing areas of estimation are set out below.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

3. Judgments in applying accounting policies (continued)

All ECLs are recognised as stage 1, as they relate to credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are therefore provided for credit losses that result from default events, being events which leave the Company unable to recover credit exposures, that are possible within the next 12 months (a 12-month ECL). In the event that there was a significant increase in credit risk, a loss allowance would be recognised over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). There are no ECLs currently held at stage 2 by the Company.

In calculating an ECL on intercompany balances management have determined that the default risk on the loan has not increased significantly since recognition.

For trade receivables, the Company applies a simplified approach to calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. To correctly reflect the current economic environment, the Company has established a provision matrix based upon historic loss rates. The ECL for trade receivables has been calculated as £0.2m (2024: £0.1m). An increase compared to historic loss rates of 11% would be required, to increase the ECL for trade receivables by £0.1m.

HS1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

4. Revenue from contracts with customers

All revenue from contracts with customers arises in the United Kingdom from operating the High Speed 1 railway network.

	2025 £m	2024 £m
Revenue from operating, maintaining and renewing high speed rail concession	293.4	299.8
	<u>293.4</u>	<u>299.8</u>

Total revenue from contracts with customers

- The Investment Recovery Charge ('IRC') comprises an amount per train mile that varies with indexation and recovers the costs of constructing the high-speed rail infrastructure.
- The Operations, Maintenance and Renewals Charge (OMRC), relates to costs of operating and maintaining the infrastructure.
- Station access charges comprises qualifying operation and maintenance costs including management fee.
- Unregulated income relates to income from car parks and retail tenants.

Performance obligations

Information about the Company's performance obligations are summarised below. The Company has a single performance obligation under IFRS 15, which is to make the rail infrastructure available to a specific standard. Management has made this judgement based on the following information:

- The contracts in the arrangement are combined into a single arrangement with a common commercial objective of making the infrastructure available to its customers;
- All of the Company's revenue streams fall within IFRS 15's scope fund that performance obligation;
- While the contracts require the Company to maintain and renew the infrastructure, these obligations apply to the extent necessary for the Company to meet the standards applicable to the rail infrastructure rather than to complete this maintenance and renewal to specific standards and at specific times.

5. Operating profit

The operating profit is stated after charging:

	2025 £m	2024 £m
Depreciation of right-of use-assets	0.4	0.4
Amortisation of intangible assets	48.7	48.6
Movement on ECL on trade receivables	0.1	0.2
Staff costs (note 7)	8.6	8.5

HS1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

6. Auditors' remuneration

	2025 £000	2024 £000
Audit of the Company's financial statements	102.2	100.4
Amounts receivable by the Company's auditor and its associates in respect of: Audit-related assurance services	6.5	6.5
	<u>108.7</u>	<u>106.9</u>

7. Staff numbers and costs

Staff costs were as follows:

	2025 £m	2024 £m
Wages and salaries	7.1	7.3
Social security costs	0.8	0.7
Cost of defined contribution scheme	0.6	0.3
Cost of defined benefit scheme	0.1	0.2
	<u>8.6</u>	<u>8.5</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2025 No.	2024 No.
Senior management team	5.0	5.0
Other	54.0	55.0
	<u>59.0</u>	<u>60.0</u>

8. Remuneration of Directors

	2025 £000	2024 £000
Directors' emoluments	876.0	2,221.0
Remuneration paid to the highest paid Director	521.0	1,456.0

Pension contributions paid in respect of Directors during the year were £66k (2024: £4k).

During the year, the Company has reimbursed £5k (2024: £nil) to a director.

HS1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

9. Interest receivable and similar income

	2025 £m	2024 £m
Financial asset interest	109.6	112.4
Intercompany interest receivable	119.3	109.0
	<u>228.9</u>	<u>221.4</u>

Included in Financial asset interest is £131.0m of interest relating to the financial asset (2024: £131.8m), offset by loss of £21.4m related to the net impact of revenue swaps (2024: loss of £19.4m).

10. Interest payable and similar charges

	2025 £m	2024 £m
Interest payable to parent undertaking	59.9	61.3
Interest payable to group undertakings	70.1	83.3
Bank interest payable	20.8	20.6
Interest on lease liabilities (UKPN finance lease)	26.6	26.7
Movement in assets/liabilities measured in fair value	(27.0)	(19.9)
Right of use interest expense (property)	0.1	-
	<u>150.5</u>	<u>172.0</u>

HS1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

11. Taxation

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

	2025 £m	2024 £m
Corporation tax		
Current tax on profits for the year	2.7	-
Total current tax	<u>2.7</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	11.4	7.5
Adjustments in respect of prior years	0.8	(7.7)
Total deferred tax	<u>12.2</u>	<u>(0.2)</u>
Taxation on profit/(loss) on ordinary activities	<u>14.9</u>	<u>(0.2)</u>

The aggregate deferred tax relating to items that are recognised as items of other comprehensive income is a debit of £15.0m (31 March 2024, restated: debit of £5.3m). No current tax has been recognised as items of other comprehensive income or equity in the year (2024: £nil).

Further analysis of deferred tax can be found in note 20.

HS1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

11. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2024 - *the same as*) the standard rate of corporation tax in the UK of 25% (2024 - 25%) as set out below:

	2025 £m	2024 £m
Profit on ordinary activities before tax	136.6	101.4
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2024 - 25%)	34.2	25.4
Effects of:		
Expenses not deductible for tax purposes	6.7	6.0
Group Relief received for nil consideration	(13.1)	(13.0)
Adjustments in respect of prior years in respect of Deferred Tax	0.9	(7.8)
Transfer pricing adjustments	(13.8)	(10.8)
Total tax charge for the year	14.9	(0.2)

The Corporation Tax has been 25% for the duration of both the current and prior years.

The Company is not within the scope of the OECD Pillar Two model rules since the entity has no overseas subsidiaries or branches, and has not met the threshold that would trigger any UK qualifying minimum domestic taxes.

12. Dividends*Dividends receivable*

During the year HS1 Limited received £nil (2024: £nil) from a subsidiary undertaking.

Dividends payable

No dividends were paid in respect of A (2024: £nil) or B shares (2024: £nil) in the year.

HS1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

13. Intangible assets

	Licence £m
Cost	
At 1 April 2024	1,381.1
Additions	2.6
At 31 March 2025	<u>1,383.7</u>
Amortisation	
At 1 April 2024	568.6
Amortisation	48.7
At 31 March 2025	<u>617.3</u>
Net book value	
At 31 March 2025	<u><u>766.4</u></u>
At 31 March 2024	<u><u>812.5</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

13. Intangible assets (continued)*Cash generating unit (CGU)*

The carrying value of the concession assets as at 31 March 2025 is £2,165.3m (2024: £2,225.7m). This figure represents the intangible licence asset of £766.4m (2024: £812.5m) and the financial asset of £1,399.0m (2024: £1,413.2m).

The recoverable amount of the CGU is determined based on value-in-use calculations. The concession has 15 years remaining in the 30-year concession to December 2040. The value-in-use is derived from pre-tax cash flows of a long-term financial model and a short-term business plan. The present value of the expected cash flows of the CGU is determined by applying a discount rate reflecting current market assessments of the time value of money and risks specific to the concession assets.

Discount rates

Management estimates discount rates using pre-tax rates that reflect the latest market assumptions for the risk-free rate, the equity risk premium and the net cost of debt, which appropriately capture both the time value of money and the specific risks associated with the concession assets. Management have calculated a discount rate of 9.62% (2024: 8.40%) using a CAPM model. An increase in the discount rate of 1.00% would decrease the recoverable amount of the intangible asset by £110.6m. A decrease in the discount rate of 1% would increase the recoverable amount by £122.6m

Future cash flows

The Group has a forecast long-term financial model and a short-term business plan. Pre-tax cash flows available for debt service is used to calculate the value in use. The Group bases its impairment calculation on board reviewed business plans and forecasts. The business plan generally covers a period of five years and the forecasts for the remaining life of the concession to 2040 is in the financial model.

A key sensitivity in the cash flow assumptions are the inflation rates. The Group relies upon third-party inflation forecasts. Key estimates include long-term growth rates in train paths. An increase in international train paths of 1% over the life of the concession would increase the recoverable amount of the intangible asset by £14.1m. A decrease in international train paths of 1% would decrease the recoverable amount of the intangible asset by £14.1m.

HS1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

14. Right of use assets

	£m
Cost	
At 1 April 2024	2.1
At 31 March 2025	<u>2.1</u>
Depreciation	
At 1 April 2024	0.4
Charge for the year on owned assets	0.4
At 31 March 2025	<u>0.8</u>
Net book value	
At 31 March 2025	<u>1.3</u>
At 31 March 2024	<u>1.7</u>

The lease relates to the HS1 Limited office at 90 York Way, London N1 9AG. In the prior year the Company extended the lease for a further 10 years, with a break clause after 5 years. As the Company is not reasonably certain that they will choose to extend the lease, the term has been recognised as 5 years, with a remaining term of 2 years and 11 months.

	2025 £m	2024 £m
Lease related expenses		
Interest expense on lease liabilities	0.1	0.1
	<u>0.1</u>	<u>0.1</u>

HS1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

The total cash outflow for the Company's lease arrangements in 2025, including the UKPN Lease, was £29.5m (2024: £28.1m).

	2025 £m	2024 £m
Lease liabilities		
Less than one year	0.4	0.4
One to five years	0.9	1.3
More than five years	-	-
Total discounted lease liabilities	1.3	1.7

15. Investment in subsidiary undertakings

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

Company	Principal place of business	Principal activity	Class and percentage of shares
High Speed One (HS1) Limited	5th Floor, Kings Place, 90 York Way, London, N1 9AG	Dormant Company	100% ordinary shares 40% of B shares

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

HS1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

16. Debtors: amounts falling due after one year

	2025 £m	2024 £m
Amounts owed by parent undertakings	1,274.3	1,158.3
Other debtors	292.5	240.6
Derivative financial assets	43.7	60.9
Prepayments and accrued income	21.5	19.6
	<u>1,632.0</u>	<u>1,479.4</u>

Amounts owed by parent undertakings relate to a loan of £294.9m (2024: £268.1m) advanced to Betjeman Holdings Limited and a loan of £979.4m (2024: £890.2m) advanced to Helix Acquisition Limited. Both loans are subject to interest at 9.75% per annum and are repayable by agreement of both the borrower and lender. Management does not expect to settle these loans within the next 12 months.

Default rates are calculated over one year, rather than the life of the loan. The ECL for the year ended 31 March 2025 was calculated to be £0.5m (2024: £1.4m), this was not considered material and hence has not been recognised in the financial statements. This process is in line with the year ended 31 March 2024 and therefore there is no impact on the profit and loss for the year. If the default rate increased by 0.2%, this would increase the ECL to £1.8m.

Other debtors represent funds invested on behalf of the Secretary of State and ORR and held by them to fund future renewals and replacements, together with railway related spares where the risk of ownership lies with NRHS. The funds can be accessed by HS1 with the written agreement of the Secretary of State for agreed expenditure but are not cash and cash equivalents of the Company, the amounts held within debtors falling due after one year are not expected to be available for use in the period to 31 March 2026.

Derivative 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. Refer to the parent Company accounts for the detailed disclosure.

17. Debtors: amounts falling due within one year

	2025 £m	2024 £m
Trade receivables and accrued income	17.3	16.5
Less allowance for expected credit losses	(0.2)	(0.1)
Amounts owed by parent undertakings	34.8	32.0
Other debtors	6.1	15.9
Prepayments	29.8	28.2
	<u>87.8</u>	<u>92.5</u>

HS1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

The amounts owed by parent undertakings due within one year are non-interest bearing and repayable by agreement of both the borrower and lender.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. Other debtors represent funds invested on behalf of the Secretary of State and held by them to fund future renewals and replacements, together with railway related spares where the risk of ownership lies with NRHS. The funds can be accessed by HS1 with the written agreement of the Secretary of State for agreed expenditure but are not cash and cash equivalents of the Company.

18. Cash and cash equivalents

	2025 £m	2024 £m
Cash at bank and in hand	3.6	9.3
	<u>3.6</u>	<u>9.3</u>

19. Creditors: amounts falling due within one year

	2025 £m	2024 £m
Bank loans	43.0	37.0
Trade creditors	4.3	9.6
Amounts owed to parent undertaking	16.5	16.8
Amounts owed to group undertakings	97.0	90.7
Other creditors and social security	5.1	9.7
UKPN lease liabilities	30.1	29.0
Accruals and deferred income	103.1	105.3
Derivative financial liabilities	16.0	-
	<u>315.1</u>	<u>298.1</u>

The amounts owed to parent and group undertakings due within one year are non-interest bearing and repayable by agreement of both the borrower and lender. Other creditors including taxation and social security includes £2.4m of taxation and social security (2024: £6.4m).

Amounts owed to group undertakings includes £82.7m of USPP Notes held by High Speed Rail Finance PLC. Reference should be made to the financial statements of these companies for more information.

Accrued expenses relate to services used but not yet billed for and deferred income relates to billing done in advance to TOCs, NRHS and retail tenants where a performance obligation has not yet been satisfied at year end.

HS1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

20. Deferred Taxation

	2025 £m	<i>As restated</i> 2024 £m
At the beginning of the year	107.3	112.6
(Charged)/credited to profit or loss	(12.3)	0.3
Charged to other comprehensive income (restated)	(15.0)	(5.9)
At end of year	80.0	107.0

The deferred taxation balance is made up as follows:

	2025 £m	2024 (restated) £m
Property, plant and equipment	(98.5)	(95.2)
Derivative financial assets	(10.9)	(15.2)
Exchange differences	10.9	16.1
Interest rate swap (restated)	4.0	7.8
Pension surplus	0.1	-
RPI Swap (unrealised)	44.7	58.1
Cash flow hedges	1.3	2.2
Corporate interest restriction	18.4	18.4
Tax losses carried forward	109.9	114.8
Other temporary differences	0.1	-
	80.0	107.0

The comparative information has been restated due to a prior year error, as discussed in note 28.

The Company recognises a net deferred tax asset as shown above, as the Directors consider it probable that future taxable profits will be available with which to offset it.

HS1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

21. Creditors: Amounts falling due after more than one year

	2025 £m	2024 £m
Amounts owed to parent undertakings	608.6	618.1
Amounts owed to group undertakings	1,654.9	1,732.4
Escrow deferred income	280.0	232.2
UKPN lease liabilities	157.8	161.6
Accruals and deferred income	0.3	0.6
Derivative financial liabilities	339.5	425.5
	3,041.1	3,170.4

The amount due to the parent undertaking after more than one year relate to a 9.75% (2024: 9.75%) fixed rate loan to Helix Acquisition Limited repayable by agreement of both the borrower and lender. This loan has a value of £608.6m at 31 March 2025 (2024: £618.1m).

Amounts due to group undertakings relate to £1,003.8m of listed bonds held by High Speed Rail Finance (1) PLC, and £646.8m of USPP notes held by High Speed Rail Finance PLC. Reference should be made to the financial statements of these companies for more information.

Escrow deferred income recognises the deferral of income received from TOCs which is subsequently put into escrow. The deferred income is only recognised when renewals expenditure is incurred in the future. The difference between the opening and closing balances of the Group's contract liabilities primarily results from the timing difference between the Group's performance obligations being satisfied and the customer's billings. Other changes from cumulative catch up adjustments arising from contract modifications as well as variances with the estimate of the transaction price may occur but are estimated to be immaterial overall compared to the total change during the period.

HS1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Lease liabilities

Lease liabilities relate to the UKPNS finance lease. UKPNS own, operate and maintain the electricity infrastructure, which HS1 has a lease to access. This was originally recognised under IAS 17. This lease was grandfathered in upon the application of IFRS 16, so IAS 17 is still followed by the entity in this case. The undiscounted cash flow maturity of these lease liabilities is as follows:

	2025 £m	2024 £m
Less than one year	30.1	29.0
One to five years	132.1	126.4
More than five years	438.9	464.8
	601.1	620.2

Maturity analysis for the right-of-use asset, relating to the Company's office lease, can be seen in note 14.

Financial Instruments

As part of financial risk management, the Group holds certain uncollateralised derivative financial instruments, interest rate, inflation and cross-currency swaps. These are valued using relevant inputs which are considered observable, such as forward rates, risk-free interest rates, and FX rates from available market data.

Valuation adjustments are an umbrella term for adjustments made to the fair value of a derivatives contract to take into account the funding, credit risk, and regulatory capital costs.

Amounts recognised in statement of profit or loss for derivative financial instruments

	2025 £m	2024 £m
Interest rate swaps	15.2	10.0
	15.2	10.0

The interest rate swaps were taken out to hedge against a loan that has now been settled. Therefore they are not in a hedging relationship and movements on these swaps are recognised in the statement of profit or loss. The interest rate swaps are carried at fair value through profit or loss, and are not in hedge accounting relationships.

Amounts recognised in other comprehensive income for derivative financial instruments

	2025 £m	2024 £m
Cross currency swaps	4.0	2.6
RPI swaps	53.7	25.2
	57.7	27.8

HS1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

Amounts recognised on balance sheet for derivative financial instruments

	2025	<i>2024</i>
	£m	<i>£m</i>
Cross currency swaps	43.7	<i>60.9</i>
Interest rate swaps	(16.0)	<i>(31.2)</i>
RPI swaps	(339.6)	<i>(394.3)</i>
	<u>(311.9)</u>	<u><i>(364.6)</i></u>

The cross currency swaps and RPI swaps are designated and effective as hedging instruments and carried at fair value. All derivatives are classified as level 2 on the IFRS 13 fair value hierarchy as their valuation requires observable inputs other than quoted market prices. All derivatives are uncollateralised. The terms of the derivatives allow for netting.

HS1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

22. Share capital

	2025 £	2024 £
Authorised, allotted, called up and fully paid		
990 (2024 - 990) A shares of £1.00 each	990	990
10 (2024 - 10) B shares of £1.00 each	10	10
	<hr/>	<hr/>
	1,000	1,000
	<hr/>	<hr/>
	2025 £	2024 £
Share premium account		
10 B shares of £1 each	1,990.0	1,990.0
	<hr/>	<hr/>
	1,990.0	1,990.0
	<hr/>	<hr/>

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 except for the rights to appoint Directors which are held by holders of the B shares.

23. Reserves**Cash flow hedge reserve**

The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions not yet occurred, including the related movements in deferred taxes.

Profit and loss account

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

Following a review of certain additional adjustments to the calculation of fair values of financial instruments in preparing the 31 March 2025 financial statements it was identified that an adjustment to reduce the profit and loss account and increase the hedging reserve by £3.6m was required which has been processed through the statement of changes in equity.

Other reserves (Cost of hedging)

This reflects the fair value movement in the currency basis spread excluded from the designated hedging instrument and recognised in other comprehensive income.

HS1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

24. Parent undertaking and controlling party

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

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

The largest Company in which the full year results of the Company are consolidated is the ultimate parent undertaking Betjeman Holdings JvCo Limited, a Company incorporated in United Kingdom.

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

HS1 LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025**

25. 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 7.

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 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 Company uses the balance sheet accounting approach and recognises the full net asset or liability of this pension scheme, subject to a deduction for actual member contributions.

The most recent actuarial valuation of the HS1 Limited Section of the Railways Pension Scheme was completed at 31 December 2022. 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 16.74% of section pay to 31 March 2025 (2024: 21.24%).

Key assumptions:	2025	2024
	%	%
Discount rate	5.85	5.00
Price inflation (RPI measure)	3.15	3.20
Increases to deferred pensions (CPI measure)	2.75	2.80
Pension increases (CPI measure)	2.75	2.80
Pensionable salary increases	4.00	4.00

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

	2025	2024
Retiring today		
- Males	87.2	87.3
- Females	88.3	88.3
Retiring in 20 years		
- Males	88.8	88.8
- Females	90.1	90.1

HS1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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

	2025 £m	2024 £m
Equities	3.0	3.7
Government Bonds	3.8	4.5
Other assets	1.3	1.6
Total fair value of section assets	8.1	9.8

Movements in fair value of Section assets

	2025 £m	2024 £m
At the beginning of year	9.8	10.5
Interest income on assets	0.5	0.5
Return on plan assets greater than discount rate	(1.6)	(1.0)
Employer contributions	0.1	0.2
Actual benefits paid	(0.7)	(0.4)
At end of the year	8.1	9.8

Reconciliation of Defined Benefit Obligation ("DBO")

	2025 £m	2024 £m
At beginning of year	9.8	9.8
Service cost	0.1	0.2
Interest cost on DBO	0.5	0.5
Gain on DBO	(1.0)	(0.2)
Actual benefit payments	(0.7)	(0.5)
End of the year	8.7	9.8

HS1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Defined benefit liability at end of year

	2025 £m	2024 £m
DBO at end of year	8.7	9.8
Fair value of assets at end of year	<u>(8.1)</u>	<u>(9.8)</u>
(Surplus)/Deficit at end of year	0.6	-
Adjustment in respect of deferred tax	(0.1)	-
Net defined benefit liability/(asset) at end of year	<u><u>0.5</u></u>	<u><u>-</u></u>

Reconciliation of net defined benefit liability

	2025 £m	2024 £m
Net defined benefit liability/(asset) at beginning of year	-	(0.7)
Employers share of expense	0.1	0.1
Employers contributions	(0.1)	(0.2)
Total loss/(profit) recognised in other comprehensive income ("OCI")	0.6	0.8
Adjustment in respect of deferred tax	<u>(0.1)</u>	<u>-</u>
Net defined benefit liability/(asset) at end of year	<u><u>0.5</u></u>	<u><u>-</u></u>

HS1 LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

25. Pension scheme (continued)

Analysis of amounts charged to the profit and loss account

	2025 £m	2024 £m
Employer's share of service cost	0.1	0.1
Total employer's share of profit and loss account expense (excluding employer's contributions)	0.1	0.1

Analysis of amounts charged to the statement of OCI

	2025 £m	2024 £m
Liability income/(loss) arising during the year	0.6	0.8
Deferred tax recognised on movement in pension valuation	(0.1)	(0.2)
Total income/(loss) recognised in OCI	0.5	0.6

During the reporting period, Railpen, the Railways Pension Scheme Investment Manager (pension scheme trustee), engaged legal counsel to provide advice following the Court of Appeal decision in the case of *Virgin Media Ltd v NTL Pension Trustees II Ltd & Ors* (July 2024). This engagement was undertaken to ensure that the Trustee's practices remained in full compliance with applicable legal and regulatory requirements of the Pension Schemes Act 1993 between 6th April 1997 and 5th April 2016.

An external legal review was conducted as part of this process, which confirmed that the Trustee has adhered to the provisions of section 37 of the Pension Schemes Act 1993. This review further concluded that no deeds executed during the period under review were found to have potentially resulted in any reduction in member benefits without obtaining a valid actuarial confirmation and provides assurance that the Trustee has continued to act in accordance with its fiduciary duties and the relevant legislative framework.

As such the review additionally concludes that there is no impact on the associated disclosed pension liabilities or assets for the Company.

Actuarial Assumptions

Sensitivity analysis has been performed for each of the significant assumptions made, illustrating the impact of possible changes on the potential defined benefit obligation year end figure:

31 March 2025	Sensitivity	Approximate change in DBO £m
Discount Rate	-0.25% p.a.	0.3
	+0.25% p.a.	(0.3)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

Price inflation (CPI Measure)	-0.25% p.a.	(0.2)
	+0.25% p.a.	0.2
Salary increase	-0.25% p.a.	-
	+0.25% p.a.	-
Life expectancy	- 1 year	(0.2)
	+1 year	0.2

Note, the scenarios disclosed above do not represent upper or lower bounds of the potential outcomes of the associated assumptions.

The sensitivity calculations have been performed on assumptions used to determine the Company's latest estimated Defined Benefit Obligation as at 31 March 2025. Results are based on a roll-forward of projected benefit cashflows from the most recent triennial valuation (effective date: 31 December 2022). The next actuarial valuation is due to take place at 31 December 2025.

Impact upon Cashflows

At 31 March 2025, there are no additional funding arrangements scheduled or required by the Company. Any additional funding requirements will be determined following on from the next actuarial valuation to determine the net position of the Scheme.

Under the United Kingdom's scheme specific funding regime, contributions are payable in line with the Schedule of Contributions from the most recent formal actuarial valuation. The table below illustrates the expected employer and employee contributions over the following period

While a member of a multiemployer pension scheme with pooled funds, the Company is not liable under the terms and conditions of the plan for any potential arising obligations relating to other entities within the scheme.

	2025
	£m
Employer contributions expected over the following period	0.1
Employer contributions expected over the following period	0.1

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

26. Financial Asset

	2025	2024
	£m	£m
As at 1 April	1,413.2	1,421.5
Additions	-	-
Capital repayment of financial asset	(155.8)	(150.0)
Financial asset interest	131.0	131.8
Revaluation of asset	10.6	9.9
As at end of year	<u>1,399.0</u>	<u>1,413.2</u>

Revaluation of the asset is the difference between the opening balance, capital repayment of financial asset (domestic underpin income received), financial asset interest, and the closing balance, which was forecast at the start of the concession. Domestic underpin income is indexed to RPI, therefore increased RPI would result in an increased revaluation to account for a higher than expected capital repayment.

Analysed as:

Less than one year	20.0	14.2
More than one year	<u>1,379.0</u>	<u>1,399.0</u>
	<u>1,399.0</u>	<u>1,413.2</u>

The financial asset relates entirely to the service concession held to 31 December 2040 to operate, maintain and renew the 109 kilometre high speed rail line. See note 2.7 for further information.

27. Subsequent events

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

28. Note to the Financial Statements on Restatement

As part of year-end financial statements preparation, a historic misstatement impacting prior period deferred tax has been identified, impacting comparative reserves and deferred tax balances on the Balance Sheet, Statement of Comprehensive Income, and Statement of Changes in Equity.

A net deferred tax liability of £49.3m (2023: £54.3m), which included a liability of £90.8m (2023: £92.2m) related to inflation and interest rate swaps, was originally recognised at 31 March 2024. This should have been a net deferred tax asset of £107.0m (2023: £112.2m), including an asset of £65.9m (2023: £74.6m) related to inflation and interest swaps. This error arose due to a manual error in the supporting deferred tax schedules resulting in the deferred tax position on a Derivative Financial Liability being recognised as a liability rather than an asset, and recognition of a deferred tax asset upon a financial derivatives for which no deferred tax arose as tax relief had already been received.

This misstatement has been corrected as shown in the below table which highlights the original deferred tax in the balance sheet, the adjustment and the restated positions for each of the years. The inflation swaps are hedge accounted and movements go through the cash flow hedge reserve and therefore the corresponding movements to the deferred tax impact other comprehensive income as shown below.

Company:

	2024 £m	2023 £m
Original deferred tax liability	(49.3)	(54.3)
Restatement movement	156.3	166.9
Restated deferred tax asset	107.0	112.6

The movements in the cash flow hedge reserve are:

	2024 £m	2023 £m
Original cash flow hedge reserve	(331.6)	(358.2)
Restatement movement	156.5	166.9
Restated cash flow hedge reserve	(175.1)	(191.3)

The adjustment to other comprehensive income for the year ended 31 March 2024 is £10.3m.