

**Betjeman Holdings Midco  
Limited**

**Annual report and financial  
statements**

**For the year ended 31 March 2020**

**Registered number 10851742**

# **Betjeman Holdings Midco Limited**

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# **Betjeman Holdings Midco Limited Officers and professional advisors**

## **Directors**

D Harding  
A Leness  
S Jones  
K Ludeman  
A Pitt  
P Robson  
S Springett  
M Woodhams

## **Company secretary**

L Clarke-Bodicoat

## **Registered office**

5<sup>th</sup> Floor  
Kings Place  
90 York Way  
London  
N1 9AG  
United Kingdom

## **Auditor**

Deloitte LLP  
Statutory Auditor  
London  
United Kingdom

# **Betjeman Holdings Midco Limited**

## **Strategic report**

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

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

### **The business model**

The Company is a wholly owned subsidiary of Betjeman Holdings JvCo Limited, a company incorporated in the United Kingdom.

The Company's main purpose is to act as an intermediate holding company within the Betjeman Holdings JvCo Limited group (the "Group") of companies that invests in HS1 Limited, which holds a contract to operate, maintain and renew the high speed rail system, HS1.

On 14 August 2019, the Company reduced its value per share of the ordinary shares from £0.01 per share to £0.0099 per share. As a result, the total value of share capital was reduced by £3.4m from £336.4m to £333.0m, and the value of profit and loss account reserves was increased from £nil by £3.4m.

HS1 is conscious of the uncertainties created by COVID 19 and is working with Government, the regulators and Train Operating Companies to manage the impact. The business outlook continues to be positive in the long term with demand for domestic train travel is expected to remain strong, as developments continue around the HS1 stations at St Pancras, Ashford and Stratford as well as at Ebbsfleet Garden City. International Services are expected to remain robust over the medium term, but management is monitoring the situation.

The Directors do not anticipate any changes to the activities of the Company in the foreseeable future.

### **A fair review of the business**

The Company made a result of £nil during the year (period ended 31 March 2019: £nil). The net assets of the Company have not changed since the prior year (2019: increased by £6.9m).

The Company paid no dividends during the year (2019: £nil).

The Directors believe that an understanding of the performance and position of the business is more useful when viewed on a group wide basis. Reference should be made to the key performance indicators included in the Annual Report of Betjeman Holdings JvCo Limited. Details of where these can be obtained are included in note 17 to these financial statements.

## **Betjeman Holdings Midco Limited** **Strategic report** *(continued)*

### **Principal risks and uncertainties**

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

The principal risks and uncertainties faced are interest rate risk, market rate risk, liquidity risk, credit risk, Brexit and COVID-19. The Board of Directors regularly reviews these risks. More information on the management of risks and uncertainties is provided in the financial statements of the ultimate parent noted above.

### **Going concern basis**

The Directors have considered the use of the going concern basis in the preparation of these financial statements in light of the current economic conditions including the COVID-19 pandemic and have concluded that this remains appropriate. More information is provided in note 2 to these financial statements.

### **Approval**

This report was approved by the Board of Directors on 11 June 2020 and signed on its behalf by:



.....  
**D Harding**  
Director

11 June 2020

5<sup>th</sup> Floor  
Kings Place  
90 York Way  
London  
N1 9A

## **Betjeman Holdings Midco Limited Directors' report**

The Directors present their Annual Report and the audited financial statements of Betjeman Holdings Midco Limited (the "Company") for the year ended 31 March 2020.

### **Matters covered by the Strategic Report**

As permitted under s.414C(ii) of the Companies Act 2006, certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included within the Strategic Report. These matters relate to future developments.

### **Directors**

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

D Harding	Appointed 12 June 2019
S Jones	
A Leness	
K Ludeman	
A Pitt	
P Robson	Appointed 12 June 2019
S Springett	
M Woodhams	

### **Directors indemnities**

The Group maintains insurance against Directors and Officers liability as permitted by the Companies Act 2006 for the benefit of the Directors and Officers of the Company. None of the Directors who served during the period had any interest in the shares of the Company or any other Betjeman Holdings JvCo Limited group company.

### **Political donations**

Political donations during the year were £nil (31 March 2019: £nil).

### **Going concern basis**

The Directors have considered the use of the going concern basis in the preparation of these financial statements in light of the current economic conditions including the impact of COVID-19 and concluded that this remains appropriate. More information is provided in note 2 to these financial statements.

### **Subsequent events**

Details of significant events since the balance sheet date are contained in note 18 to these financial statements.

## **Betjeman Holdings Midco Limited** **Directors' report** *(continued)*

### **Disclosure of information to auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

### **Auditor**

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

This report was approved by the Board of Directors on 11 June 2020 and signed on its behalf by:



.....  
**D Harding**  
Director

11 June 2020

5<sup>th</sup> Floor  
Kings Place  
90 York Way  
London  
N1 9AG

## **Betjeman Holdings Midco Limited**

### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 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 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



.....  
**D Harding**  
*Director*

11 June 2020

5<sup>th</sup> Floor  
Kings Place  
90 York Way  
London  
N1 9AG

# Betjeman Holdings Midco Limited

## Independent auditor’s report to the members of Betjeman Holdings Midco Limited

### Report on the audit of the financial statements

#### 1. Opinion

In our opinion the financial statements of Betjeman Holdings Midco Limited (the ‘company’):

- give a true and fair view of the state of the company’s affairs as at 31 March 2020 and of its result 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 profit and loss account and other comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 “Reduced Disclosure Framework” (United Kingdom Generally Accepted Accounting Practice).

#### 2. 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 as applied to listed entities, 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.

#### 3. Summary of our audit approach

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##### Key audit matters

The key audit matters that we identified in the current year were around going concern and the recoverability of debtors.

Within this report, key audit matters are identified as follows:

- ⚠ Newly identified
- ⬆ Increased level of risk
- ↔ Similar level of risk
- ⬇ Decreased level of risk

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##### Materiality

The materiality that we used in the current year was £3.1 million which was determined on the basis of 2% of total assets.

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**Betjeman Holdings Midco Limited**  
**Independent auditor’s report to the members of Betjeman Holdings**  
**Midco Limited***(continued)*

**Scoping** Audit work to respond to the risks of material misstatement was performed directly by the audit engagement team.

**Significant changes in our approach** There have been no changes to our key audit matters since the issuance our prior year audit report.


**4. Conclusions relating to going concern**

<p>We are required by ISAs (UK) to report in respect of the following matters where:</p> <ul style="list-style-type: none"> <li>• the directors’ use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or</li> <li>• the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.</li> </ul>	<p>We have nothing to report in respect of these matters.</p>
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**5. Key audit matters**

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

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

**5.1. Going concern** 

<b>Key audit description</b>	<b>matter</b>	
<p>The company has debt of £580m as at 31 March 2020, comprising US Private Placement notes with seventeen institutional investors over a range of terms, maturities and base currencies (2019: £580m). The company also has corresponding debtors due from group undertakings totalling £590.1m (2019: £590m).</p> <p>The ability of the company to repay the debt and pay the relevant interest charges is dependent on the trading performance and future prospects of its group undertakings and whether they will have the ability to repay their loans to the company. Deterioration in performance of the subsidiary entities, particularly HS1 Limited (refer to note 2.2 of the financial statements), would in turn affect the going concern basis of accounting under which the financial statements have been prepared.</p> <p>The directors have prepared cash flow projections for the group which involve significant judgement over key assumptions such as future performance, revenue growth and discount rates. Key assumptions include those made around the short-to-medium impact of Covid-19 on the group-wide cash flows.</p> <p>Further details are included within the Directors’ Report on pages 4 to 5, and note 2.2 to the financial statements.</p>		

**How the scope of our** We obtained an understanding of the key controls related to the assessment

**Betjeman Holdings Midco Limited**  
**Independent auditor's report to the members of Betjeman Holdings**  
**Midco Limited***(continued)*

**audit responded to the key audit matter** of going concern.

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

We performed sensitivity analysis in relation to the key assumptions used to consider the extent of changes that either individually or collectively would result in the subsidiaries being unable to pay the debt. Particular focus was applied around the impact of Covid-19 on the short-to-medium term financial performance of the group. We also reviewed the historical accuracy of management's forecasts by comparing the actual results to forecasts.

We tested the integrity of the cash flow projections using our computer assisted analytics tools, and tested the accuracy and completeness of the underlying data.

We evaluated the adequacy of disclosure made in Directors' Report on pages 4 to 5 and note 2.2 to the financial statements in respect of the company's ability to continue as a going concern.

**Key observations**

Based on the work performed we are satisfied that the adoption of the going concern basis of accounting and the disclosure in respect of the company's ability to continue as a going concern are appropriate.

**5.2. Recoverability of debtors** 

**Key audit matter description**

Debtors from group undertakings are stated in the balance sheet at £590.1m (2019: £590m) and these represent 64% (2019: 64%) of the gross assets of the Company.

There is significant level of judgement involved in determining the recoverability of these debtors from group undertakings based on the financial position and future prospects of the group undertakings. This takes into consideration a range of factors such as the trading performance and expected revenue growth.

We also considered the risk of inappropriate management bias in the assumptions and valuations of these debtors. Further details are included within the accounting policies and notes 12 and 13 to the financial statements.

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

We obtained an understanding of the key controls related to the valuation and recoverability of debtors from group undertakings.

We challenged the Directors' judgements regarding the appropriateness of the carrying value through obtaining a copy of the latest audited financial information and our understanding of the future trading performance of the group undertakings by assessing the ability of the group undertakings to repay these amounts.

**Key observations**

Based on the work performed we concluded that debtors from group undertakings are appropriately stated.

**Betjeman Holdings Midco Limited**  
**Independent auditor’s report to the members of Betjeman Holdings**  
**Midco Limited***(continued)*

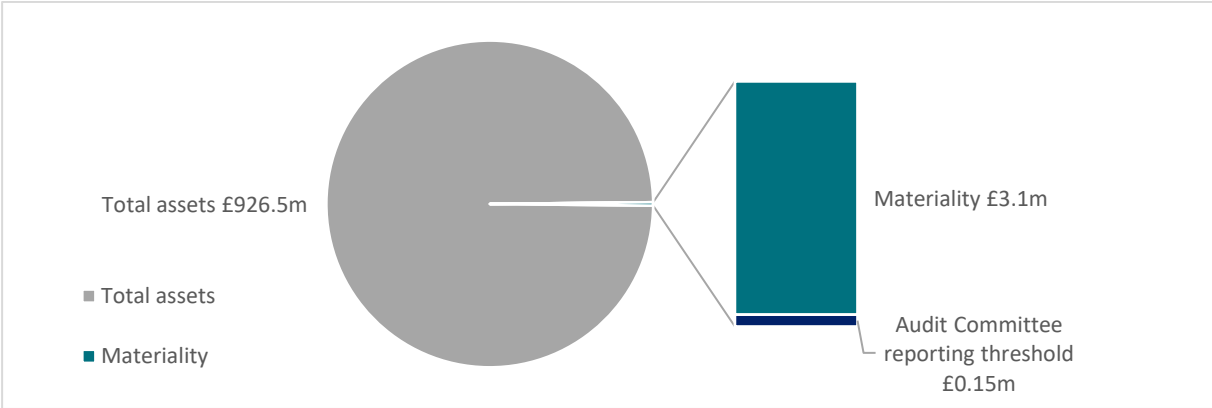
**6. Our application of materiality**

**6.1. Materiality**

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

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

<b>Materiality</b>	£3.1 million (2019: £3.21 million)
<b>Basis for determining materiality</b>	2% of total assets, capped at group materiality (2019: same basis)
<b>Rationale for the benchmark applied</b>	We determined materiality based on total assets as this is the key metric used by management, investors, analysts and lenders, with shareholder value being driven by total assets value movements.



**6.2. Performance materiality**

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Performance materiality was set at 70% of materiality for the 2020 audit. In determining performance materiality, we considered the following factors:

- a. Our risk assessment, including our assessment of the company’s overall control environment,
- b. Our past experience of the audit, which has indicated a low number of corrected and uncorrected misstatements in prior periods

**6.3. Error reporting threshold**

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £155,000 (2019: £160,500) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

# **Betjeman Holdings Midco Limited**

## **Independent auditor's report to the members of Betjeman Holdings Midco Limited***(continued)*

### **7. An overview of the scope of our audit**

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

### **8. Other information**

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

### **9. 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.

### **10. 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Betjeman Holdings Midco Limited**  
**Independent auditor’s report to the members of Betjeman Holdings**  
**Midco Limited***(continued)*

**Report on other legal and regulatory requirements**

**11. 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.

**12. Matters on which we are required to report by exception**

**12.1. Adequacy of explanations received and accounting records**

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

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

We have nothing to report in respect of these matters.

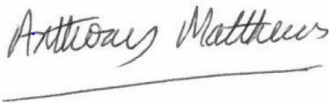
**12.2. Directors’ remuneration**

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

We have nothing to report in respect of this matter.

**13. 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.



.....  
Anthony Matthews FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
11 June 2020

## Betjeman Holdings Midco Limited

### Profit and loss account and other comprehensive income

*For the year ended 31 March 2020*

	<i>Note</i>	<b>2020</b> <b>£m</b>	2019 £m
<b>Turnover</b>		-	-
Other operating expenditure		-	-
		<hr/>	<hr/>
<b>Operating result</b>		-	-
Interest receivable and similar income	7	<b>40.7</b>	40.6
Interest payable and similar charges	8	<b>(40.7)</b>	(40.6)
		<hr/>	<hr/>
<b>Result before taxation</b>		-	-
Tax on result	9	-	-
		<hr/>	<hr/>
<b>Total comprehensive profit/(loss) for the year</b>		-	-
		<hr/> <hr/>	<hr/> <hr/>

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

All activities of the Company relate to continuing operations.

# Betjeman Holdings Midco Limited

## Balance sheet

As at 31 March 2020

	Note	2020 £m	2019 £m
<b>Non-current assets</b>			
Investment in subsidiary undertaking	11	336.4	336.4
Debtors: amounts falling due after more than one year	12	580.0	580.0
		<b>916.4</b>	<b>916.4</b>
<b>Current assets</b>			
Debtors: amounts falling due within one year	13	10.1	10.0
Creditors: amounts falling due within one year	14	(10.1)	(10.0)
		<b>-</b>	<b>-</b>
<b>Net current assets</b>			
		<b>916.4</b>	<b>916.4</b>
<b>Total assets less current liabilities</b>			
Creditors: amounts falling due after more than one year	15	(580.0)	(580.0)
		<b>336.4</b>	<b>336.4</b>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	16	333.0	336.4
Profit and loss account	16	3.4	-
		<b>336.4</b>	<b>336.4</b>
<b>Shareholders' funds</b>			
		<b>336.4</b>	<b>336.4</b>

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

The financial statements of Betjeman Holdings Midco Limited were approved by the Board of Directors and authorised for issue on 11 June 2020. They were signed on its behalf by:



.....  
**D Harding**  
 Director

Company registered number: 10851742

## Betjeman Holdings Midco Limited Statement of changes in equity

For the year ended 31 March 2020

	Called up share capital £m	Profit and loss account £m	Total equity £m
Balance at 1 April 2018	329.5	-	329.5
<b>Total comprehensive loss for the period</b>			
Result for the period	-	-	-
Total comprehensive result for the period	-	-	-
<i>Transactions with owners, recorded directly in equity:</i>			
Issue of share capital	6.9	-	6.9
Total contributions by and distributions to owners	336.4	-	336.4
<b>Balance at 31 March 2019</b>	<b>336.4</b>	<b>-</b>	<b>336.4</b>
Balance at 1 April 2019	336.4	-	336.4
<b>Total comprehensive result for the year</b>			
Result for the period	-	-	-
Total comprehensive result for the period	-	-	-
<i>Transactions with owners, recorded directly in equity:</i>			
Issue of share capital	(3.4)	3.4	-
Total contributions by and distributions to owners	333.0	3.4	336.4
<b>Balance at 31 March 2020</b>	<b>330.0</b>	<b>3.4</b>	<b>336.4</b>

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

# **Betjeman Holdings Midco Limited**

## **Notes for the year ended 31 March 2020**

### ***(forming part of the financial statements)***

#### **1 Authorisation of financial statements and statement of compliance with FRS 101**

Betjeman Holdings Midco Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the United Kingdom.

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

The Company’s financial statements are presented in Sterling and all values are rounded to the nearest million pounds except when otherwise indicated.

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare group financial statements as it is a wholly owned subsidiary of Betjeman Holdings JvCo Limited.

The Company’s immediate parent undertaking, Betjeman Holdings JvCo Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Betjeman Holdings JvCo Limited are available to the public and may be obtained from 5<sup>th</sup> Floor, Kings Place, 90 York Way, London N1 9AG.

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

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

#### **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 2020.

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”;
  - i. the requirements of paragraphs 30 and 31 of IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”;
- e) the requirements of paragraph 17 of IAS 24 “Related Party Disclosures”; and
- f) 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
- g) 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.

# **Betjeman Holdings Midco Limited**

## **Notes for the year ended 31 March 2020**

### **2 Accounting policies (continued)**

#### **2.2 Going concern**

The Company exists to hold investments in its subsidiary undertaking which in turn invests in HS1 Limited, a company that holds the concession to operate, maintain and renew the high speed rail line connecting London's St Pancras International Station to Europe via the Channel Tunnel. At 31 March 2020, the Company had net current assets but is dependent on HS1 Limited to repay its liabilities as they fall due.

HS1 Limited has conducted sensitivity analysis ranging from likely to pessimistic to stress test the impact of Covid-19. Under all stress cases the Company has strong covenants and cashflows, and able to pay its scheduled borrowing repayments as they fall due.

Having due regard to the performance of HS1 Limited, the availability of working capital and the facilities under the loan agreement with the parent undertaking, the Directors are confident that the Company has sufficient resources to meet its liabilities. The financial statements have accordingly been prepared on a going concern basis.

#### **2.3 Basis of consolidation**

The Company has taken the option not to prepare consolidated financial statements in accordance with section 400 of the Companies Act 2006. These financial statements present information about the Company as an individual company and the results of the subsidiaries are reflected in these financial statements only to the extent that dividends have been declared.

#### **2.4 Financial instruments**

Financial instruments – initial recognition and subsequent measurement.

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.

##### **i) Financial assets**

###### *Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. 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 in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

## Betjeman Holdings Midco Limited

### Notes for the year ended 31 March 2020 (continued)

#### 2.4 Financial instruments (continued)

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Company commits to purchase or sell the asset.

##### i) Financial assets (continued)

###### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

###### *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.

The company's financial assets at amortised cost includes intercompany receivables/debtors and listed bonds.

The company does not have financial assets at fair value through OCI.

The company does not have financial assets at fair value through profit and loss.

###### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) 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.

# **Betjeman Holdings Midco Limited**

## **Notes for the year ended 31 March 2020 (continued)**

### **2 Accounting policies (continued)**

#### **2.4 Financial instruments (continued)**

##### i) Financial assets (continued)

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

##### *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. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For 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). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in 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. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are past their due date. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

No adjustment required to the Company's financial statements for ECL in the year.

# **Betjeman Holdings Midco Limited**

## **Notes for the year ended 31 March 2020 (continued)**

### **2 Accounting policies (continued)**

#### **2.4 Financial instruments (continued)**

##### ii) Financial liabilities

###### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans, and interest bearing borrowings.

###### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

The company does not have financial liabilities at fair value through profit and loss.

###### *Loans and borrowings*

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

###### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

##### iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

# **Betjeman Holdings Midco Limited**

## **Notes for the year ended 31 March 2020 (continued)**

### **2 Accounting policies (continued)**

#### **2.5 Other interest receivable and interest payable**

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

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

Finance charges, including premiums payable on settlement or redemptions and direct issue costs are accounted for on an accruals basis and taken to the profit and loss account using the effective interest rate method and are added to the carrying value of the instrument to the extent that they are not settled in the period in which they arise.

#### **2.6 Investment in subsidiaries**

Investments in subsidiaries are carried at cost less impairment. The carrying value of these investments is reviewed annually by the Directors to determine whether there has been any impairment to their values.

#### **2.7 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for:

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

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

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

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

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

# Betjeman Holdings Midco Limited

## Notes for the year ended 31 March 2020 (continued)

### 3 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

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

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

### Critical judgements in applying the Company's accounting policies

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

### 4 Auditor's remuneration

The fees payable to the Company's auditor for the audit of the Company's financial statements of £3,931 (31 March 2019: £2,791) have been borne by another group company.

### 5 Staff costs

The Company had no employees in the year (31 March 2019: £nil).

### 6 Remuneration of directors

None of the Directors received any remuneration for their services to the Company (31 March 2019: none).

### 7 Interest receivable and similar income

	Year ended 31 March 2020	Period ended 31 March 2019
	£m	£m
Interest receivable from subsidiary undertaking	40.7	40.6
	<hr/>	<hr/>
	<b>40.7</b>	40.6
	<hr/> <hr/>	<hr/> <hr/>

**Betjeman Holdings Midco Limited**  
**Notes for the year ended 31 March 2020** *(continued)*

**8 Interest payable and similar charges**

	<b>Year ended 31 March 2020</b>	Period ended 31 March 2019
	<b>£m</b>	£m
Interest payable on loan notes	<b>40.7</b>	40.6
	<hr/>	<hr/>
	<b>40.7</b>	40.6
	<hr/> <hr/>	<hr/> <hr/>

**9 Taxation**

The aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income or directly in equity is £nil (2019: £nil).

**Tax reconciliation**

	<b>Year ended 31 March 2020</b>	Period ended 31 March 2019
	<b>£m</b>	£m
<i>Total tax reconciliation</i>		
Result before tax	-	-
	<hr/>	<hr/>
Result multiplied by the standard rate of corporation tax in the UK of 19% (2019:19%)	-	-
	<hr/>	<hr/>
<b>Total tax (see above)</b>	<b>-</b>	<b>-</b>
	<hr/> <hr/>	<hr/> <hr/>

From 1 April 2017, the UK corporate tax rate was reduced from 20% to 19%. At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%.

**Betjeman Holdings Midco Limited**  
**Notes for the year ended 31 March 2020** *(continued)*

**10 Dividends**

No dividends have been paid in the current or prior period or since the balance sheet date.

**11 Investment in subsidiary undertaking**

	<b>2020</b>	2019
	<b>£m</b>	£m
At start of the financial year	<b>336.4</b>	<b>329.5</b>
Additions	-	<b>6.9</b>
At end of the financial year	<b>336.4</b>	<b>336.4</b>

The companies in which the Company's interest at the balance sheet date is more than 20% are as follows:

<b>Company</b>	<b>Principal place of business and place of incorporation</b>	<b>Principal activity</b>	<b>Class and percentage of shares held</b>
Betjeman Holdings Limited	5 <sup>th</sup> Floor, Kings Place, 90 York Way, London. N1 9AG, United Kingdom	Holding company	100% of Ordinary shares

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

**Betjeman Holdings Midco Limited**  
**Notes for the year ended 31 March 2020** *(continued)*

**12 Debtors: amounts falling due after more than one year**

	<b>2020</b> <b>£m</b>	2019 £m
Amounts owed by subsidiary undertakings	<b>580.0</b>	<b>580.0</b>
	<hr/>	<hr/>
	<b>580.0</b>	<b>580.0</b>
	<hr/> <hr/>	<hr/> <hr/>

On 5 September 2017, the Company advanced £580.0m to Betjeman Holdings Limited, a subsidiary undertaking. This loan is a fixed rate unsecured loan and carries interest at 7.0%, with interest payments set to occur semi-annually. The loan can be redeemed by serving at least 7 days written notice, however no redemption is expected in the next twelve months.

**13 Debtors: amounts falling due within one year**

	<b>2020</b> <b>£m</b>	2019 £m
Amounts owed by subsidiary undertaking	10.1	10.0
	<hr/>	<hr/>
	<b>10.1</b>	10.0
	<hr/> <hr/>	<hr/> <hr/>

Amounts due from the subsidiary undertaking, relates to the interest due on the loan included in note 12 to the financial statements.

**Betjeman Holdings Midco Limited**  
**Notes for the year ended 31 March 2020** *(continued)*

**14 Creditors: amounts falling due within one year**

	<b>2020</b> <b>£m</b>	2019 £m
Accruals	<b>10.1</b>	10.0
	<u>10.1</u>	<u>10.0</u>
	<u><u>10.1</u></u>	<u><u>10.0</u></u>

**15 Creditors: amounts falling due after more than one year**

	<b>2020</b> <b>£m</b>	2019 £m
Loan notes	580.0	580.0
	<u>580.0</u>	<u>580.0</u>
	<u><u>580.0</u></u>	<u><u>580.0</u></u>

On 5 September 2017, the Company subscribed to £580.0m Loan notes. These loan notes were subsequently admitted to the Official List of The International Stock Exchange, headquartered in Guernsey, on 21 December 2017.

The Loan notes carry fixed rate interest of 7.0%, with interest payments set to occur semi-annually. The loan notes can be redeemed by serving at least 7 days written notice, however no redemption is expected in the next twelve months.

**Betjeman Holdings Midco Limited**  
**Notes for the year ended 31 March 2020** *(continued)*

**16 Reserves**

*Called up share capital*

	<b>2020</b>	2019
	<b>£m</b>	£m
<b><i>Authorised, allotted, called up and fully paid during period</i></b>		
33,639,567,140 ordinary shares of £0.0099 each (2019: £0.01 each)	<b>333.0</b>	336.4
	<hr/>	<hr/>
	<b>333.0</b>	336.4
	<hr/> <hr/>	<hr/> <hr/>

On 14 August 2019, the Company reduced its value per share of the ordinary shares from £0.01 per share to £0.0099 per share. As a result, the total value of share capital was reduced by £3.4m from £336.4m to £333.0m, and the value of reserves was increased by £3.4m.

*Profit and loss account*

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

**17 Parent undertaking and controlling party**

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

The smallest and largest group in which the results of the Company are consolidated is Betjeman Holdings JvCo Limited.

Copies of the consolidated financial statements of Betjeman Holdings JvCo Limited are available from 5<sup>th</sup> Floor, Kings Place, 90 York Way, London, N1 9AG.

## **Betjeman Holdings Midco Limited**

### **18 Subsequent events**

The COVID-19 outbreak has developed rapidly in 2020. Measures taken by various governments to contain the virus have affected economic activity. HS1 Limited have taken a number of steps to monitor and prevent the effects of the COVID-19 virus such health and safety measures for our staff (like social distancing and working from home), and working closely with the train operating companies and government in order to mitigate the impact on the HS1's operations and financial performance.

At this stage, the impact on our business and results is limited. The outbreak has predominantly impacted HS1's retail revenue in the short term, with lower turnover from February onwards. Train paths booked in advance were paid for in full. HS1 Limited has received the timetable for paths up to December 2020 and is invoicing them as scheduled.

HS1 Limited has reasonably estimated the related financial impact to HS1's full-year 2020 given the timetabled trains. Forecasting beyond the full year 2020 is made more difficult than normal by the uncertainties brought about by COVID-19. Based on the most recent information available and our ongoing discussions with key partners and governments, management have generated a range of possible forecast scenarios ranging from likely to pessimistic. As a result of this analysis we are confident in our ability to continue operations in all currently foreseeable scenarios. Management is monitoring the situation closely on a daily basis and continue to follow the various national institutes policies and advice and in parallel will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our staff or the travelling public.

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