

Arqiva Defined Benefit Pension Plan

Trustee's Report and Accounts

Registered number: 10275595

For the year ended 30 June 2018

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Trustee and Advisers

Principal Employer

Arqiva Limited
Crawley Court
Winchester
Hampshire
SO21 2QA

Corporate Trustee

Arqiva Defined Benefit Pension Plan Trustees Limited

Directors of Corporate Trustee:

Dick Buckle	(Member Nominated)
Jack Fitzsimons	(Member Nominated)
Peter Heslop	
Nathan Hodge	
Tom O'Connor	
Alan Taylor	(Member Nominated)

Pension Consultants and Administrators

KPMG LLP
Arlington Business Park
Theale
Berkshire
RG7 4SD

Scheme Actuary

Robert Bass
KPMG LLP
Arlington Business Park
Theale
Berkshire
RG7 4SD

Investment Managers

Aberdeen Standard Life Investments
1 George Street
Edinburgh
EH2 2LL

Insight Investment Funds Management Limited
160 Queen Victoria Street
London
EC4V 4LA

Legal & General Investment Management
One Coleman Street
London
EC2R 5AA

Nordea Investment Funds S.A.	(appointed July 2017)
592, rue de Neudorf	
L-2017 Luxembourg	

Vontobel Asset Management, Inc.
1540 Broadway
38th Floor
New York
NY10036

Trustee and Advisers *(continued)*

Auditor

Crowe U.K. LLP (formerly known as Crowe Clark Whitehill LLP)
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Bankers

Lloyds Bank plc
36-38 New Street
Birmingham
B2 4LP

Legal Advisers

Baker & McKenzie LLP
100 New Bridge Street
London
EC4V 6JA

Investment Advisers

Mercer Limited
1 Tower Place West
Tower Place
London
EC3R 5BU

Insurers

- Additional Voluntary Contributions: Friends Life and Pensions Limited
PO Box 1550
Milford
Salisbury
SP10 2TW

Aviva
PO Box 520
Rose Lane Business Centre
Norwich
NR1 1BB

The Equitable Life Assurance Society
PO Box 177
Walton Street
Aylesbury
Buckinghamshire
HP21 7YH

Clerical Medical
PO Box 28121
15 Dalkeith Road
Edinburgh
EH16 9AS

Legal & General Investment Management
One Coleman Street
London
EC2R 5AA

Report of the Trustee for the year ended 30 June 2018

Introduction

The Trustee is pleased to present the Report on the Arqiva Defined Benefit Pension Plan (the "Plan") for the year ended 30 June 2018.

The format of the Report and Accounts follows guidelines laid down by the Occupational and Personal Pension Scheme (Disclosure of Information) Regulations 2013 and the Statement of Recommended Practice, Financial Reports of Pension Schemes (Revised November 2014).

Any member or beneficiary may request a copy of the Trustee's Report and Accounts. Applications are encouraged and should be addressed to Daniel Bell at KPMG LLP at the address given on page 1 or at Ukfmargiva@kpmg.co.uk. In addition, further information about the Plan is available from Daniel Bell.

The Plan

The Plan was established with effect from 27 January 2005, to provide pension and other benefits to members upon their retirement or ill health and/or to their dependants on death before or after retirement. The benefits are outlined in the relevant Plan Booklet.

The Plan is governed in accordance with the terms of a Definitive Trust Deed. In accordance with the provisions of Schedule 36 of the Finance Act 2004, the Plan is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004.

The Plan complies with legislative preservation requirements, and was contracted out of the State Second Pension ("S2P") until it closed to benefit accrual on 31 January 2016.

Routine administration of the Plan is delegated by the Trustee to KPMG LLP.

The Plan retains a number of professional Advisers in connection with the operation of the Plan, and a list of these Advisers is given on pages 1 and 2 of this Report.

Trustee

The Trustee of the Plan is listed on page 1 of this Report, together with the names of the Directors of the Corporate Trustee. The Trustee Directors held a meeting by telephone to discuss the valuation and met formally four times during the year at which summaries of the meetings of the investment sub-committee were given.

Under the terms of the Trust Deed, the Principal Employer has the power to appoint new or additional Trustees and, if necessary, remove the existing Trustee.

Changes to the Plan Rules

There were no changes to the Plan during the year.

Scheme Accounts and Summary of Contributions

The Accounts of the Plan for the year ended 30 June 2018 are set out on pages 13 to 22, and the Auditor's Statement about Contributions and Trustee's Summary of Contributions are set out on pages 23 and 24. The Accounts have been prepared and audited in accordance with Sections 41(1) and (6) of the Pensions Act 1995.

Report of the Trustee for the year ended 30 June 2018 *(continued)*

The financial development and actuarial position

The benefits payable by the Plan are provided out of the contributions paid by the Company. The Trustee is responsible for ensuring that contributions are paid into the Plan in respect of the benefits payable in accordance with the Rules and to build up the fund to provide for future benefits. The Trustee is advised by the Scheme Actuary who recommends the level of contributions to be paid by the Company. The Actuary's Certification of the Schedule of Contributions is given on page 26. In addition, as required by FRS 102, the Trustee has included the Report on Actuarial Liabilities on page 27, which forms part of the Trustee's Report.

Whilst the Accounts of a pension scheme can effectively deal with the past, and to some extent the present, they are not intended to provide members with information about the long term financial strength of the Plan. This information can only be provided by the Actuary through periodic valuations.

Over the year to 30 June 2018, the Company paid £2.5m in line with the Schedule of Contributions dated 2 October 2015.

In accordance with the Pensions Act 2004, the latest Actuarial Valuation was completed in September 2018 as at 30 June 2017. This showed that the Plan had Technical Provisions (the amount required to make provision for the accrued benefits when they fall due) of £259.2m, assets of £240.9m, which equates to a deficit of £18.3m and a funding level of 93%.

As a result of the 2017 valuation, the Company and Trustee agreed a Recovery Plan. The Plan follows the Statutory Funding Objective that it will have sufficient and appropriate assets to cover its Technical Provisions, and aims to do so by the end of the Recovery Period. In accordance with the Schedule of Contributions dated 27 September 2018 agreed between the Company and Trustee, the Company will pay an additional deficit contribution of £3.43m by 5 October 2018, following the amount of £2.5m that was paid on 31 July 2018 under the previously agreed Schedule of Contributions. This will be followed by payments of £5.35m on 31 July 2019 and 31 July 2020. The new schedule of deficit contributions maintains the expectation that the shortfall in the Plan will be eliminated by 31 July 2020. The Company will also meet all Plan levies and general administration expenses, directly.

Further details of the financial development of the Plan may be found in the audited Accounts on pages 13 to 22.

Details of the Plan's investments are given in notes 7 to 12 to the Accounts.

Transfer values

Transfer values paid out of the Plan during the year were calculated and verified in the manner required by Sections 97 and 183(3) of the Pension Schemes Act 1993. None of the transfer values paid was less than the amount provided by Section 94(1) of that Act. No discretionary benefits were included in the calculation of transfer values.

Report of the Trustee for the year ended 30 June 2018 (continued)

Investments

The overall management of the Plan is vested in the Trustee. The management of the investment assets of the Plan has been delegated by the Trustee to Insight Investment Management, Legal & General, Aberdeen Standard Life Investments, and Vontobel Asset Management. During the year, Nordea Investment Funds were appointed as an additional diversified growth manager to Aberdeen Standard Life to spread this exposure across two managers. The Plan's investments are regarded as readily marketable.

The Trustee is responsible for ensuring the Plan's assets continue to be securely held, and as such, use the custodians appointed by the investment managers. The custodians are responsible for safe keeping of share certificates and other documents relating to ownership of listed investments. Investments are held in the name of the custodians in line with common practice for pension scheme investments.

An investment strategy has been agreed by the Trustee, after taking appropriate advice, under which assets are invested in an active pooled diversified growth fund, an active pooled absolute return bond fund, as well as a range of index-tracking pooled equity and bond funds, in line with the Plan's benchmark. As part of the investment strategy, the Trustee has agreed to implement a de-risking framework for the Plan, whereby the Plan's allocation to bonds will be increased over time.

Asset Class	Last Year		Last 3 Years	
	Fund (%)	B'mark (%)	Fund (% p.a.)	B'mark (% p.a.)
LGIM - World Developed Equity	9.8	9.8	-	-
LGIM - World Developed Equity (GBP Hedged)	10.2	10.2	-	-
Vontobel - Emerging Markets Equity	1.3	6.5	12.6	11.9
Aberdeen Standard - GARS ^(a)	-1.5	3.1	-0.3	3.2
Nordea – Diversified Growth ^(b)	-	-	-	-
Total Growth ^{(c) (d)}	6.5	7.7	9.4	9.6
LGIM - Sterling Non-Gilts (Over 10 Years)	0.9	0.5	6.9	6.7
LGIM - Index-Linked Gilts (Over 15 Years)	2.4	2.4	10.1	10.0
LDI ^(e)	4.4	4.3	-	-
Absolute Return Bonds ^(f)	-1.8	1.4	0.6	1.5
Total Defensive	2.1	2.6	8.6	8.7
Cash	0.4	0.3	-	-
Total ^{(c) (d)}	4.0	4.9	9.0	9.3

Figures are based on performance provided by the Investment Managers, Mercer estimates and Thomson Reuters

^(a) Benchmark performance shown is 6 Month Sterling LIBOR +2.5% p.a.

^(b) Benchmark performance shown is 3 Month Sterling LIBOR +2.0% p.a. Performance shown since inception. Inception date taken as 9 May 2017 for performance measurement purposes.

^(c) Fund and benchmark returns calculated based on a weighted average of the three Arqiva schemes prior to the merger on 31 July 2014.

^(d) Long term figures include performance of the hedged and unhedged versions of the North America equity, Europe (ex-UK) equity, Japan equity and Asia Pacific equity funds managed by LGIM within the Broadcast plan prior to termination on 31 July 2014.

^(e) Includes performance of the leveraged index-linked gilt portfolios from 9 September 2015.

^(f) Benchmark performance shown is the 3 Month Sterling LIBOR +1.0% p.a.

Report of the Trustee for the year ended 30 June 2018 *(continued)*

Investments *(continued)*

Asset Class	End of Quarter		
	Actual (%)	B'mark (%)	Tracking Error Tolerance (%) +/-
World Developed Equity	14.8	13.7	Up to $\pm 0.5\%$ p.a.
World Developed Equity (GBP Hedged)	14.6	13.7	Up to $\pm 0.5\%$ p.a.
Emerging Markets Equity	6.8	6.0	8% - 11% p.a.
GARS	5.9	5.6	4% - 8% p.a.
Diversified Growth	2.0	5.6	-
Total Growth	44.1	44.5	
Sterling Non-Gilts (Over 10 Years)	17.8	17.8	Up to 1.5% p.a.
Index-Linked Gilts (Over 15 Years)	3.4	29.0	Up to $\pm 0.25\%$ p.a.
LDI	25.3		-
Absolute Return Bonds	8.4	8.8	Up to 5% p.a.
Total Defensive	54.9	55.5	
Cash	1.0	-	-
Total	100.0	100.0	

As at 30 June 2018, the Plan was underweight to growth assets and overweight to defensive assets plus cash.

Report of the Trustee for the year ended 30 June 2018 *(continued)*

Investments *(continued)*

Investment Charges

Manager	Asset Class	Fees
LGIM ^(a)	World Developed Equity	0.13% p.a.
	World Developed Equity (GBP Hedged)	0.155% p.a.
	Sterling Non-Gilts (Over 10 Years)	0.2% p.a.
	Index-Linked Gilts (Over 15 Years)	0.05% p.a.
	LDI Funds	0.21% p.a. on the first £25m, 0.16% p.a. thereafter
	Sterling Liquidity Fund	0.125% p.a.
Vontobel ^(b)	Emerging Markets Equity	0.8% p.a. ^(b)
Aberdeen Standard Life	GARS	0.7% p.a.
Nordea ^(c)	Diversified Growth	0.7% p.a.
Insight	Absolute Return Bonds	0.3% p.a.

^(a) In addition to fees for the management of the Plan's assets, LGIM charges fees for the management of the Plan's de-risking framework. There are two parts to this fee, a monitoring fee and an activity fee. The monitoring fee is £22,500 per annum while the activity fee is equal to the greater of 0.03% of each amount switched under the trigger mechanism, or £500 per switch.

^(b) Total expense ratio is capped at 0.95% p.a.

^(c) The management fee is 0.7% p.a. and the total expense ratio is 0.75% p.a.

Funds held in the Insight Bonds Plus fund are charged at a flat rate of 0.3% per annum of the average fund value for the year, the funds in the Standard Life Global Absolute Return Strategies fund have a rate of 0.7% per annum that similarly applies, and the funds in the Vontobel Emerging Markets Equity fund have a rate of 0.8% per annum.

Statement of Investment Principles

The Trustee has produced a Statement of Investment Principles in accordance with Section 35 of the Pensions Act 1995. A copy is available on request. The Trustee's investment policy is guided by an overall objective of achieving, over the long term, a rate of return on the investments which is consistent with the long term assumptions made by the Actuary in determining the funding of the Plan. The investments at the year-end date were in accordance with the Statement.

Over the shorter term, the objective is to achieve favourable returns against appropriate benchmarks.

All decisions about the day-to-day management of the assets have been delegated to the investment managers via a written agreement. This delegation includes decisions about:

- Realisation of investments;
- Social, environmental and ethical considerations in the selection, retention and realisation of investments; and
- The exercise of rights (including voting rights) attaching to the investments.

The Trustee takes investment managers' policies in the above respects into account when selecting and monitoring managers. The investment managers are expected to exercise their powers of investment with a view to giving effect to the principles contained within this statement, so far as reasonably practicable.

There was no self-investment as defined in Section 40 of the Pensions Act 1995.

Report of the Trustee for the year ended 30 June 2018 *(continued)*

Pension increases

Deferred pensions for the Main/BT/MPS sections are increased in accordance with the Trust Deed and Rules in line with inflation, subject to a maximum of either 5% or 2.5% depending on the period of service. Some DTEls members received fixed 5% increases on their deferred pensions. Main and DTEls members receive a minimum increase of 3% on their pension in payment. Pensions for members of the Main and DTEls sections of the Plan were increased by 3.3% with effect from 1 July 2017. Pensions for members of the MPS and BT(C) sections of the Plan were increased by 3.3% with effect from 1 July 2017. Pensions for members of the BT (A/B) section were increased by 3.0%. No discretionary increases were granted during the year.

Preserved pensions and pensions in payment for the NGW Section are increased in accordance with the Trust Deed and Rules in line with inflation, to a maximum of 10%. No discretionary increases were granted during the year. Pensions were increased by 4.1% on 1 April 2018.

The pensioners in the NGUK/ESPS Section received an annualised increase of 3.9% on 1 April 2018. Preserved pensions are increased in accordance with the Trust Deed and Rules.

Membership

The following changes in membership occurred during the year:

Pensioners

At 30 June 2017	435
Plus: Retirements	26
New dependants	5
Less: Deaths	(6)
	<hr/>
At 30 June 2018*	460
	<hr/>

**Pensioners at 30 June 2018 include 21 dependants (2016: 16)*

Deferred pensioners

At 30 June 2017	439
Less: Retirements	(26)
Transfers	(19)
Deaths	(1)
	<hr/>
At 30 June 2018	393
	<hr/>

Internal Disputes

The Internal Dispute Resolution Procedures Regulations require the setting up of a formal procedure for the handling of disputes involving the Trustee. Details have been circulated to the membership. In the event of a dispute arising with the Trustee, the contact is KPMG at the address given on page 1.

Report of the Trustee for the year ended 30 June 2018 *(continued)*

Additional Plan information

Most of the information required by members in respect of the Plan is supplied automatically. This includes general information, such as the relevant Plan Booklets and Trustee's Report, and information such as Statements of Options on leaving or retiring. In addition, the documents governing the Plan, the Trust Deed and Rules, can be inspected at the Human Resources Department or are available on the Arqiva intranet. These rights apply to all members and most extend to their spouses and other beneficiaries, and recognised trade unions.

Any member may request a Statement of Benefit entitlement once a year. Also, a deferred member who is not yet in receipt of a pension may request a Statement of Transfer Value annually.

It is hoped that all members feel sufficiently well informed, and that specific requests are dealt with fully. Members who are dissatisfied or concerned about any matter relating to the Plan may invoke the Internal Dispute process as described on page 8, to resolve the matter, and may also seek advice or help from a number of outside bodies:

- The Pensions Ombudsman is available to investigate and determine any complaint or dispute of fact or law in relation to the Plan. Any person claiming an entitlement under the Plan may call upon the Ombudsman. These services are free of charge to those who enquire because all pension schemes pay a levy to cover the costs.

Address: 11 Belgrave Road, London, SW1V 1RB.

Telephone: 0207 630 2200

Email: enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

- Information about the Plan and past and present Participating Employers can be obtained from the Department for Work and Pensions.

Address: The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU

Telephone: 0345 6002 537

Email: enquiries@pension-tracing-service-uk.co.uk

Website: www.gov.uk/find-pension-contact-details

The Pensions Regulator is responsible for regulating company pension schemes and enforcing the law as it relates to them. It has powers to:

- suspend, disqualify and remove Trustees for not carrying out their duties;
- wind up schemes where necessary;
- apply for information to prevent the misuse and misappropriation of scheme assets and enforce restitution where necessary; and
- take action to prevent schemes being left in deficit with nobody to meet the liability.

The Trustee, Plan's Auditors, Actuary and others involved in the administration of the Plan have a statutory duty to make an immediate written report if they believe that legal duties concerned with the administration of the Plan are not being carried out which it is thought may pose a significant risk to members' interests.

Report of the Trustee for the year ended 30 June 2018 *(continued)*

Statement of Trustee's Responsibilities for the Accounts

The Accounts, which are prepared in accordance with UK Generally Accepted Accounting Practice including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those Accounts:

- show a true and fair view of the financial transactions of the Plan during the Plan year and of the amount and disposition at the end of the Plan year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Plan year, and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the Accounts have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

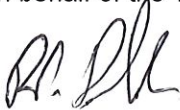
In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the Accounts on a going concern basis unless it is inappropriate to presume that the Plan will not be wound up.

The Trustee is also responsible for making available certain other information about the Plan in the form of an Annual Report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Plan and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a Schedule of Contributions showing the rates of contributions payable towards the Plan by or on behalf of the employer and the dates on or before which such contributions are to be paid. The Trustee is also responsible for adopting risk-based processes to monitor whether contributions are made to the Plan by the employer in accordance with the Schedule of Contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

Signed on behalf of the Trustee



Trustee Director

Date:

17/1/19

Independent Auditor's Report to the Trustee of the Arqiva Defined Benefit Pension Plan

Opinion

We have audited the Accounts of the Arqiva Defined Benefit Pension Plan for the year ended 30 June 2018 which comprise the Fund Account, the Statement of Net Assets and the related Notes to the Accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the Accounts:

- show a true and fair view of the financial transactions of the Plan during the year ended 30 June 2018, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulations 3 and 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

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 Accounts section of our Report. We are independent of the Plan in accordance with the ethical requirements that are relevant to our audit of the Accounts in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustee's use of the going concern basis of accounting in the preparation of the Accounts is not appropriate; or
- the Trustee has not disclosed in the Accounts any identified material uncertainties that may cast significant doubt about the Plan'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 Accounts are authorised for issue.

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the Annual Report, other than the Accounts and our Auditor's Report thereon. Our opinion on the Accounts 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 Accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Accounts 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 Accounts 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 this regard.

Independent Auditor's Report to the Trustee of the Arqiva Defined Benefit Pension Plan *(continued)*

Responsibilities of the Trustee

As explained more fully in the statement of Trustee's responsibilities set out on page 9, the Trustee is responsible for the preparation of the Accounts, for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of Accounts that are free from material misstatement, whether due to fraud or error.

In preparing the Accounts, the Trustee is responsible for assessing the Plan'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 Trustee either intends to wind up the Plan or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Accounts

Our objectives are to obtain reasonable assurance about whether the Accounts 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Accounts.

A further description of our responsibilities for the audit of the Accounts is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our Report

This Report is made solely to the Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Trustee 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 Plan and the Trustee as a body, for our audit work, for this Report, or for the opinion we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

Date *21 January 2019*

Fund Account
for the year ended 30 June 2018

	<i>Note</i>	2018 £	2017 £
Contributions and benefits			
Contributions receivable	2		-
Employer		2,500,000	
		<hr/>	<hr/>
		2,500,000	-
		<hr/>	<hr/>
Benefits paid or payable	3	(3,654,442)	(3,258,977)
Payments to and on account of leavers	4	(9,945,658)	(4,830,947)
Administrative expenses	5	(45,254)	(21,018)
		<hr/>	<hr/>
		(13,645,354)	(8,110,942)
		<hr/>	<hr/>
Net withdrawals from dealings with members		(11,145,354)	(8,110,942)
		<hr/>	<hr/>
Returns on investments			
Investment income	6	200,107	122,968
Change in market value of investments	9	9,090,420	25,381,332
Investment management expenses	10	(705,695)	-
		<hr/>	<hr/>
Net returns on investments		8,584,832	25,504,300
		<hr/>	<hr/>
Net (decrease) / increase in the fund during the year		(2,560,522)	17,393,358
		<hr/>	<hr/>
Net assets of the Plan			
At 30 June 2017		247,324,762	229,931,404
		<hr/>	<hr/>
At 30 June 2018		244,764,240	247,324,762
		<hr/>	<hr/>

The Notes on pages 15 to 22 form part of these Accounts.

Statement of Net Assets

(available for benefits as at 30 June 2018)

	Note	2018 £	2017 £
Investment Assets	9		
Pooled investment vehicles	7	236,393,854	240,692,758
Additional voluntary contribution investments	8	5,959,387	6,384,953
Cash in transit		-	11,686
		<hr/>	<hr/>
		242,353,241	247,089,397
Current assets	13	3,124,927	381,706
Current liabilities	14	(713,928)	(146,341)
		<hr/>	<hr/>
Net assets of the Plan at 30 June 2018		244,764,240	247,324,762
		<hr/>	<hr/>

The Notes on pages 15 to 22 form part of these Accounts.

The Accounts summarise the transactions of the Plan and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Plan year.

The actuarial position of the Plan, which does take account of such obligations, is dealt with in the Trustee's Report on page 4 and in the Actuarial Certificate and Report on Actuarial Liabilities included on pages 26 and 27 of this Annual Report. These Accounts should be read in conjunction with them.

These Accounts were approved by the Trustee on 17/1/2019

Signed on behalf of the Trustee:



Trustee Director



Trustee Director

Notes

(forming part of the Accounts)

1 Basis of preparation

The Accounts have been prepared in accordance with Financial Reporting Standard 102 - the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with the guidance set out in the Statement of Recommended Practice (SORP) (revised November 2014).

The functional and presentational currency of the Plan is Sterling. The principal accounting policies which have been applied consistently with the previous year are:

a) Inclusion of income and expenditure

i) Contributions

Deficit contributions are included on the accruals basis at rates agreed between the Trustee and the Participating Employer for the year, and as recommended by the Scheme Actuary. Augmentations from the Employer are accounted for when received.

ii) Transfers to other schemes

Transfer values represent the amounts payable in respect of members who have notified their intention to transfer benefits to or from the Plan in the year. All the values were based on methods and assumptions determined by the Trustee after obtaining advice from the Scheme Actuary. Bulk transfers are accounted for in accordance with the terms of the transfer agreement.

iii) Benefits paid or payable

Benefits represent all valid benefit claims in respect of the Plan year. Unsettled amounts have been included based on estimated amounts.

iv) Expenses

Fees paid and rebates received in the Plan year are included on an accruals basis. All expenses are paid by the participating employers except as disclosed in Notes 5 and 10.

v) Investment income

Income from cash deposits is included on an accruals basis. Income received on pooled investment vehicles may automatically be reinvested in the underlying funds and reflected in the unit prices or may be distributed. Where income is reinvested it is integral with the movement in market value and is not separately disclosed. Where it is distributed it is included in the accounts on an accruals basis.

b) Valuation of investments

Investment Assets are included in the Statement of Net Assets at their fair value at the Plan year end, which is determined as follows:

- Pooled investment vehicles are stated at the bid or NAV prices quoted by the Investment Managers.
- Additional voluntary contribution investments are stated at the values quoted by the providers at the year end.
- Investments quoted in foreign currency are valued at year end exchange rates and transactions are converted at the rate ruling on the relevant date.

Notes (continued)

2 Contributions receivable

Contributions during the year were as follows:

	2018 £	2017 £
From employers:		
Deficit contributions	2,500,000	-
	<u>2,500,000</u>	<u>-</u>

As described in the Schedule of Contributions, the deficit contributions are being paid, and will continue to be paid in accordance with the agreed Recovery Plan until 31 July 2020.

3 Benefits paid or payable

	2018 £	2017 £
Pensions	3,028,605	2,842,888
Commutations and lump sum retirement benefits	603,378	364,058
Taxation where lifetime or annual allowance exceeded	-	52,031
Death benefits	22,459	-
	<u>3,654,442</u>	<u>3,258,977</u>

4 Payments to and on account of leavers

	2018 £	2017 £
Transfer values to other pension arrangements	9,945,658	4,830,947

5 Administrative expenses

	2018 £	2017 £
Trustee expenses	45,203	21,018
Bank and sundry charges	51	-
	<u>45,254</u>	<u>21,018</u>

The Trustee expenses comprise honoraria and out of pocket costs paid to the Trustee Directors in the performance of their duties. All other expenses not shown above are borne by the Principal Employer.

Notes (continued)

6 Investment income

	2018 £	2017 £
Bank Interest	-	345
Income from pooled investment vehicles	200,107	122,623
	<u>200,107</u>	<u>122,968</u>

7 Pooled investment vehicles

The holdings in Pooled investment vehicles are as detailed in the table below.

	2018 £	2017 £
Bond funds	132,058,968	136,262,598
Equity funds	85,544,986	85,154,472
Absolute return funds	18,789,900	19,275,688
	<u>236,393,854</u>	<u>240,692,758</u>

The absolute return fund includes a variety of investments including equities, bonds and derivatives.

8 AVC investments

The Trustee holds assets invested separately from the main fund in the form of individual policies securing additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement made up to 30 June confirming the amounts held to their account and the movements in the year.

The aggregate amounts of AVC investments are as follows:

	2018 £	2017 £
Aviva	148,741	143,592
Clerical Medical	383,826	559,063
Equitable Life	875,171	1,018,048
Friends Life	90,406	85,622
Legal & General	4,461,243	4,578,629
	<u>5,959,387</u>	<u>6,384,954</u>

Notes (continued)

9 Reconciliation of investments

	Value at 30 June 2017 £	Purchases at cost £	Sales proceeds £	Change in Market value £	Value at 30 June 2018 £
Pooled investment vehicles	240,692,758	32,403,027	(45,519,561)	8,817,630	236,393,854
AVC investments	6,384,953	196,184	(894,540)	272,790	5,959,387
	<u>247,077,711</u>	<u>32,599,211</u>	<u>(46,414,101)</u>	<u>9,090,420</u>	<u>242,353,241</u>
Cash in transit	11,686				-
	<u>247,089,397</u>				<u>242,353,241</u>

Costs are borne by the Plan in relation to transactions in pooled investment vehicles. Such costs are generally taken into account in calculating the prices of these investments and are not therefore separately identifiable. Where costs are charged directly the amounts are stated in Note 10.

Included within purchases and sales are transfers between funds held with the same manager amounting to £27,594,716 (2017: £195,718,619).

The following investment holdings represent more than 5% of the Plan's net assets:

	2018 £	2018 %	2017 £	2017 %
L&G Active Corporate Bond Over 10 years Fund	42,001,196	17.2	45,142,178	18.3
L&G World Developed Equity Index	35,120,682	14.3	34,718,994	14.0
L&G World Developed Equity Index GBP Hedged	34,449,477	14.1	34,404,903	13.9
L&G Over 15 years Index Linked Gilt Fund	-	-	22,424,383	9.1
Insight Bonds Plus Fund	19,923,110	8.1	20,356,159	8.2
Vontobel Global Emerging Market Fund	15,974,828	6.5	16,030,574	6.5
Standard Life Global Absolute Return Strategies Fund	13,947,579	5.7	19,275,688	7.8

10 Investment management expenses

	2018 £	2017 £
Administration, management and custody	710,190	-
Fee rebates	(4,495)	-
	<u>705,695</u>	<u>-</u>

No fees were charged in the previous year by L&G in error. Included in 2018 is £334,357 due in respect of 2017, leaving £371,338 as the true cost for 2018.

Notes (continued)

11 Investment Fair Value Hierarchy

The fair value hierarchy of financial instruments has been estimated using the following fair value hierarchy:

Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date;

Level 2 Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly;

Level 3 Inputs are unobservable (i.e. for which data is unavailable for the asset or liability).

At 30 June 2018	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	236,393,854	-	236,393,854
AVC investments	202,424	4,737,701	1,019,262	5,959,387
	<u>202,424</u>	<u>241,131,555</u>	<u>1,019,262</u>	<u>242,353,241</u>

At 30 June 2017	Level 1 £	Level 2 £	Level 3 £	Total £
Pooled investment vehicles	-	240,692,758	-	240,692,758
AVC investments	176,582	5,051,385	1,156,986	6,384,953
	<u>176,582</u>	<u>245,744,143</u>	<u>1,156,986</u>	<u>247,077,711</u>

12 Investment risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk: this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Market risk: this comprises currency risk, interest rate risk and other price risk.

- Currency risk: this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: This is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk: this is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Plan has exposure to these risks because of the investments it makes to implement its investment strategy described in the Trustee's report. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Plan's strategic investment objectives. These investment objectives and risk limits are implemented through the investment management agreements in place with the Plan's investment managers and monitored by the Trustee by regular review of the investment portfolios.

Notes (continued)

12 Investment risks (continued)

Further information on the Trustee's approach to risk management and the Plan's exposures to credit and market risks are set out below. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Plan.

(i) Credit risk

The Plan is subject to credit risk as the Plan invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles and is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles although the extent of the risk is dependent on the portfolio at the time.

Analysis of direct credit risk

2018	Investment grade	Non-investment grade	Unrated	Total
	£	£	£	£
Pooled investment vehicles	-	-	236,393,854	236,393,854

2017	Investment grade	Non-investment grade	Unrated	Total
	£	£	£	£
Pooled investment vehicles	-	-	240,692,758	240,692,758

Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of the pooled manager.

Indirect credit risk arises in relation to underlying investments held in the pooled investment vehicles containing bonds. This risk is mitigated by only investing in pooled funds which invest in at least investment grade credit rated securities. Pooled investment arrangements used by the Plan comprise unit linked insurance contracts, unit trusts, qualifying investor alternative investment funds and open ended investment funds with variable capital.

(ii) Currency risk

The Plan is subject to indirect currency risk because some of the Plan's investments are held in overseas markets, via pooled investment vehicles. Indirect currency risk arises from the investments in sterling priced pooled investment vehicles whose investments are denominated in foreign currencies.

The exposure to foreign currencies within the pooled investment vehicles will vary over time in line with the underlying investments but it is not expected to be a material driver of returns over the longer term. Decisions about the exposure to foreign currencies are at the discretion of the fund managers.

At the year end, the Plan's exposure to investments subject to currency risk was:

	2018 £	2017 £
Equity pooled investment vehicles	85,544,986	85,154,472

Notes (continued)

12 Investment risks (continued)

(iii) Interest rate risk

The Plan is subject to indirect interest rate risk comprising bonds and derivatives held through pooled vehicles. However, the interest rate exposure of the Scheme's assets hedges part of the corresponding risks associated with the Scheme's liabilities. The net effect will be to reduce the volatility of the funding level, so the Trustee believes that it is appropriate to have exposure to these risks in this manner. The investment manager will consider the risk and expected reward when determining which investments to invest in. At the year end these comprised:

	2018 £	2017 £
Bond pooled investment vehicles	132,058,968	136,262,598

The absolute return funds of £18,789,900 (2017:£19,275,688) are also exposed to interest rate risk although the extent of the risk is dependent upon the portfolio at the time.

Under the investment strategy if interest rates fall / inflation rates rise, the value of the investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly if interest rates rise / inflation rates fall, these investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

(iv) Other price risk

Other price risk arises principally in relation to the Plan's growth portfolio which includes equities held in pooled vehicles.

The Trustee manages this exposure to other price risk by constructing a diverse portfolio of investments across various markets. At the year end, the Plan's exposure to investments subject to other price risk was:

	2018 £	2017 £
Equity pooled investment vehicles	85,544,986	85,154,472
Absolute return funds	18,789,900	19,275,688
	<u>104,334,886</u>	<u>104,430,160</u>

13 Current assets

	2018 £	2017 £
Cash balances	<u>3,124,927</u>	<u>381,706</u>

14 Current liabilities

	2018 £	2017 £
Tax payable	729	729
State scheme premiums payable	2,307	2,307
Benefits payable	609,653	133,310
Fees payable	93,119	1,635
Due to Employer	8,120	8,360
	<u>713,928</u>	<u>146,341</u>

Notes *(continued)*

15 Related party transactions

At the year end, pensions are being paid to three of the Trustee Directors. Such pensions are paid in accordance with the Rules of the Plan as for other members. As disclosed in Note 5, administrative expenses of the Plan are borne by the Principal Employer. Other than these matters, there were no related party transactions during the year as defined by FRS 102 section 33.

Independent Auditor's Statement about contributions to the Trustee of the Arqiva Defined Benefit Pension Plan

Statement about contributions payable under the Schedule of Contributions

We have examined the summary of contributions payable to the Arqiva Defined Benefit Pension Plan, for the Plan year ended 30 June 2018 which is set out on page 24.

In our opinion contributions for the Plan year ended 30 June 2018 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Scheme Actuary on 2 October 2015.

Basis of opinion

Our objective is to obtain sufficient evidence to give reasonable assurance that contributions reported in the attached summary of contributions have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Plan and the timing of those payments under the Schedule of Contributions.

Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's Responsibilities, the Plan's Trustee is responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions which sets out the rates and due dates of certain contributions payable towards the Plan by or on behalf of the employer. The Trustee is also responsible for monitoring whether contributions are made to the Plan by the employer in accordance with the Schedule of Contributions.

Auditor's responsibilities for the statement about contributions

It is our responsibility to provide a Statement about Contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Plan's Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Plan's Trustee those matters we are required to state to them in an Auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Plan's Trustee as a body, for our work, for this statement, or for the opinion we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London

Date *21 January 2019*

Summary of Contributions

Statement of Trustee's Responsibilities in respect of Contributions

The Plan's Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Plan by or on behalf of the employer and the dates on or before which such contributions are to be paid. The Plan's Trustee is also responsible for keeping records of contributions received and for procuring that contributions are made to the Plan in accordance with the Schedule.

Trustee's Summary of Contributions payable under the Schedule in respect of the Plan year ended 30 June 2018

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of, the Trustee. It sets out the employer and member contributions payable to the Plan under the Schedule of Contributions certified by the Actuary on 2 October 2015 in respect of the Plan year ended 30 June 2018. The Plan Auditor reports on contributions payable under the Schedule in the Auditor's Statement about Contributions.

£

Contributions payable under the Schedule in respect of the Plan year

From employers:

Deficit contributions

2,500,000

Contributions payable under the Schedule as reported in the Accounts

2,500,000

Signed on behalf of the Trustee on ...17/11/2019.....



Trustee Director

Schedule of Contributions

Schedule of Contributions

Name of scheme Arqiva Defined Benefit Pension Plan

Date of Schedule September 2018

Schedule of Contributions and Certificate

This Schedule of Contributions is required by Section 227 of the Pensions Act 2004 and has been prepared by the Trustee after obtaining advice from the Scheme Actuary. It covers the period from the date it is certified by the Scheme Actuary to five years after this date.

Contributions to be paid to the Plan:

Contributions	Amount
Deficit recovery contributions in accordance with the Recovery Plan dated September 2018	<ul style="list-style-type: none"> - £2.50m paid on 31 July 2017, as per 2014 Recovery Plan - £2.50m paid on 31 July 2018, as per 2014 Recovery Plan - £3.43m by 5 October 2018 - £5.35m by 31 July 2019 - £5.35m by 31 July 2020
Plan expenses (including PPF levies, but excluding investment manager expenses met by a deduction from the Plan's assets at source)	Payable directly by the Employer
Additional contributions	Any other contributions as are agreed with the Trustee

Augmentations

In addition, the Employer will pay into the Plan the cost of providing enhanced benefits to members that are made redundant from the Employer. The cost will be calculated by the Scheme Actuary in line with the assumptions listed in the Statement of Funding Principles dated September 2018 (updated for market conditions) and will be payable within 30 days of the Trustee's request.

Signed on behalf of the Trustee

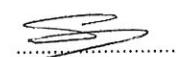
Signature: 

Name: T. K. O'CONNOR

Position: TRUSTEE

Date: 27 September 2018

Signed on behalf of the Employer

Signature: 

Name: SEAN WEST

Position: DIRECTOR OF TREASURY AND CORPORATE FINANCE

Date: 27 September 2018

Actuary's Certification of the Schedule of Contributions

Scheme Actuary's Certification

1. Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective could have been expected on 30 June 2017 to be met by the end of the period specified in the Recovery Plan dated September 2018.

2. Adherence to Statement of Funding Principles

I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated September 2018.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Plan's liabilities by the purchase of annuities, if the Plan were to be wound up.

Signature:



Date:

27 September 2018

Name:

Robert Bass

Qualification:

Fellow of the Institute
and Faculty of Actuaries

Address:

KPMG LLP
Arlington Business Park
Theale

Employer:

KPMG LLP

Report on Actuarial Liabilities (forming part of the Trustee's Report)

Under section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to, based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employers and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 30 June 2017. This showed that on that date:

The value of the technical provisions was: £259.2 million

The value of the assets was: £240.9 million

The method and significant actuarial assumptions used to determine the technical provisions are as follows: (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method to be used in the calculation of the technical provisions is the Projected Unit method.

Significant actuarial assumptions

Discount interest rate:	2.65%
Future Retail Price Inflation:	3.50%
Future Consumer Price Inflation:	2.50%
Pension increases:	RPI max 10%: 3.50%
	RPI max 5%: 3.30%
	RPI max 5%, min 3%: 3.80%
	CPI: 2.55%
	CPI max 3%: 2.10%
Mortality:	SAPS 2 tables (all lives), CMI 2016 improvements with a 1.5% p.a. long term trend.