

Arqiva Broadcast Holdings Limited

(formerly Macquarie UK Broadcast Holdings Limited)

Registered number 05254001

Annual Report and Consolidated Financial Statements

For the year ended 30 June 2011

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Directors' report and statement of Directors' responsibilities

The Directors of Arqiva Broadcast Holdings Limited (formerly Macquarie UK Broadcast Holdings Limited), registered company number 05254001, ('the Company') and its subsidiaries ('the Group') submit the following annual report and audited consolidated financial statements ('financial statements') in respect of the year ended 30 June 2011.

During the year the Company changed its name to Arqiva Broadcast Holdings Limited.

Business review and principal activities

The Group owns and operates a portfolio of communications infrastructure and provides television and radio transmission services, tower site rental to mobile network operators, media services and radio communications in the United Kingdom ('UK') and satellite services in the UK, Europe and the United States of America ('USA').

The Group has re-organised its business into three customer facing business units, supported by an operations division and central corporate functions. This has included strengthening the management team in key areas to enable the Group to focus on customer service, growth and efficiency. Key changes in the management team include the recruitment of a new Chief Executive Officer, Chief Financial Officer, Group Strategy and Business Development Director and two divisional Managing Directors, all of whom sit on the management board.

The business units within the Group comprise:

- Broadcast and Media ('B&M') is the sole provider of transmission services for all UK terrestrial TV broadcasters, including the new networks being built for the Digital Switch Over ('DSO'). Transmission is also provided for BBC Radio and most commercial radio stations. The satellite element of the business unit provides global communication platforms to enterprise, government and broadcast customers around the world. It owns and operates teleports at key locations, as well as owning an international terrestrial fibre network and extensive media facilities and leasing satellite capacity. These enable the Group to provide customers with a comprehensive range of services to deliver their data, broadcasts and media across the globe.
- Government, Mobile and Enterprise ('GME') provides cellular, wireless broadband, voice and data solutions for the mobile communications, public safety, local government and commercial markets. Arqiva is the largest independent provider of wireless tower sites in the UK and Ireland. With its own spectrum, the Group can provide complete mobile communications networks including backhaul links.
- The multiplex business was separated into a new operating business unit, Digital Platforms, with effect from 1 July 2011. The Group owns and operates two of the four main commercial digital terrestrial TV multiplexes, enabling major media companies to bring their TV and radio services to the Freeview platform.
- The Business Operations division provides engineering, delivery, monitoring and maintenance services to the whole of the Group, their focus being on service and efficiency.
- Central corporate functions include Strategy and Business Development, Finance, Legal and Commercial and Human Resources. In the past year the Group has significantly strengthened these areas in order to support the focus on growth, planning, efficiency and corporate finance activities.

The Company is a holding company with an investment in a sub group of operating companies.

In June 2011, the Group sold the trade and assets of its video on demand service 'SeeSaw'.

Terrestrial transmission services in the UK are transitioning from analogue and low power digital transmission service to a high power digital transmission service. The Group is delivering a significant and complex digital switchover engineering project (DSO) to provide Digital Terrestrial Television ('DTT') transmission services nationwide. The programme is currently running within plan parameters, with eight regions (Border, West Country, Granada, Wales, West, STV North, Channel Islands and STV Central) fully digital as at 30 June 2011. 39% of UK households were receiving high power digital transmission services as at 30 June 2011.

Arqiva Broadcast Holdings Limited (formerly Macquarie UK Broadcast Holdings Limited)

Annual Report and Consolidated Financial Statements - Year ended 30 June 2011

The Group delivered increased revenues of £826,414,000 (2010: £823,304,000), with a gross profit of £486,643,000 (2010: £454,372,000) and increased operating profit of £103,055,000 (2010: £89,328,000). After interest charges and exceptional items the results show a pre-tax loss of £259,672,000 (2010: £246,254,000). The Group has net current liabilities of £364,208,000 (2010: £319,714,000) and capital employed of £314,675,000 (2010: £73,130,000).

Key performance indicators ('KPIs')

The key measure of the Group's performance is EBITDA. EBITDA is defined as operating profit, before share of profit from joint ventures and associates, profit or losses on the disposal of fixed assets, depreciation, amortisation, interest and exceptional items. EBITDA for the year ended 30 June 2011 is £347,666,000 (2010: £330,333,000) an increase of 5.3%.

Business environment

The Group is the sole owner and operator of the UK's nationwide terrestrial TV infrastructure and the major owner and operator of the UK's Radio infrastructure. The Group's activities are key to the technological evolution from analogue to digital based services and critical to all TV and Radio broadcasters.

The Group is responsible for delivery of the DSO engineering project. The investment in this project is secured by long-term fixed or RPI linked contracts out to 2034 with high quality counterparties such as the BBC and ITV, securing long-term revenues. Terrestrial TV remains the platform of choice in the UK, at completion of the programme in 2013 it will cover 98.5% of the population.

The Group is the UK's largest independent provider of wireless towers, having leading positions in rural sites, which are critical to mobile network operators' contractual obligations to provide national coverage. The Group's tower portfolio is secured by RPI linked contracts with each of the largest operators. The mobile industry is experiencing significant growth in demand for mobile data, which is expected to fuel continued investment in mobile infrastructure. Planning restrictions create high barriers to entry, eliminating the risk of large scale competition. The anticipated release of spectrum for use in the mobile market is also expected to drive growth in revenue.

The public safety activities of the GME division have been affected by the recent cuts in government spending. The public safety business forms less than 4% of Group revenue and the Group has reacted to the reduced revenue in this area by reducing costs and exiting low margin contracts.

The Group holds spectrum licences for two of the four main commercial digital terrestrial TV multiplexes, selling space for channel programming on the Freeview platform. Since 2004, this has run at close to 100% utilisation with customers including Film4 and UKTV. Channel contracts vary in length but are usually between three and five years duration.

Dividends and transfers to reserves

The Company has declared no dividends in the year (2010: £nil). The Group has declared dividends of £15,000 (2010: £70,000)

The consolidated loss for the year of £250,555,000 (2010: £236,754,000) was transferred to reserves.

Future developments

It is the intention of the Company and the Group to continue to operate and invest in communications infrastructure.

Principal risks and uncertainties facing the business

The key business risks affecting the Group are set out below; however the Group has long term contracts in place with a number of significant blue chip customers which contributes to the Group's long term stability.

- Completion of the DSO programme by 2013. This risk is mitigated by regular monitoring of key milestones per site. The project remains on schedule.
- Demand for wireless communications and impact on demand for access to the Group's towers. Significant amounts of capital expenditure have been invested in developing the wireless communications infrastructure in the UK. The Group's wireless tower portfolio (the largest independent portfolio in the UK) is essential to the UK's mobile network operators, and also provides radio communication services to enterprise and emergency organisations. The demand for mobile data continues to grow and indications are that spectrum capacity, and antenna deployments, will need to increase to cope with this demand. The Group continues to closely monitor the development of wireless technology and network deployment activities by mobile network operators, and involves itself in trials such as White Space technology.
- Network sharing activity amongst the mobile network operators. The Group's sites are predominantly located in rural and suburban areas. Their location exclusivity and restrictive planning regulations creates significant barriers to mobile network operators reducing their presence on Arqiva's portfolio. Arqiva continues to closely monitor the development of wireless technology and network deployment activities by the mobile network operators. The Group seeks to protect itself by negotiating long term contracts where it makes itself the focal point for consolidation, and facilitates the mobile network operators consolidation in return for protection of its revenue streams.
- Delivery of DTT Managed Transmission Service contracts with TV broadcasters. Performance is closely monitored against the service level agreements in place to ensure delivery to the required standard.
- Developments in alternative broadcast technologies, such as broadband internet connected TV, which competes against the Group's DTT transmission business. The Group has mitigated some of this risk by investing in YouView TV Limited, a joint venture formed to develop and promote the DTT platform. DTT retains the largest share of broadcast transmission in the UK.

Going concern

On a consolidated basis the Group has net liabilities and net current liabilities. The Group adopts the going concern basis in preparing its consolidated financial statements based on future profit, cash flows and available facilities, which lead the Directors of the Company to have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. The Group had a net cash inflow from operating activities of £299,864,000 in the year (2010: £313,102,000).

The Company is in a net asset position and has net current assets of £1,492,675,000.

Creditor payment policy

The Group seeks to treat all of its suppliers fairly and it is the Group's policy to agree the terms of payment at the start of business with that supplier, ensure that suppliers are aware of the terms of payment and to pay in accordance with its contractual and other legal obligations. Trade creditor days are 51 days (2010: 46 days).

Financial risk management

The Group's operations expose it and the Company to a variety of financial risks that include price risk, credit risk, liquidity risk, cash flow interest risk and foreign exchange risk. The Group's risk management programme seeks to minimise potential adverse effects as set out below.

Price risk

Energy is a major component of the Group's cost base. A large proportion of this is managed via pass-through arrangements to customers. The Group's residual exposure to fluctuations in the electricity price is managed by forward purchasing the majority of power requirements.

Credit risk

The Group is exposed to credit risk on customer receivables which is managed through appropriate credit checking procedures prior to taking on new customers, higher risk customers paying in advance of services being provided, and the generally low risk nature of the majority of the customer portfolio.

Liquidity risk

The Group uses medium term committed debt facilities to ensure the Group has sufficient available funds for operations and planned growth. In addition, at 30 June 2011 the Group had £74,300,000 available working capital facilities to cover short term cash flow timing differences if required. The Group maintains cash reserves and access to undrawn committed facilities to cover forecast requirements.

Cash flow interest risk

The Group has variable rate bank debt and uses interest rate and inflation swaps to hedge its exposure to rising interest rates. The Group maintains a hedging policy to manage interest rate risk and to ensure the certainty of future interest cash flows. It currently has fixed rate hedging, split equally between interest rate swaps and inflation swaps. Interest rate swaps convert variable rate interest costs to fixed rate interest costs while inflation swaps convert variable rate interest costs to RPI-linked costs, which fluctuate in line with the RPI index as do a proportion of the Group's revenue contracts.

Foreign exchange risk

The Group operates from UK sites and predominantly in the UK market, but has some transactions denominated in foreign currency. While some customer and supplier contracts are denominated in other currencies (US Dollars and Euros), the majority of the Group's revenues and costs are sterling based, and accordingly exposure to foreign exchange risk is low. Management regularly monitor the impact of foreign exchange risks and assess the need to put any mitigating financial instruments in place. During the year, forward foreign exchange contracts were used to fix the exchange rate for certain overseas revenue contracts.

Environment

The Group recognises that its activities and those of its subsidiaries impact on the environment to some degree, and aims to reduce negative impacts through a system of active environmental management. The Group aims to:

- comply with current and future legislative requirements, encourage best environmental practice and commit to continual improvement;
- fulfil applicable landscape and ecological commitments;
- minimise pollution from its activities;
- plan the contingency / emergency response for major incidents with other environmental stakeholders, to minimise environmental impact;
- engender within its staff, and as far as practicable its contractors, a culture of awareness and responsibility for relevant environmental issues by promoting its environmental policy internally;
- continue to develop the environmental management system to support these aims; and
- promote its environment-friendly credentials as widely as possible.

Health and safety

The Group is committed to complying with applicable health and safety legislation, and to continual improvement in achieving a high standard of health, safety and welfare in its operations and for all those in the organisation and others who may be affected by its activities.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and the appropriate training arranged. It is the policy of the Group that the training, career development and promotion of a disabled person, should, as far as possible, be identical to that of a person who does not suffer from a disability.

The Group's employee forums provide an effective channel for communication and collective consultation across the company. They play an important role in enabling employees to help the Group manage change effectively. The goals of each forum are to act as the formal staff consultative body for its part of the business within Arqiva, provide a voice to management on employee issues, initiate and support division-wide social activities, and promote consultation and sharing of information. The Group Employee Forum comprises representatives of all the local forums. This forum provides an effective channel for communication and collective consultation on issues that affect the whole Group.

In the past year the Group intranet 'Connect', has been relaunched. This has improved the volume and quantity of information available to employees on all matters including company performance, and issues affecting our industry. Our quarterly employee magazine 'IQ' has continued to develop and includes business news, information on special projects, people profiles, environmental and charity initiatives and competitions.

The Company itself has no employees (2010: none).

Directors

The following held office as Directors of the Company during the year and up to the date of this report:

- Peter Shore
- Christian Seymour
- Alain Carrier
- Daniel Fetter
- Edward Beckley (Appointed 26 November 2010)
- Damian Walsh (Appointed 29 November 2010)
- Peter Douglas (Appointed 28 January 2011)
- Adrianus Wamsteker (alternate)
- Andreas Kottering (alternate)
- Marc Perusat (alternate)
- Robert Wall (alternate) (Appointed 4 August 2010)
- Graeme Bevans (Resigned 16 July 2010)
- Martin Stanley (Resigned 26 November 2010)

Disclosure of information to the Independent Auditors

The Directors of the Company in office at the date of approval of this report confirm that:

- so far as the Directors are aware there is no relevant audit information of which the Auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Walker Report

In November 2007, Sir David Walker published the Guidelines for Disclosure and Transparency in Private Equity ('Walker Report') which recommends enhanced disclosure by portfolio companies of private equity firms. The Company is a portfolio company as defined by the Walker Report and the Directors have given the following additional disclosures within the Directors' report in accordance with the recommendations of the Walker Report.

The Company is owned by a consortium of eight shareholders including Canada Pension Plan Investment Board, Macquarie European Infrastructure Funds, other Macquarie funds and minorities. There is no ultimate controlling party of the Company, as defined by FRS 8 'Related party disclosures'.

There are two investor companies which are related parties with the Group, in accordance with FRS 8, by virtue of significant shareholding in the Group:

- Frequency Infrastructure Communications Assets Limited (formerly CPPIB International Communications Assets Limited), a company controlled by the Canada Pension Plan Investment Board. The Canada Pension Plan Investment Board is a professional investment management organisation based in Toronto which invests the assets of the Canada Pension Plan. The Canada Pension Plan Investment Board was incorporated as a federal Crown corporation by an Act of Parliament in December 1997.
- Macquarie European Infrastructure Fund II, an investment fund managed by the Macquarie Group. Macquarie European Infrastructure Fund II is a wholesale investment fund focusing on investments in high-quality infrastructure businesses across Europe. Macquarie Group Limited is listed in Australia (ASX:MQG ADR:MQBKY).

The senior executives who oversee the Company on behalf of the private equity consortium are as follows:

<i>Frequency Infrastructure Communications Assets Limited:</i>	<i>Macquarie European Infrastructure Fund II:</i>
- Alain Carrier	- Peter Shore
- Daniel Fetter	- Edward Beckley
- Peter Douglas	- Marc Perusat (alternate)
- Andreas Kottering (alternate)	
- Robert Wall (alternate)	

All remaining Directors are appointed by the other shareholders within the consortium.

Charitable donations

During the year, the Group made charitable donations of £49,000 (2010: £7,000). All contributions were made as part of a matched funding scheme to match employee fundraising for charitable events up to £500 per employee.

Research and development

The Group performs research and development into new products and technology. Development costs are capitalised in accordance with the Group's accounting policy. The research and development costs expensed in the year total £nil (2010: £24,000).

Freehold land and buildings

The difference between the market value of the Group's land and buildings and the carrying amount is a lower market value by £82,748,000 (2010: £124,910,000). This is based upon a market valuation completed as at 30 June 2010, uplifted by the percentage increase in the FTSE UK commercial property index to 30 June 2011. The Directors are comfortable that the carrying value of the assets in the financial statements is supported by their value in use to the business.

Overseas branches

The Group has branches based in the Republic of Ireland, Isle of Man and Jersey.

Directors' indemnities

The Group maintains liability insurance for the Company Directors and officers. Following shareholder approval, the Company has also provided an indemnity for its Directors and the Company Secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 the Group 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 the Group 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 Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board



Michael Giles
Company Secretary
Crawley Court
Crawley
Winchester
Hampshire
SO21 2QA

21 October 2011

Independent Auditors' report to the Members of Arqiva Broadcast Holdings Limited (formerly Macquarie UK Broadcast Holdings Limited)

We have audited the Group and parent company financial statements (the 'financial statements') of Arqiva Broadcast Holdings Limited (formerly Macquarie UK Broadcast Holdings Limited) for the year ended 30 June 2011, which comprise the consolidated profit and loss account, the consolidated balance sheet, the statement of group total recognised gains and losses, the consolidated cash flow statement, the company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of Directors and Auditors

As explained more fully in the statement of Directors' responsibilities set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's Members as a body in accordance with chapter 3 of part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 30 June 2011 and of the Group's loss and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Alan Kinnear (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton

26 October 2011

Consolidated profit and loss account

	Note	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Turnover (including share of joint venture):			
Continuing operations		830,748	824,919
Discontinued operations		709	130
Total turnover (including share of joint venture)		831,457	825,049
Less: share of joint ventures' turnover		(5,043)	(1,745)
Group turnover	2	826,414	823,304
Cost of sales		(339,771)	(368,932)
Gross profit		486,643	454,372
Administrative expenses		(383,588)	(365,044)
Operating profit / (loss)			
Continuing operations		112,829	101,593
Discontinued operations		(9,774)	(12,265)
Group operating profit	3	103,055	89,328
Share of operating loss in joint venture and associates		(333)	(744)
Total operating profit: Group and share of joint venture and associates		102,722	88,584
Income from shares in group undertakings		72	126
Exceptional items - Fundamental reorganisation		(8,801)	(4,180)
Exceptional items - Loss on disposal of assets		(2,136)	-
Total non-operating profit exceptional items	4	(10,937)	(4,180)
Profit on ordinary activities before taxation and interest		91,857	84,530
Interest receivable and similar income	7	680	1,164
Interest payable and similar charges	8	(367,846)	(333,302)
Exceptional items - Financing	4	15,637	1,354
Loss on ordinary activities before taxation		(259,672)	(246,254)
Tax on loss on ordinary activities	9	9,244	9,641
Loss on ordinary activities after taxation		(250,428)	(236,613)
Equity minority interests		(127)	(141)
Loss for the financial year	21,22	(250,555)	(236,754)

There is no material difference between losses on ordinary activities for the year above and the comparative year and their historical cost equivalent.

Consolidated balance sheet

	Note	30 June 2011 £'000	30 June 2010 £'000
Fixed assets			
Intangible assets	11	2,304,118	2,459,618
Tangible assets	12	1,565,516	1,480,979
Investments	13		
<i>Investments in joint venture</i>			
- Share of gross assets		20,224	3,970
- Share of gross liabilities		(21,606)	(5,019)
- Goodwill on acquisition		5,849	5,849
<i>Investments in associated undertakings</i>			
		110	110
		<u>4,577</u>	<u>4,910</u>
		3,874,211	3,945,507
Current assets			
Debtors	14	188,821	170,894
Cash at bank and in hand	15	52,744	94,766
Total current assets		<u>241,565</u>	<u>265,660</u>
Creditors: amounts falling due within one year	16	(605,773)	(585,374)
Net current liabilities		<u>(364,208)</u>	<u>(319,714)</u>
Total assets less current liabilities		<u>3,510,003</u>	<u>3,625,793</u>
Creditors: amounts falling due after more than one year	17	(3,769,898)	(3,625,165)
Provisions for liabilities and charges	18	(57,444)	(64,902)
Net liabilities excluding pension asset / (deficit)		<u>(317,339)</u>	<u>(64,274)</u>
Pension asset / (deficit)	27	2,664	(8,856)
Net liabilities including pension asset / (deficit)		<u>(314,675)</u>	<u>(73,130)</u>
Capital and reserves			
Called up share capital	19	653,928	653,928
Share premium account	20	315,638	315,638
Profit and loss reserve	21	(1,284,573)	(1,042,901)
Total shareholders' deficit	22	<u>(315,007)</u>	<u>(73,335)</u>
Minority interest		332	205
Capital employed		<u>(314,675)</u>	<u>(73,130)</u>

The accounting policies and notes on pages 13 to 37 form part of these financial statements.

These financial statements were approved by the Board of Directors on 21 October 2011 and were signed on its behalf by:


Peter Shore – Director


Alain Carrier – Director

Statement of group total recognised gains and losses

	Year ended 30 June 2011	Year ended 30 June 2010
	£'000	£'000
Loss for the financial year	(250,555)	(236,754)
Actuarial gain / (loss) on pension schemes	12,500	(6,060)
Exchange adjustment offset in reserves (translation of foreign investments)	(352)	(100)
Movement on deferred tax relating to pension asset / (liability)	(3,250)	1,697
Total recognised losses for the year	(241,657)	(241,217)

Consolidated cash flow statement

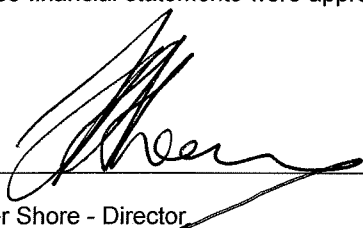
	Note	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
Net cash inflow from operating activities	23	299,864	313,102
Dividends from associates		198	1,652
Returns on investment and servicing of finance			
Interest received		658	661
Interest paid		(162,903)	(162,255)
Interest element of finance lease rentals		(1,216)	(1,244)
		(163,461)	(162,838)
Tax paid		(1,392)	(516)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(176,936)	(205,699)
Purchase of intangible fixed assets		-	(2,976)
Purchase of financial instrument		(3,000)	-
Sale of tangible fixed assets		3,031	-
		(176,905)	(208,675)
Acquisitions and disposals			
Purchase of subsidiary undertakings		(2,082)	(3,264)
Cash acquired with subsidiary undertakings		-	2,077
		(2,082)	(1,187)
Equity dividends paid		(85)	-
Financing			
Finance lease capital		(386)	(765)
Loans to associates and joint ventures		(288)	(2,388)
Repayment of external borrowings		(170,795)	(5,464)
Increase in external borrowings		173,310	133,647
		1,841	125,030
(Decrease) / increase in cash	24	(42,022)	66,568
Reconciliation of net cash flow to movement in net debt			
Net debt at 1 July		(3,499,465)	(3,369,623)
(Decrease) / increase in net cash		(42,022)	66,568
Movement in financing		(1,841)	(125,030)
Other non-cash changes		(77,939)	(71,380)
Net debt at 30 June	24	(3,621,267)	(3,499,465)

Company balance sheet

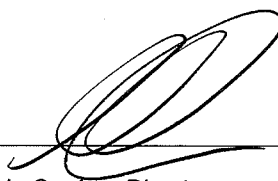
	Note	30 June 2011 £'000	30 June 2010 £'000
Fixed assets			
Investments	13	1,000	1,000
Current assets			
Debtors	14	1,495,251	1,295,053
Cash at bank and in hand	15	18,370	69,563
Total current assets		1,513,621	1,364,616
Creditors: amounts falling due within one year	16	(20,946)	(20,986)
Net current assets		1,492,675	1,343,630
Total assets less current liabilities		1,493,675	1,344,630
Capital and reserves			
Called up share capital	19	653,928	653,928
Share premium account	20	315,638	315,638
Profit and loss reserve	21	524,109	375,064
Total shareholders' funds	22	1,493,675	1,344,630

The accounting policies and notes on pages 13 to 37 form part of these financial statements.

These financial statements were approved by the Board of Directors on 21 October 2011 and were signed on its behalf by:



Peter Shore - Director



Alain Carrier - Director

Notes to the financial statements

1 Principal accounting policies

The following accounting policies have been applied consistently in relation to the Group's and Company's financial statements:

(a) Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable UK accounting standards under the historical cost convention. The Company is exempt under s408 of the Companies Act 2006 from the requirement to present its own profit and loss account. The Company made a profit for the year of £149,045,000 (2010: £158,424,000) prior to dividends paid of £nil (2010: £nil).

(b) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company, as at 30 June 2011, and the results of all controlled entities for the year then ended.

Businesses acquired, previously held externally to the Group, are accounted for as acquisitions with effect from the date control passes. Those disposed of are accounted for up until the date of disposal. Intra group profits have been eliminated. Undertakings, other than subsidiary undertakings, in which the Group has an investment representing not less than 20% of the voting rights and over which it exerts significant influence are treated as associated undertakings. Associates are accounted for using the equity method of accounting in accordance with FRS 9 'Associates and joint ventures'. Joint ventures are accounted for using the gross equity method. The consolidated financial statements include the appropriate share of those undertakings' results and reserves.

(c) Going concern

The Group adopts the going concern basis in preparing its consolidated financial statements based on future profit, cash flows and available facilities, which lead the Directors of the Company to have a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future. During the year, the Group had a net cash inflow from operating activities of £299,864,000.

The Company is in a net asset position and has net current assets.

(d) Tangible fixed assets and depreciation

Tangible fixed assets are stated at original purchase cost (which includes costs directly attributable to bringing the assets into working condition), being fair value for acquired subsidiaries, less accumulated depreciation and any provision for impairment.

In accordance with FRS 15 'Tangible fixed assets', directly attributable finance costs are capitalised where assets take a significant period of time to become ready for use.

Depreciation is provided on a straight line basis at rates calculated to write off the cost or valued amount, less estimated residual value, of assets over their estimated useful lives. The useful economic lives of the assets have been determined taking into account the expected rate of technological developments, market requirements and expected use of the assets. The selected depreciation rates are regularly reviewed to ensure they remain appropriate to the Group's circumstances.

Asset Description	Estimated Useful Life
Freehold buildings	60 – 70 years
Leasehold buildings	Length of lease
Plant and equipment	
- Communications infrastructure network	8 – 100 years
- Network computer equipment	3 – 20 years
- Motor vehicles	3 – 5 years

Freehold land is not depreciated.

(e) Turnover

The Group's accounting policy in respect of turnover is set out in note 2.

(f) Intangible fixed assets and amortisation

The economic useful lives of intangible fixed assets are reviewed on an annual basis and revised if required, and consideration is made of whether there has been any indicator of impairment.

Development costs

Development costs incurred on development of products and services within the Group are capitalised in accordance with SSAP 13 'Accounting for research and development' and are amortised from the commencement of service over the life of the relevant contract.

Licences

Licences acquired to operate radio services are capitalised and amortised on a straight line basis over their licence period.

Goodwill

Purchased goodwill is capitalised and amortised on a straight line basis over its estimated useful life, which is considered to be no longer than 20 years. The Group capitalises costs associated with the acquisition of subsidiaries within goodwill.

Access rights

Access rights are valued on acquisition and amortised on a straight line basis over their expected useful life.

(g) Fixed asset investments

Fixed asset investments are stated at cost less any provision for impairment in value, in accordance with FRS 11 'Impairment of fixed assets and goodwill'.

(h) Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rates ruling at the balance sheet date and any exchange differences arising are taken to the profit and loss account. Exchange differences on translation of overseas operations are recognised through the 'Statement of group total recognised gains and losses'.

(i) Leasing commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, are capitalised in the balance sheet and depreciated over their useful economic lives or the lease term, if shorter.

The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

Operating lease payments for assets leased from third parties are charged to the profit and loss account on a straight line basis over the period of the lease.

Equipment leased to customers under finance leases is deemed to be sold at normal selling price and this value is taken to turnover at the inception of the lease. Debtors under finance leases represent outstanding amounts due under these agreements, less finance charges allocated to future periods. Finance lease interest is recognised over the primary period of the lease so as to produce a constant rate of return on the net cash investments.

(j) Taxation and deferred taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided fully in respect of all timing differences using the liability method for timing differences where there is an obligation to pay more tax, or a right to pay less tax, in the future. The provision is calculated using the rates expected to be applicable when the asset or liability crystallises based on current tax rates and laws that have been enacted or substantively enacted at the balance sheet date. A deferred tax asset is regarded as recoverable and therefore recognised only when it is more likely than not that there will be sufficient taxable profits against which to recover carried forward tax losses and from which the future reversal of timing differences can be deducted. Deferred tax is not recognised on revalued fixed assets until a binding agreement is in place to sell such assets and the resulting gain or loss has been recognised in the financial statements. Deferred tax is measured on an undiscounted basis.

(k) Provisions

The provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Decommissioning provisions are recognised within provisions for liabilities and charges and included within fixed assets, where the costs of dismantling assets are considered material. The amounts recognised within fixed assets are depreciated over the useful economic life of the asset. The provisions are discounted to reflect the time value of money where material.

(l) Borrowings

Borrowings are stated at their issue proceeds, net of issue costs, less amounts repaid. Issue costs are amortised over the term of the borrowing to achieve a constant rate on the carrying amount. Interest on the borrowings is recognised as an expense as it accrues over the period of the loan, unless capitalised as noted in policy (d).

(m) Post retirement benefits

Defined contribution schemes

For defined contribution schemes, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable for the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Defined benefit schemes

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and terms to the scheme liabilities.

Any defined benefit asset or liability is presented separately on the face of the balance sheet and net of deferred tax.

(n) Cash at bank and in hand

Cash at bank and overnight deposits are disclosed within cash at bank.

(o) Interest

Interest income and expense are accounted for on an accruals basis and comprise amounts receivable on deposits and payable on borrowings and finance leases.

(p) Derivative financial instruments

The Group uses interest rate and inflation swaps to reduce its exposure to fluctuations in variable interest rates on its debt. Receipts, payments and accreting liabilities on interest rate and inflation swaps are recognised on an accruals basis, over the life of the instrument. Changes in the fair value of such derivatives are not recognised. Amounts received and paid under interest rate and inflation swaps are shown net under financing costs, where they are part of the same legal agreement and settled net in practice.

(q) Share issue costs

In accordance with the provision contained in FRS 4 'Capital instruments', all issue costs (as defined within the meaning of FRS 4) are accounted for as a deduction in the proceeds of the relevant capital instruments.

2 Turnover and segmental reporting

Turnover, which is stated net of value added tax, includes the value of charges made for transmission services, distribution services, products, facilities leasing, research and development contracts, external network services to national and international telecommunication operators, other contracts, rents from properties, capital works contributions from third parties and charges made under site sharing agreements.

Turnover is recognised as services are provided. Cash received in advance from customers is taken to deferred income and recognised as turnover when service is provided. Turnover recognised in advance of cash received is taken to accrued income.

The Group has not disclosed segmental analysis in the financial statements as all revenue is derived from a shared infrastructure network common to all operating business units. Therefore, in the view of the Directors, the Group has only one class of business.

The geographical split of turnover is shown below:

	Group Year ended 30 June 2011 £'000	Group Year ended 30 June 2010 £'000
UK	698,810	684,422
Continental Europe	78,636	77,508
Rest of world	48,968	61,374
Group turnover	826,414	823,304

3 Operating profit

Operating profit is stated after charging / (crediting):

	Group Year ended 30 June 2011 £'000	Group Year ended 30 June 2010 £'000
Depreciation of owned fixed assets	88,622	79,656
Depreciation of assets held under finance lease	586	840
Amortisation of goodwill in respect of subsidiaries	153,154	153,051
Amortisation of intangible assets	2,249	7,441
Impairment of financial instrument	3,000	-
Operating lease rentals:		
- Land, buildings and other infrastructure	44,165	49,033
- Other	1,228	1,087
Loss on disposal of tangible fixed assets	-	17
Research and development	-	24
Foreign exchange losses / (gains)	1,301	(1,035)

In June 2011, the Group sold the trade and assets of its video on demand service 'SeeSaw'. SeeSaw had provided an advertising video-on-demand service and a transactional video-on-demand service. The amount included within operating profit for the year ended 30 June 2011 was a loss of £9,774,000 (2010: £12,265,000). Net assets sold as part of this transaction were £3,150,000.

Services provided by the Group's Auditors and network firms

During the year the Group obtained the following services from the Group's Auditors at costs as detailed below:

	Group Year ended 30 June 2011 £'000	Group Year ended 30 June 2010 £'000
Fees payable to Company Auditors for the audit of parent company and consolidated financial statements	56	57
Fees payable for the audit of the Company's subsidiaries	344	393
Non-audit services		
Other audit services	210	447
Services relating to taxation	74	90
Services relating to transaction advice	399	142
All other services	209	211
Total cost of Auditors	1,292	1,340

4 Exceptional items

The non-operating exceptional items in the year to 30 June 2011 comprised of costs resulting from a fundamental reorganisation of Group operations of £8,801,000 (2010: £4,180,000) and the loss on disposal of assets of £2,136,000 (2010: £nil). The aggregate tax impact of these items was £2,420,000 (2010: £1,170,000). There was also a non-cash gain on the early settlement of a financial liability of £15,637,000 (2010: £1,354,000).

5 Staff costs

The Company had no employees during the year (2010: none). The average monthly number of persons employed by the Group during the year was as follows:

	Group Year ended 30 June 2011 Number	Group Year ended 30 June 2010* Number
Broadcast and Media	486	570
Government, Mobile and Enterprise	107	99
Business Operations	1,115	1,121
Corporate Support	272	253
Total staff numbers	1,980	2,043

* Figures reclassified to new categories

The aggregate payroll costs of these persons were as follows:

	Group Year ended 30 June 2011 £'000	Group Year ended 30 June 2010 £'000
Wages and salaries	116,720	117,555
Social security costs	11,517	12,188
Other pension costs	9,743	9,811
Total staff costs	137,980	139,554

6 Directors' emoluments

During the year, one Director (2010: two) was an employee of Arqiva Limited.

Twelve of the Directors (2010: nine) were representatives of the Company's shareholders and their individual remuneration reflects the services they provide to the Company, its subsidiaries and a number of other entities outside of the Group. It is therefore not possible to make an accurate apportionment of each Director's emoluments in respect of each of their service to the Company and the Group. Accordingly, the details set out in the table below include no emoluments in respect of these Directors services.

One of the Directors (2010: none) was a representative of the Company's shareholders and their individual remuneration reflects the services they provide to the Company, its subsidiaries and certain other entities outside of the Group. It is however possible to make an accurate apportionment of the Director's emoluments in respect of their service to the Group. Accordingly, this is taken into account in providing the following disclosure:

	Group Year ended 30 June 2011 £'000	Group Year ended 30 June 2010 £'000
Aggregate emoluments	44	3

The Group incurred costs of £nil (2010: £nil) in respect of amounts recharged from the Directors' employer companies for the direct costs of Directors attending board meetings during the year.

7 Interest receivable and similar income

	Group Year ended 30 June 2011 £'000	Group Year ended 30 June 2010 £'000
Bank interest	385	299
Finance lease interest receivable	203	283
Other interest	92	582
Total interest receivable	680	1,164

8 Interest payable and similar charges

	Group Year ended 30 June 2011 £'000	Group Year ended 30 June 2010 £'000
Bank loan interest	235,156	219,695
Less: Capitalised interest	(3,458)	(3,488)
Net bank loan interest	231,698	216,207
Amortisation of debt issue costs	16,916	12,181
Finance lease interest	1,216	1,244
Shareholder loan note interest	106,009	93,112
Other interest	12,007	10,558
Total interest payable	367,846	333,302

Included within bank loan interest is the interest associated with the interest rate and inflation swaps (see note 17).

The shareholder loan notes carry a fixed interest rate of 13%, which can be deferred at the option of the Group.

9 Tax on loss on ordinary activities

	Group Year ended 30 June 2011 £'000	Group Year ended 30 June 2010 £'000
(a) Analysis of tax credit for the year		
Current tax		
UK corporation tax from prior year	-	(1,743)
Overseas tax	636	796
Overseas tax from prior year	-	205
Total current tax	636	(742)
Deferred tax		
Origination and reversal of timing differences	(6,330)	(11,077)
Recognition of deferred tax on losses	-	(9,502)
Deferred tax on pension liability charged to profit and loss account	884	1,064
Impact of rate change	(412)	-
Prior year adjustment	(4,022)	10,616
Total deferred tax	(9,880)	(8,899)
Tax on loss on ordinary activities	(9,244)	(9,641)

(b) Factors affecting the current tax charge / (credit) for the year:

The tax charge / (credit) assessed for the year is less than the standard rate of tax in the UK (27.5%). The differences are explained below:

Loss on ordinary activities before taxation	(259,672)	(246,254)
Loss before taxation multiplied by standard rate of corporation tax in the United Kingdom of 27.5% (2010: 28%)	(71,410)	(68,951)
Expenses not deductible for tax purposes	1,276	1,899
Amortisation of goodwill	42,117	42,854
Depreciation in excess of capital allowances	8,071	12,842
Non qualifying depreciation	3,361	(2,878)
Non-deductible loan note interest	19,935	18,120
Associate / joint venture expense with no tax applicable	92	208
Income not subject to corporation tax	(1,066)	(416)
Utilisation of unrecognised tax losses	(74)	(205)
Utilisation of recognised tax losses	(1,375)	(1,301)
Other timing differences	(963)	(1,528)
Prior year adjustment	-	(1,538)
Loss on disposal of fixed assets	553	-
Overseas tax rate in excess of the UK tax rate	119	152
Total current tax	636	(742)

The UK corporation tax rate was reduced from 28% to 26% effective from 1 April 2011. Therefore for the purpose of this tax reconciliation an average tax rate of 27.5% has been used.

There has been a stated intention to reduce the UK corporation tax rate in future years (see note 18).

10 Dividends

Equity dividends – Ordinary shares	Group	Group	Company	Company
	Year ended	Year ended	Year ended	Year ended
	30 June 2011	30 June 2010	30 June 2011	30 June 2010
	£'000	£'000	£'000	£'000
Now Digital (East Midlands) Limited				
Interim dividend declared on 24 June 2010 of £10 per share	-	48	-	-
South West Digital Radio Limited				
Interim dividend declared on 19 April 2011 of £4.50 per share (2010 of £6.50 per share)	15	22	-	-
Total dividends	15	70	-	-

11 Intangible assets

Group	Licences	Development costs	Access rights	Goodwill	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 July 2010	3,638	925	15,754	3,048,111	3,068,428
Disposals	-	-	(334)	-	(334)
At 30 June 2011	3,638	925	15,420	3,048,111	3,068,094
Accumulated amortisation					
At 1 July 2010	1,393	520	11,416	595,481	608,810
Charged in the year	352	231	1,666	153,154	155,403
Disposals	-	-	(237)	-	(237)
At 30 June 2011	1,745	751	12,845	748,635	763,976
Net book value					
At 30 June 2011	1,893	174	2,575	2,299,476	2,304,118
At 30 June 2010	2,245	405	4,338	2,452,630	2,459,618

Development costs in respect of products and services that are being developed by the Group are being capitalised in accordance with SSAP 13. These are amortised over their expected useful life once the product or service has been commercially launched.

Acquisition of the Digital Group

On 21 July 2009 the Group increased its shareholding in Digital One Limited ('D1') from 36.7% to 100%. D1 holds and operates the national commercial digital radio multiplex. As part of the same transaction the Group acquired 100% of the ordinary shares in Now Digital (Southern) Ltd ('NDSL') and 100% of the ordinary shares in Now Digital Ltd ('NDL'). NDSL and NDL hold and operate a number of regional DAB multiplex licences. NDL holds 52.5% of Now Digital (East Midlands) Limited and 66.7% of South West Digital Radio Limited. As part of this acquisition a 12% investment in the radio multiplex MXR was also acquired via MXR Holdings Limited. The fair value of assets and liabilities acquired have been finalised in the year and no changes were made to the fair value recorded and disclosed in the 2010 financial statements.

12 Tangible assets

Group	Freehold land and buildings	Short leasehold land and buildings	Plant and equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 July 2010	389,447	52,932	1,275,179	1,717,558
Reclassification	(7,425)	(2,746)	10,171	-
Additions	18,399	5,203	155,184	178,786
Disposals	-	-	(13,355)	(13,355)
At 30 June 2011	400,421	55,389	1,427,179	1,882,989
Accumulated depreciation				
At 1 July 2010	14,951	5,672	215,956	236,579
Reclassification	(3,139)	(2,408)	5,547	-
Charge for the year	1,474	1,358	86,376	89,208
Disposals	-	-	(8,314)	(8,314)
At 30 June 2011	13,286	4,622	299,565	317,473
Net book value				
At 30 June 2011	387,135	50,767	1,127,614	1,565,516
At 30 June 2010	374,496	47,260	1,059,223	1,480,979

The Group's fixed and other assets have been pledged as security under fixed and floating charges provided under the terms of borrowing agreements entered into by the Group (see note 26).

Included above is £320,003,000 (2010: £287,172,000) of capital work in progress.

Borrowing costs relating to the DSO project were capitalised during the year totalling £3,458,000 (2010: £3,488,000) at a capitalisation rate of 2.6% (2010: 2.3%). The aggregate amount of finance costs included in the cost of tangible fixed assets totals £18,362,000 (2010: £14,904,000).

Freehold land included above but not depreciated amounts to £85,736,000 (2010: £85,120,000)

Assets held under finance leases, capitalised and included within fixed assets are shown in the table below:

	Land and buildings	Other
	£'000	£'000
Cost	10,907	1,603
Accumulated depreciation	(2,457)	(1,603)
Net book value		
At 30 June 2011	8,450	-
At 30 June 2010	8,897	139

Arqiva Broadcast Holdings Limited (formerly Macquarie UK Broadcast Holdings Limited)

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13 Investments

The Company's significant investments (held indirectly unless stated) are shown below:

Company	Country of incorporation	Principal activities	Year end	Percentage of ordinary shares held
Arqiva Financing No 3 Plc (formerly Macquarie UK Broadcast Services Plc) - held directly	United Kingdom	Holding company	30-June	99.99%
Arqiva Financing No 2 Limited (formerly Macquarie UK Broadcast Enterprises Limited)	United Kingdom	Holding company	30-June	100%
Arqiva Financing No 1 Limited (formerly Macquarie UK Broadcast Ventures Limited)	United Kingdom	Holding company	30-June	100%
Arqiva UK Broadcast Holdings Limited (formerly Macquarie UK Broadcast Limited)	United Kingdom	Holding company	30-June	100%
MUKBL Digital Limited	United Kingdom	Holding company	30-June	100%
MUKBL Digital Radio Limited	United Kingdom	Holding company	30-June	100%
Arqiva Limited	United Kingdom	Transmission services	30-June	100%
Arqiva Inc	USA	Satellite transmission services	30-June	100%
Arqiva SRL	Italy	Satellite transmission services	30-June	100%
Arqiva SAS	France	Satellite transmission services	30-June	100%
Macropolitan Limited	United Kingdom	Site management	30-June	100%
Arqiva Telecoms Investment Limited	United Kingdom	Holding company	30-June	100%
Arqiva Holdings Limited	United Kingdom	Holding company	30-June	100%
Arqiva Services Limited	United Kingdom	Transmission services	30-June	100%
Arqiva No 2 Limited	United Kingdom	Transmission services	30-June	100%
Arqiva No 3 Limited	United Kingdom	Transmission services	30-June	100%
Lattice Telecommunications Asset Development Company Limited	United Kingdom	Telecommunications infrastructure	30-June	100%
Arqiva Aerial Sites plc	United Kingdom	Management of aerial sites	30-June	100%
JFMG Limited	United Kingdom	Spectrum and transmission management	30-June	100%
Digital One Limited	United Kingdom	Transmission services	30-June	100%
Now Digital Limited	United Kingdom	Transmission services	30-June	100%
Now Digital (Southern) Limited	United Kingdom	Transmission services	30-June	100%
Now Digital (East Midlands) Limited	United Kingdom	Transmission services	30-June	52.5%
South West Digital Radio Limited	United Kingdom	Transmission services	30-June	66.67%
Primrose No.1 Limited – held directly	United Kingdom	Investment company	30-June	100%
Arqiva Swing Limited (formerly SeeSaw IPTV Limited, formerly SeeSaw IPTV No 2 Limited) - held directly	United Kingdom	Video-on-demand services	30-June	100%
Arqiva (Scotland) Limited	United Kingdom	Transmission services	30-June	100%
Joint ventures:				
Arts Alliance Media Investment Limited	British Virgin Islands	Digital cinema distribution	30-June	16.4%
YouView TV Limited (formerly Canvas Pro Term Limited)	United Kingdom	Open source IPTV development	31-March	14.3%
Associate undertakings:				
Muxco Limited	United Kingdom	Bidding for UK DAB digital radio multiplex licences	31-Dec	25%
DTV Services Limited	United Kingdom	Freeview market services co-ordination	31-May	20%

Arqiva Broadcast Holdings Limited (formerly Macquarie UK Broadcast Holdings Limited)

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Group	Investments in associates and joint ventures £'000	Investment in financial instruments £'000	Total £'000
At 1 July 2010	4,910	-	4,910
Additions	-	3,000	3,000
Impairment	-	(3,000)	(3,000)
Share of retained losses	(333)	-	(333)
At 30 June 2011	4,577	-	4,577

Company	Investments in subsidiaries £'000	Investment in financial instruments £'000	Total £'000
At 1 July 2010	1,000	-	1,000
Additions	-	3,000	3,000
Impairment	-	(3,000)	(3,000)
At 30 June 2011	1,000	-	1,000

The Directors believe that the carrying values of the investments are supported by the underlying net assets.

14 Debtors

	Group 30 June 2011 £'000	Group 30 June 2010 £'000	Company 30 June 2011 £'000	Company 30 June 2010 £'000
Trade debtors	89,545	85,664	-	-
Amounts owed by Group undertakings	-	-	1,495,251	1,295,053
Amounts owed by joint ventures (note 28)	4,808	4,498	-	-
Other debtors	13,358	9,838	-	-
Prepayments and accrued income	81,110	70,894	-	-
Total debtors	188,821	170,894	1,495,251	1,295,053

The Directors consider that the fair value of debtors closely approximates to book value.

Finance leases

Included within 'other debtors' are the following amounts receivable under finance leases:

	Group 30 June 2011 £'000	Group 30 June 2010 £'000
Net investment in finance leases and hire purchase contracts comprises:		
Total amounts receivable	6,042	6,663
Less: Interest allocated to future years	(2,641)	(3,042)
Total finance leases	3,401	3,621

Rentals receivable during the year under finance leases and hire purchase contracts amount to £422,000 (2010: £431,000).

Company

Amounts owed by Group undertakings are unsecured and repayable on demand. Interest has been charged on £928,052,000 at 9.75%, £525,575,000 at 18% and £41,624,000 at 0% (2010: £735,050,000 at 9.75%, £518,055,000 at 18% and £41,948,000 at 0%). Of the above balances £406,238,000 at 9.75% is in respect of amounts due in greater than one year (2010: £406,238,000 at 9.75%).

Under the terms of the inter-company agreements the Company will only demand repayment of the loans to the extent surplus cash is available to do so and if this would not cause any of the Group undertakings to become insolvent.

15 Cash at bank and in hand

	Group 30 June 2011 £'000	Group 30 June 2010 £'000	Company 30 June 2011 £'000	Company 30 June 2010 £'000
Cash at bank	12,705	6,148	101	-
Short term deposits	40,039	88,618	18,269	69,563
Total cash	52,744	94,766	18,370	69,563

16 Creditors: amounts falling due within one year

	Group 30 June 2011 £'000	Group 30 June 2010 £'000	Company 30 June 2011 £'000	Company 30 June 2010 £'000
Bank loans				
Senior debt - working capital facility	-	54,426	-	-
	-	54,426	-	-
Trade creditors	78,712	79,520	-	-
Amounts owed to Group undertakings	-	-	20,946	20,986
Other taxes and social security costs	15,675	12,311	-	-
Other creditors	15,396	19,856	-	-
Accruals and deferred income	495,567	418,869	-	-
Finance lease obligations	423	392	-	-
Total creditors: amounts falling due within one year	605,773	585,374	20,946	20,986

The Directors consider that the fair value of creditors: amounts falling due within one year closely approximates to book value.

Included within accruals and deferred income is £241,560,000 (2010: £135,410,000) in relation to accrued interest on shareholder loan notes.

Company

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

17 Creditors: amounts falling due after more than one year

	Group 30 June 2011 £'000	Group 30 June 2010 £'000
Bank loans		
Senior debt - A1	1,509,788	1,509,788
Senior debt - A2	581,837	584,434
Senior debt - Facility C	424,475	251,165
Junior debt	324,618	455,859
Accrued liability on inflation rate swap	201,172	124,349
Less: unamortised issue costs	(33,319)	(52,067)
	<u>3,008,571</u>	<u>2,873,528</u>
Other loans		
Shareholder loan notes	654,850	654,991
Finance lease obligations	14,975	15,392
Accruals and deferred income	91,502	81,254
	<u>3,769,898</u>	<u>3,625,165</u>

All shareholder loan notes carry a fixed interest rate of 13%, which can be deferred at the option of the Group, applicable to the capital and unpaid interest. They are repayable on 31 December 2017 and cannot be called upon early. The Shareholder loan notes are unsecured and are listed on the Channel Islands Stock Exchange.

	Group 30 June 2011 £'000	Group 30 June 2010 £'000
Maturity of loans		
Within one year	423	54,818
In more than one year, but not more than five years	3,043,475	2,471,354
In more than five years	668,240	1,124,624
Total loans	<u>3,712,138</u>	<u>3,650,796</u>

Finance leases

Future minimum payments under finance leases are as follows:

	Group 30 June 2011 £'000	Group 30 June 2010 £'000
Within one year	1,606	1,591
In more than one year, but not more than five years	5,863	6,019
After five years	22,110	23,519
Total gross payments	<u>29,579</u>	<u>31,129</u>
Less finance charges included above	(14,181)	(15,345)
Total finance leases	<u>15,398</u>	<u>15,784</u>

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All senior debt represents amounts borrowed by Arqiva Financing No 1 Limited (formerly Macquarie UK Broadcast Ventures Limited) ('AF1') under a Senior Facility Agreement with Barclays Capital, Commerzbank AG, HSBC Bank plc and the Royal Bank of Scotland plc as arrangers, for a facility of £2,925,000,000, further to a Senior Facility Agreement dated 3 April 2007. The working capital facility of £75,000,000 is a component of this senior debt facility.

All junior debt represents amounts borrowed by Arqiva Financing No 2 Limited (formerly Macquarie UK Broadcast Enterprises Limited) ('AF2') under a Junior Facility Agreement with Barclays Capital, Commerzbank AG, HSBC Bank plc and the Royal Bank of Scotland plc as arrangers for a facility of £475,000,000 further to a Junior Facility Agreement dated 3 April 2007.

The senior and junior debt have certain covenants attached and are secured by way of a fixed and floating charge over the Group's assets. The loans have the following interest rates and are repayable as shown below:

	Repayable on	Interest rate until April 2011	Interest rate until April 2012	Interest rate until April 2013	Interest rate until maturity
Senior debt - A1	1 July 2014	LIBOR + 1.75%	LIBOR + 2.00%	LIBOR + 2.25%	LIBOR + 2.50%
Senior debt - A2	1 December 2014	LIBOR + 2.00%	LIBOR + 2.25%	LIBOR + 2.50%	LIBOR + 2.75%
Senior debt - Facility C	1 July 2014	LIBOR + 1.75%	LIBOR + 2.00%	LIBOR + 2.25%	LIBOR + 2.50%
Junior debt	1 July 2015	LIBOR + 4.25%	LIBOR + 4.50%	LIBOR + 4.75%	LIBOR + 5.00%

AF1 has entered into interest rate swaps and inflation swap agreements covering a total principal value of £2,625,000,000 in order to hedge its exposure to variable interest rates. £1,312,500,000 has been hedged via interest rate swaps at a fixed rate of 5.239% and £1,312,500,000 has been hedged via inflation linked swaps which fix interest at 2.02% indexed with RPI. The swaps have a mandatory break clause at the earlier of any refinancing of the Group's senior facilities or April 2014.

In addition, AF1 has entered into basis swaps with a principal value of £2,625,000,000, to swap the interest fixing period from semi-annual to monthly. Loan interest periods are matched to this frequency. The swaps are in place until June 2012.

An amount of £201,172,000 (2010: £124,349,000) reflecting accrued liabilities under the inflation swaps is included within creditors. This amount is calculated on an accruals basis. The remaining fair value of the interest rate and inflation swaps at 30 June 2011 (excluding the inflation swap accrual), a liability of £557,797,000 (2010: £629,567,000), is held off balance sheet in accordance with Group accounting policy. This fair value is calculated on a mark to market basis.

18 Provisions for liabilities and charges

Group	Onerous contract	Decommissioning	Restructuring	Remediation and maintenance	Other	Deferred tax	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 July 2010	5,672	31,940	-	13,385	757	13,148	64,902
Addition created through fixed assets	-	4,502	-	-	-	-	4,502
Released to profit and loss account	(1,414)	(1,482)	-	-	-	(10,927)	(13,823)
Charged to profit and loss account	2,290	2,618	2,000	-	-	-	6,908
Changes relating to movements in the discounted amount	-	1,196	-	-	-	-	1,196
Utilised	(3,688)	(853)	(1,700)	-	-	-	(6,241)
At 30 June 2011	2,860	37,921	300	13,385	757	2,221	57,444

The onerous contract provision relates to supplier contracts where the costs are expected to exceed the benefits, and onerous lease contracts where the buildings are empty but lease costs are being incurred. The provision is expected to be utilised over the next five years.

Provisions are made for decommissioning and asset at risk costs where the Group has an obligation to restore sites and the cost of restoration is not recoverable from third parties.

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The restructuring provision relates to the costs of a fundamental reorganisation of Group operations which will be utilised during the next financial year.

The remediation and maintenance provision represents the cost of upgrading certain sites to meet safety standards and is expected to be utilised over the next two to five years.

Other provisions represent a variety of smaller items which are expected to be utilised over the next one to three years.

The provision for deferred tax is analysed below:

	30 June 2011	30 June 2010
	£'000	£'000
Accelerated capital allowances	11,846	23,881
Short term timing differences	(438)	666
Tax losses	(9,187)	(11,399)
Undiscounted provision for deferred tax	2,221	13,148

The deferred tax liability of £2,221,000 has been calculated based on the UK corporation tax rate of 26% (the rate in force at the balance sheet date). Subsequent to the balance sheet date a UK corporation tax rate of 25% has been substantively enacted and the impact of this change in the UK corporation tax rate would reduce the liability to £2,136,000. There has also been a stated intention to reduce the UK corporation tax rate to 23% by April 2014 by a number of changes in the UK corporation tax rate; these changes have not been substantively enacted.

There is an unrecognised deferred tax asset of £17,212,000 (2010: £18,291,000) in respect of tax losses which are not anticipated to be utilised in the foreseeable future.

19 Share capital

	Group and Company	Group and Company
	30 June 2011	30 June 2010
	£'000	£'000
Authorised:		
1,016,500,000 ordinary shares of £1 each	1,016,500	1,016,500
Allotted, called up and fully paid:		
653,928,000 ordinary shares of £1 each	653,928	653,928

20 Share premium account

	Group and Company
	£'000
At 1 July 2010 and 30 June 2011	315,638

21 Profit and loss reserve

£'000

Group	
At 1 July 2010	(1,042,901)
Actuarial gain on pension scheme	12,500
Movement on deferred tax relating to pension asset	(3,250)
Dividends	(15)
Exchange adjustments offset in reserves (translation of foreign investments)	(352)
Loss for the financial year	(250,555)
At 30 June 2011	(1,284,573)

£'000

Company	
At 1 July 2010	375,064
Profit for the financial year	149,045
At 30 June 2011	524,109

22 Reconciliation of movement in shareholders' (deficit) / funds

	Year ended	Year ended
	30 June 2011	30 June 2010
	£'000	£'000

Group		
Loss for the financial year	(250,555)	(236,754)
Dividends (see note 10)	(15)	(70)
Other recognised gains and losses relating to the year	8,898	(4,463)
Removal of former associate's profits	-	(475)
Net change in shareholders' deficit	(241,672)	(241,762)
Opening shareholders (deficit) / funds	(73,335)	168,427
Closing shareholders' deficit	(315,007)	(73,335)
Company		
Profit for the financial year	149,045	158,424
Dividends	-	-
Net change in shareholders' funds	149,045	158,424
Opening shareholders' funds	1,344,630	1,186,206
Closing shareholders' funds	1,493,675	1,344,630

23 Cash flow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities:

	Group Year ended 30 June 2011 £'000	Group Year ended 30 June 2010 £'000
Continuing operations		
Operating profit	112,829	101,593
Exceptional items	(10,937)	(4,180)
Depreciation charge	89,208	80,496
Amortisation charge	155,403	160,492
Impairment of financial instrument	3,000	-
Loss on disposal of tangible fixed assets	2,010	17
Loss on disposal of intangible fixed asset	97	-
Increase in debtors	(15,033)	(491)
Decrease in creditors	(26,918)	(16,331)
Increase in provisions	5,466	332
Net cash inflow from continuing operations	315,125	321,928
Discontinued operations		
Operating loss	(9,774)	(12,265)
Increase in debtors	(2,710)	(467)
Increase in creditors	361	768
(Decrease) / increase in provisions	(3,138)	3,138
Net cash outflow from discontinued operations	(15,261)	(8,826)
Total net cash inflow from operating activities	299,864	313,102

24 Analysis of changes in net debt

	Note	At 1 July 2010 £'000	Cash flows £'000	Non-cash changes £'000	At 30 June 2011 £'000
Cash at bank and in hand	15	94,766	(42,022)	-	52,744
Loans to joint ventures	14	4,498	288	22	4,808
Debt due within one year	16	(54,426)	54,426	-	-
Debt due after one year	17	(3,528,519)	(56,941)	(77,961)	(3,663,421)
Finance leases	16, 17	(15,784)	386	-	(15,398)
Total		(3,499,465)	(43,863)	(77,939)	(3,621,267)

Major non-cash changes include a £76,823,000 (2010: £61,198,000) increase in accrued liability on interest rate swaps.

25 Commitments for expenditure

Capital commitments

Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as a liability are payable as follows:

	30 June 2011	30 June 2010
	£'000	£'000
Within one year	39,269	50,292
Later than one year but not later than five years	310	13,188
Later than five years	-	6
Total capital commitments	39,579	63,486

At the balance sheet date, the Group has entered into forward contracts to purchase Euros at a total value of £1,678,000 (2010: £2,309,000). All contracts expire within one year.

Operating leases

Annual commitments in relation to non-cancellable operating leases for land, buildings and other infrastructure locations expiring:

	30 June 2011	30 June 2010*
	£'000	£'000
Within one year	1,555	1,111
Later than one year but not later than five years	4,150	3,525
Later than five years	17,703	17,844
Total land, buildings and other infrastructure locations operating leases	23,408	22,480

* The comparative figure for 30 June 2010 has been restated to remove contingent rentals from the annual commitment.

Other annual lease commitments expiring:

	30 June 2011	30 June 2010
	£'000	£'000
Within one year	211	306
Later than one year but not later than five years	1,072	922
Total other annual lease commitments	1,283	1,228

26 Contingent liabilities

Under the terms of the Group's external debt facilities, the Company has provided security over the fixed and other assets by way of fixed and floating charges.

The Group has provided an indemnity to the two Inmedia trading companies whose assets and liabilities were acquired during the year to 30 June 2006 in respect of any actions and claims made against those companies.

The Group is the lessee for various properties occupied by companies forming part of the Virgin Media (formerly NTL) group. Arqiva Limited is in the process of assigning these leases to Virgin Media companies, but this process was incomplete at 30 June 2011. The Group remains the main tenant on two of the leases. Virgin Media companies continue to occupy the buildings concerned and to bear all costs associated with the properties, which carry an annual rental of £2,237,000 in total. The total rentals remaining on the outstanding lease terms (which expire by November 2014 at the latest) at 30 June 2011 total £7,529,000 (2010: £9,766,000). Although Virgin Media have indemnified Arqiva Limited for these costs, Arqiva Limited remains ultimately liable for the costs concerned.

27 Pension commitments

Defined benefit scheme

In the year to 30 June 2011, the Group operated one defined benefit scheme, sponsored by Arqiva Limited. The assets of the scheme are held separately from those of Arqiva Limited in trustee administered funds.

As required by FRS 17 'Retirement benefits', the value of the defined benefit liabilities has been measured using the projected unit method.

The FRS 17 assumptions used for the scheme are set out below, along with the fair value of assets, a breakdown of the assets into the main asset classes, the present value of the FRS 17 liabilities and the surplus / deficit of assets above / below the FRS 17 liabilities (which equals the gross pension asset / liability).

Assumptions

An actuarial valuation was carried out at 30 June 2011 in consultation with an independent firm of consulting actuaries, KPMG LLP. The principal assumptions made are:

	30 June 2011	30 June 2010
Price inflation (RPI)	3.65%	3.50%
Price inflation (CPI)	2.65%	n/a
Discount rate	5.75%	5.55%
Pension increases (LPI with a minimum of 3%)	3.80%	3.70%
Salary growth	4.15%	4.00%
Life expectancy of a male age 60 (current pensioner)	25.7yrs	25.5yrs
Life expectancy of a male age 60 (future pensioner)	27.0yrs	26.9yrs

Asset distribution and long term rate of return expected

	30 June 2011 Expected return	30 June 2011 Fair value £'000	30 June 2010 Expected return	30 June 2010 Fair value £'000
Equities	7.35%	72,100	7.00%	54,600
Bonds	4.80%	38,600	4.40%	34,300
Cash	0.50%	2,400	0.50%	600
Total		113,100		89,500

Balance sheet

Total fair value of assets	113,100	89,500
Present value of scheme liabilities	(109,500)	(101,800)
Gross pension asset / (liability)	3,600	(12,300)
Deferred tax (liability) / asset	(936)	3,444
Net pension asset / (liability)	2,664	(8,856)

No amounts within the fair value of the arrangements are in respect of the Company's own financial instruments or any property occupied by, or assets used by, the Group.

A higher long term rate of return is expected on equity investments than that which is available on bonds. The extent to which equities are assumed to provide higher returns than bonds in the future is estimated based on the returns achieved above bond returns historically and market conditions at the balance sheet date.

Arqiva Limited pays contributions of 26.3% of pensionable salaries for the majority of employed members, plus the cost of matching AVC added year payments.

The Group has agreed with the Trustees to make additional contributions of £3,000,000 in each of the following two years with a final additional contribution of £2,086,000 in the third year.

The present value of the scheme liabilities has moved over the year as follows:

	Year ended 30 June 2011 £'000	Year ended 30 June 2010 £'000
1 July	101,800	78,520
Current service costs	4,700	4,300
Settlements	(100)	-
Contributions by employees	2,200	1,600
Interest cost	5,800	5,200
Benefits paid	(3,000)	(1,500)
Actuarial (gain) / loss	(1,900)	13,680
30 June	109,500	101,800

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The fair value of the scheme assets has moved over the year as follows:

	Year ended 30 June 2011	Year ended 30 June 2010
	£'000	£'000
1 July	89,500	68,480
Expected return on scheme assets	5,700	4,400
Actuarial gain	10,600	7,620
Contributions by employers	8,100	8,900
Contributions by employees	2,200	1,600
Benefits paid	(3,000)	(1,500)
30 June	113,100	89,500

The post retirement deficit under FRS 17 moved over the year as follows:

	Year ended 30 June 2011	Year ended 30 June 2010
	£'000	£'000
Deficit at 1 July	(12,300)	(10,040)
Current service costs	(4,700)	(4,300)
Settlements	100	-
Contributions	8,100	8,900
Other net finance expense	(100)	(800)
Actuarial gain / (loss)	12,500	(6,060)
Surplus / (deficit) at 30 June	3,600	(12,300)

The following amounts have been included within operating profit:

	Year ended 30 June 2011	Year ended 30 June 2010
	£'000	£'000
Current service cost (employer only)	4,700	4,300
Settlement	(100)	-
Total operating charge	4,600	4,300

The following amounts have been included as net finance expense under FRS 17:

	Year ended 30 June 2011	Year ended 30 June 2010
	£'000	£'000
Expected return on pension scheme assets	5,700	4,400
Interest on post retirement liabilities	(5,800)	(5,200)
Net finance expense	(100)	(800)

The actual return on scheme assets was a gain of £16,300,000 (2010: £12,020,000).

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The following amounts have been recognised within the statement of group total recognised gains and losses ('STRGL') under FRS 17:

	Year ended 30 June 2011	Year ended 30 June 2010
	£'000	£'000
Actual return less expected return on scheme assets	10,600	7,620
Gains / (losses) due to changes in assumptions underlying the FRS 17 value of scheme liabilities	1,900	(13,680)
Actuarial gain / (loss) recognised in the STRGL	12,500	(6,060)

The cumulative amount of actuarial gains and losses recognised in the STRGL is a loss of £1,210,000 (2010: £13,710,000).

The history of experience gains and losses is:

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Present value of scheme liabilities	(109,500)	(101,800)	(78,520)	(72,920)	(60,080)
Fair value of scheme assets	113,100	89,500	68,480	66,430	60,090
Surplus / (deficit) on scheme	3,600	(12,300)	(10,040)	(6,490)	10
Actual return less expected return on scheme assets	10,600	7,620	(10,640)	(9,960)	1,180
Percentage of Scheme's assets	9%	9%	(16%)	(15%)	2%
Experience (losses) and gains arising on scheme's liabilities	-	-	(959)	(300)	800
Percentage of the FRS 17 value of the scheme's liabilities	0%	0%	1%	0%	(1%)
Total amount recognised in the STRGL	12,500	(6,060)	(3,030)	(8,720)	4,100
Percentage of the FRS 17 value of the scheme's liabilities	(11%)	6%	4%	12%	(7%)

The scheme is closed to new entrants and under the method used to calculate pension costs in accordance with FRS 17, the cost as a percentage of covered pensionable payroll will tend to increase as the average age of the membership increases.

Other pension schemes**Arqiva Limited**

Arqiva Limited has operated a defined contribution scheme during the year, for those employees who are not members of the Defined Benefit scheme described above. Contributions payable in respect of this scheme for the year were £5,069,000. Contributions to defined contributions schemes in the year ended 30 June 2010 amounted to £5,511,000. The assets of the scheme are held outside of Arqiva Limited.

An amount of £553,000 (2010: £503,000) is included in accruals being the outstanding contributions to the defined contribution scheme.

Arqiva Inc

Arqiva Inc operates a defined contribution scheme for its' employees. Contributions payable in respect of this scheme for the year were £74,000 (2010: £89,000). The assets of the scheme are held outside of Arqiva Inc.

28 Related party disclosures

On a consolidated basis, transactions and balances between Group entities have been eliminated in full and are therefore not disclosed in accordance with FRS 8 'Related party disclosures'.

The Company has taken advantage of the exemptions available under FRS 8 for disclosure of transactions with entities that are part of the Group as related parties in these financial statements.

Related party transactions:

During the year to 30 June 2011, the Group advanced a further loan of £288,000 (2010: £2,388,000) to Arts Alliance Media Investment Limited, a joint venture company. The amount outstanding at 30 June 2011, including accrued interest, was £4,808,000 (2010: £4,498,000). Interest has been charged on the loan principal of £3,750,000 at 0% and £525,000 at 15%. The loan amount is unsecured and has a maturity date of 30 June 2012.

In 2011 the Group received a dividend from MXR Holdings Limited of £72,000, in addition to the cash payment of £126,000 relating to the dividend declared on 24 June 2010. In 2010, the Group received a dividend of £1,652,000 from its former associate Digital One Limited.

The Group paid subscriptions of £2,738,000 (2010: £2,516,000) to DTV Services Limited, an associate undertaking, and £4,568,000 (2010: £nil) to YouView TV Limited, a joint venture.

2011	Macquarie Bank Limited *	Airwave *	Broadcast Australia *	MGIF II *	MIIF *	MEIF II * +	Macquarie Prism *	Macquarie Capital Group Limited *	FICAL * +	MTAA Superannuation *	Macquarie FSS Infrastructure *
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Swap interest paid	7,126	-	-	-	-	-	-	-	-	-	-
Shareholder loan notes	-	-	-	4,681	-	163,547	5,325	-	314,028	33,789	35,495
Shareholder loan note interest for the year	-	-	-	760	-	26,548	864	-	50,975	5,485	5,762
Accrued shareholder loan note interest	-	-	-	1,729	-	60,414	1,967	-	116,002	12,482	13,112
Sales (net)	-	13,743	-	-	-	-	-	-	-	-	-
Expenses	-	426	41	-	-	-	-	181	-	-	-
Trade debtors	-	243	-	-	-	-	-	-	-	-	-

* A related party by virtue of common influence.

+ An investor company and a related party by virtue of significant shareholding (as at 30 June 2011).

2010	Macquarie Bank Limited *	Airwave *	Broadcast Australia *	MGIF II *	MIIF *	MEIF II * +	Macquarie Prism *	Macquarie Capital Group Limited *	FICAL * +	MTAA Superannuation *	Macquarie FSS Infrastructure *
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Swaps expired (principal value)	875,000	-	-	-	-	-	-	-	-	-	-
Swap interest paid	11,427	-	-	-	-	-	-	-	-	-	-
Shareholder loan notes	-	-	-	4,681	56,841	136,440	5,325	-	314,028	33,789	18,910
Shareholder loan note interest for the year	-	-	-	668	8,106	19,457	759	-	44,782	4,819	2,595
Accrued shareholder loan note interest	-	-	-	969	11,770	28,253	1,103	-	65,026	6,997	2,595
Sales (net)	-	12,889	-	-	-	-	-	-	-	-	-
Expenses	-	397	106	-	-	-	-	153	-	-	-
Trade debtors	-	109	-	-	-	-	-	-	-	-	-

* A related party by virtue of common influence.

+ An investor company and a related party by virtue of significant shareholding (as at 30 June 2010).

29 Controlling parties

The Company is owned by a consortium of eight shareholders including Canada Pension Plan Investment Board, Macquarie European Infrastructure Funds, other Macquarie funds and minorities. There is no ultimate controlling party of the Company, as defined by FRS 8.

The Company is the parent company of the largest group to consolidate these financial statements.