



# **Arqiva Broadcast Finance Plc**

**Registered number 08336342**

## **Annual Report and Financial Statements**

**For the year ended 30 June 2020**

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## Strategic report

The Directors, in preparing this Strategic report, have complied with section 414(c) of the Companies Act 2006.

### Business model, environment and strategy

The principal activities of Arqiva Broadcast Finance Plc ('the Company') throughout the year have been that of a financing vehicle, as issuer of the Junior bonds within the Arqiva Group Limited ('AGL') group ('the Group') of companies.

This entity is a wholly owned subsidiary of Arqiva Broadcast Parent Limited ('ABPL'), see note 17 to the financial statements.

### Financial position, performance and key performance indicators ('KPIs')

Given the straightforward nature of the Company's activities as a financing vehicle, the Directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

The KPIs of the Group are managed as a whole and are discussed within the Annual Report and Consolidated Financial Statements of AGL on page 29, a copy of which is available from the address in note 17 of these financial statements or the Group's website at [www.arqiva.com](http://www.arqiva.com).

The Company made a profit for the financial year of £15,000 (2019: £17,000). The Company has net assets of £260,000 (2019: £245,000).

The issued share capital of the Company is £50,000 (2019: £50,000) comprising 50,000 (2019: 50,000) fully paid ordinary shares of £1 each.

### Risk management

#### Principal risks and uncertainties facing the business

From the perspective of the Company, the principal risks and uncertainties arising from its activities as a financing vehicle are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed within the Annual Report and Consolidated Financial Statements of AGL on page 50, a copy of which can be obtained from the address in note 17 of these financial statements, or the Group's website at [www.arqiva.com](http://www.arqiva.com).

### Future developments and outlook

It is the intention of the Company to continue to act as a financing vehicle.

### Section 172 Statement

The Companies Act 2006 sets out a set of general duties owed by Directors to a company, including a list of matters to which the Directors must have regard, which are set out in s.172(1)(a) to (f). During the year, in continuing to exercise their duties the Directors have had regard to these matters, as well as other factors, in considering proposals from the management team and continuing to govern the Company on behalf of its shareholders.

From the perspective of the Company the s.172 factors are considered as a whole by the Directors across the Group. How these factors have been addressed, are discussed within the Annual Report and Consolidated Financial Statements of AGL on page 39, a copy of which can be obtained from the address in note 17 of these financial statements or the Group's website at [www.arqiva.com](http://www.arqiva.com).

## **Arqiva Broadcast Finance Plc (08336342)**

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### **Stakeholder engagement**

Throughout the year, the Board has continued to ensure engagement with relevant stakeholders both in day to day business, and as part of key developments.

This report was approved by the Board of Directors on 23 October 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'Frank Dangeard', written over a faint circular stamp.

**Frank Dangeard**  
**Director**  
23 October 2020

## **Directors' report and statement of Directors' responsibilities**

The Directors of Arqiva Broadcast Finance Plc, registered company number 08336342, ('the Company') submit the following annual report and audited financial statements ('the financial statements') in respect of the year ended 30 June 2020.

### **Business review and principal activities**

#### **Financing overview**

In February 2013, the Group refinanced, raising funds from both bank facilities and bond markets. These funds together with further funds advanced by the AGL shareholders facilitated the repayment of previous bank facilities. Since 2013, the Group has continued to issue debt to replace maturing debt as necessary. The Company is the issuer of the Group's Junior bonds.

#### **Future developments and outlook**

Details of the future developments and outlook are included in the strategic report on page 3.

### **Financial risk management**

Due to the nature of the Company's operations, it is exposed to limited financial risks including credit, liquidity, and interest rate risk. The Company's overall risk management programme seeks to minimise potential adverse effects as noted below.

#### *Credit risk*

The Company is not exposed to any credit risk other than in respect of intercompany balances within the Group. It does not have an external customer base. The intercompany debt is covered by an intercompany loan agreement. The intercompany receivables balance is with a fellow wholly owned subsidiary of the Group. The Directors have assessed that the credit risk is low.

#### *Liquidity risk*

The Company actively maintains a mixture of long-term external debt finance and intercompany loans. For short-term resources the Company utilises intercompany loans. The maturity of the Company's borrowings is shown in note 13. The Company's capital requirements are managed by the Group treasury team.

#### *Interest rate risk*

The Company has a policy of maintaining debt at fixed rates to ensure certainty of future interest cash flows.

### **Dividends, results, and transfers to reserves**

The Directors do not propose to pay a dividend for the year (2019: £nil). The profit for the financial year of £15,000 (2019: £17,000) was transferred to reserves.

### **Going concern**

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future. As the principal activity of the Company is to conduct financing activities for the benefit of fellow group undertakings, its ability to continue as a going concern is dependent on the operational performance of the Group.

The Company adopts the going concern basis in preparing its financial statements, based on the support from its ultimate parent undertaking, the future cash flow forecasts of the Group and Company and available facilities, which lead the Directors of the Company to be confident that the Company will have adequate resources to continue in operational existence and continue to meet debt and interest payments as they fall due.

The Directors have also taken into account the potential implications of the current Covid-19 situation and have determined that given there will continue to be demand for services provided by the Group and the Group has a mixed customer base, the going concern basis remains appropriate. The Directors have continued to monitor the impact of Covid-19 up until the date of issuance of the financial statements.

### **Events after the end of the reporting period**

There have been no events since the year end date which would have a material impact on the Company and require disclosure within the financial statements.

## Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were:

- Sally Davis
- Christian Seymour
- Mark Braithwaite
- Mike Parton
- Nathan Luckey (Resigned 4 August 2020)
- Peter Adams (alternate)
- Neil King
- Martin Healey
- Frank Dangeard (Resigned 20 April 2020)
- Paul Donovan
- Mike Darcey
- Max Fieguth (alternate)

## Company Secretary

Jeremy Mavor is the Company Secretary.

## Directors' indemnities

The Company has 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. The indemnity was in force during the full financial year and up to the date of approval of the financial statements.

## 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 information of which the Auditors are unaware; and
- Each Director has taken all the steps that he/she ought to have taken as a Director to make themselves aware of any relevant information and to establish that the Company's Auditors are aware of that information.

## Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Group Annual General Meeting.

## Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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The Directors are responsible for the maintenance and integrity of the of the Company's financial statements published on the ultimate parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

### **Directors' confirmations**

Each of the Directors, whose names and functions are listed in Directors' report and statement of Directors' responsibilities confirm that, to the best of their knowledge:

- the Company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law), give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the Strategic report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board



**Frank Dangeard**  
**Director**  
Crawley Court  
Winchester  
Hampshire  
SO21 2QA

23 October 2020

# Independent auditors' report to the members of Arqiva Broadcast Finance Plc

## Report on the audit of the financial statements

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### Opinion

In our opinion, Arqiva Broadcast Finance Plc's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 30 June 2020; the Income statement, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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### Our audit approach

#### Overview



- Overall materiality: £6.3 million (2019: £6.3 million), based on approximately 1% of total assets.
  - Audit of complete set of financial statements based on the determined materiality.
  - Borrowing in the form of Junior Bonds
  - Recoverability of intercompany receivable balances
  - Covid-19 impacts.
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#### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

*Key audit matters*

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Borrowing in the form of Junior Bonds</i></p> <p>The Company has borrowings in the form of Junior Bonds, which at 30 June 2020 comprised £625,000k sterling denominated bonds with fixed interest rates of 6.75 %. These bonds are repayable in September 2023 and are listed on the Luxembourg Stock Exchange.</p> <p>This is a key audit matter due to the significance of the quantum of the balance and therefore any misstatements in this balance would likely be material.</p> <p>Refer to page 21 (note 13 - Borrowings)</p>	<p>We agreed the year end balances, interest rates and profiles of the bonds to the Luxembourg Stock Exchange website with no differences noted.</p> <p>We recalculated the interest expense on the bonds using the outstanding balances throughout the year and the prevailing interest rates per the agreed terms, with no material differences noted.</p>
<p><i>Recoverability of intercompany receivable balances</i></p> <p>The Company has balances receivable from a Group company amounting to £635,949k as at 30 June 2020.</p> <p>This is considered a key audit matter as the repayment of external debt is reliant on the recoverability of the intercompany receivable balances.</p> <p>Refer to page 20 (note 10 - Receivables)</p>	<p>We evaluated management's assessment of the recoverability of intercompany receivables, including compliance with the requirements of IFRS 9 and expected credit loss methodology, and reviewed and independently tested an assessment of the ability of other Group companies to repay by comparing the receivable to net assets of the counterparties.</p> <p>As the net asset values did not support the recoverability of the intercompany receivables, we considered the assets held, including investments held in subsidiaries, and confirmed that by taking into account the liquidity of assets held that the intercompany receivable is considered to be recoverable.</p>
<p><i>Covid-19 impacts</i></p> <p>Since early 2020, the Covid-19 pandemic has impacted the globe, creating considerable uncertainty for economies and markets.</p> <p>The nature of the Company's business as a financing vehicle is such that the direct impacts of Covid-19 on the Company are minimal and are primarily related to the impacts on the wider Group with regards to going concern and the ability of other Group entities to repay outstanding accounts receivable balances to the Company.</p> <p>Despite some challenges, the Group, as a critical national infrastructure business, has continued to operate throughout the pandemic and maintained services providing communications and broadcast</p>	<p>We considered the impact of Covid-19 on the wider Group as part of our going concern procedures, including considering the updated FY21 budget and extent of sensitivities applied to include severe but plausible downside scenarios, and we concur with the Directors' conclusion that the Company continues to be a going concern, with Covid-19 not having impacted this conclusion.</p> <p>As noted in the 'Recoverability of intercompany receivable balances' KAM above, we have considered the ability of Group entities to repay outstanding amounts and satisfied ourselves that there are no issues in respect of recoverability.</p> <p>We have also confirmed that the letter of support from the Group remains in place.</p>

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Annual Report and Financial Statements - Year ended 30 June 2020

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### Key audit matter

capabilities across the country. Accordingly, the impact of Covid-19 has been limited.

FY21 Group budgets have been revisited by management to ensure that any necessary revisions are made to incorporate any known and expected impacts of Covid-19. These have been included in management's going concern assessment.

Refer to page 5 and page 17 (Directors' report and statement of Directors' responsibilities - Going concern, note 3 – Principal accounting policies – Going concern)

### How our audit addressed the key audit matter

We read management's disclosures and concluded that the disclosures in the financial statements are adequate and consistent with our audit work and understanding of the business and how it has been impacted by the pandemic.

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### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which it operates.

Arqiva Broadcast Finance Plc is a financing vehicle, an issuer of the listed junior bonds on the Luxembourg Stock Exchange (Euro MTF) within the Arqiva Group Limited group of companies. It has no trading activities during the year. The Company has advanced the funds it raised from the issuance of bonds through an intercompany loan agreement to another Company within the Group.

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

<b>Overall materiality</b>	£6.3 million (2019: £6.3 million).
<b>How we determined it</b>	Approximately 1% of total assets.
<b>Rationale for benchmark applied</b>	Based on our professional judgement, total assets is considered to be an appropriate measure to assess the performance of the Company given that the purpose of the Company is to hold debt and the measure is a generally accepted auditing benchmark.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.3 million (2019: £0.3 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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### Conclusions relating to going concern

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

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

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### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial

statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report and statement of Directors' responsibilities, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### *Strategic report and Directors' report and statement of Directors' responsibilities*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report and statement of Directors' responsibilities for the year ended 30 June 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report and statement of Directors' responsibilities.

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## **Responsibilities for the financial statements and the audit**

### *Responsibilities of the Directors for the financial statements*

As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements set out on pages 6 and 7, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### *Use of this report*

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.

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## Other required reporting

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### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Nigel Comello (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
23 October 2020

## Arqiva Broadcast Finance Plc (08336342)

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# Income statement

		Year ended 30 June 2020	Year ended 30 June 2019
		£'000	£'000
	Note		
Operating expenses		(5)	(5)
<b>Operating loss</b>	5	<b>(5)</b>	<b>(5)</b>
Finance income	7	42,211	45,789
Finance costs	8	(42,188)	(45,763)
<b>Profit before taxation</b>		<b>18</b>	<b>21</b>
Tax	9	(3)	(4)
<b>Profit for the financial year</b>		<b>15</b>	<b>17</b>

All results presented relate to continuing operations.

The Company has no other comprehensive income other than the profit stated above and therefore no separate Statement of Comprehensive Income has been presented.

The notes on pages 16 to 21 form part of these financial statements.

**Arqiva Broadcast Finance Plc (08336342)**

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**Statement of financial position**

	Note	30 June 2020 £'000	30 June 2019 £'000
<b>Non-current assets</b>			
Receivables	10	625,000	625,000
<b>Current assets</b>			
Receivables	10	10,949	10,925
Cash and cash equivalents	11	7	7
<b>Total current assets</b>		<b>10,956</b>	<b>10,932</b>
<b>Total assets</b>		<b>635,956</b>	<b>635,932</b>
<b>Current liabilities</b>			
Payables	12	(10,696)	(10,687)
<b>Net current assets</b>		<b>260</b>	<b>245</b>
<b>Non-current liabilities</b>			
Borrowings	13	(625,000)	(625,000)
<b>Total liabilities</b>		<b>(635,696)</b>	<b>(635,687)</b>
<b>Net assets</b>		<b>260</b>	<b>245</b>
<b>Equity</b>			
Share capital	14	50	50
Retained earnings		210	195
<b>Total equity</b>		<b>260</b>	<b>245</b>

The notes on pages 16 to 21 form part of these financial statements.

These financial statements on pages 13 to 21 were approved by the Board of Directors on 23 October 2020 and were signed on its behalf by:



Frank Dangeard - Director

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**Statement of changes in equity**

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	Share capital £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 1 July 2018</b>	<b>50</b>	<b>178</b>	<b>228</b>
Profit for the financial year	-	17	17
<b>Balance at 30 June 2019</b>	<b>50</b>	<b>195</b>	<b>245</b>
Profit for the financial year	-	15	15
<b>Balance at 30 June 2020</b>	<b>50</b>	<b>210</b>	<b>260</b>

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## Notes to the financial statements

### 1 General Information

Arqiva Broadcast Finance Plc (“the Company”) is a private company limited by shares, incorporated and domiciled in England, United Kingdom (“UK”) under the Companies Act under registration number 08336342. The address of the registered office is Crawley Court, Winchester, Hampshire, SO21 2QA.

The nature of the Company’s operations and its principal activities are set out in the Strategic report on page 3 and the Directors’ report and statement of Directors’ responsibilities on page 5.

### 2 Basis of preparation and statement of compliance

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, ‘Reduced Disclosure Framework’ (‘FRS 101’). The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 as applicable to FRS101. The Group’s consolidated financial statements are available online at [www.arqiva.com](http://www.arqiva.com).

The requirements have been applied in accordance with the requirements of the Companies Act 2006.

The following disclosure exemptions, as permitted by paragraph 8 of FRS 101, have been taken in these Company financial statements and notes:

<u>EU-adopted IFRS</u>	<u>Relevant disclosure exemptions</u>
IFRS 7 <i>Financial Instruments: Disclosures</i>	All disclosure requirements.
IFRS 13 <i>Fair Value Measurement</i>	The requirements of paragraphs 91 to 99.
IAS 1 <i>Presentation of financial statements</i>	The requirements of paragraph 38; comparative information in respect of paragraph 79(a)(iv) of IAS 1.
IAS 1 <i>Presentation of financial statements</i>	The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B to D, 40A to D, 111 and 134 to 136.
IAS 7 <i>Statement of Cash Flows</i>	All disclosure requirements.
IAS 8 <i>Accounting policies, changes in accounting estimates and errors</i>	The requirements of paragraphs 30 and 31.
IAS 24 <i>Related Party Disclosures</i>	The requirements of paragraph 17; the requirement to disclose related party transactions entered into between two or more members of a Group, and the requirement to disclose remuneration of key management personnel, provided that any subsidiary party to the transaction is wholly owned by such a member and key management personnel.

#### Adoption of new Standards

The Group adopted IFRS 16 ‘Leases’ for the first time in the current year. There is no impact on the Company financial statements.

### **3 Principal accounting policies**

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

**(a) Going concern**

In determining the appropriate basis of preparation of the financial statements, the directors are required to consider whether the Company can continue in operational existence for the foreseeable future. As the principal activity of the Company is to conduct financing activities for the benefit of fellow group undertakings, its ability to continue as a going concern is dependent on the operational performance of the Group.

The Company adopts the going concern basis in preparing its financial statements, based on the support from its ultimate parent undertaking, the future cash flow forecasts of the Group and Company and available facilities, which lead the Directors of the Company to be confident that the Company will have adequate resources to continue in operational existence and continue to meet debt and interest payments as they fall due.

The Directors have also taken into account the potential implications of the current Covid-19 situation and have determined that given there will continue to be demand for services provided by the Group and the Group has a mixed customer base, the going concern basis remains appropriate.

**(b) 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. The charge is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. 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 year end 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 measured on an undiscounted basis.

**(c) Financial instruments**

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value and subsequently carried at amortised cost using the effective interest method. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss, presented as an 'other gain or loss'. Impairment of irrecoverable amounts is based on an expected credit loss model.

**Borrowings**

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the Income Statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

**(d) Interest**

Interest income and expense are accounted for on an accruals basis and comprise amounts receivable and payable on deposits, intercompany balances and loans.

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### 4 Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

There are no significant judgments or critical accounting estimates impacting these financial statements.

### 5 Audit fees

The Company's audit fee for the year was £26,780 (2019: £26,000) and this was borne by Arqiva Limited, a fellow Group company. There were no non-audit fees in the year.

### 6 Employees and Directors

#### Employees

The Company had no employees during the year (2019: none).

#### Directors

There are no recharges (2019: £nil) made to the Company in respect of any remuneration for any Directors, as their duties in respect of the Company are incidental to their normal duties on behalf of their employer companies.

The Directors are either representatives of the ultimate UK parent undertaking's shareholders or other Group companies and their individual remuneration reflects the services they provide to the Company and other Group companies. It is not possible to make an accurate apportionment of each Director's emoluments in respect of their services to the Company. Accordingly, no emoluments in respect of these Directors services have been disclosed.

### 7 Finance income

	Year ended 30 June 2020	Year ended 30 June 2019
	£'000	£'000
Interest receivable from other Group entities	42,211	45,732
Bank Interest	-	57
<b>Total finance income</b>	<b>42,211</b>	<b>45,789</b>

### 8 Finance costs

	Year ended 30 June 2020	Year ended 30 June 2019
	£'000	£'000
Junior bond interest (see note 13)	42,188	45,732
Interest payable to other Group entities	-	31
<b>Total finance costs</b>	<b>42,188</b>	<b>45,763</b>

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### 9 Tax

	Year ended 30 June 2020	Year ended 30 June 2019
	£'000	£'000
UK corporation tax		
- Current year	3	4
<b>Tax charge for the year</b>	<b>3</b>	<b>4</b>

UK Corporation tax is calculated at the rate of 19.00% (2019: 19.00%) of the taxable profit for the year.

The charge for the year can be reconciled to the profit in the Income Statement as follows:

	Year ended 30 June 2019	Year ended 30 June 2018
	£'000	£'000
Profit before tax	18	21
Tax at the UK Corporation tax rate of 19.00% (2019: 19.00%)	3	4
<b>Total tax charge for the year</b>	<b>3</b>	<b>4</b>

Due to the impact to the group from changing tax legislation, the decision was made with effect from 1 July 2017 to pay for Group relief. The current year UK corporation tax charge represents the payment made to other Group companies for the provision of tax losses by way of group relief.

The main rate of UK corporation tax was 19.00% during the year. In the Finance Act 2016 it was enacted that the main rate of UK corporation tax would be further reduced to 17.00% from 1 April 2020, however this reduction was revised in the Finance Act 2020 with the applicable rate from 1 April 2020 now remaining at 19%.

There are no recognised or unrecognised deferred tax balances (2019: none).

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### 10 Receivables

	30 June 2020 £'000	30 June 2019 £'000
<b>Current</b>		
Amounts receivable from other Group entities	10,949	10,925
<b>Total current receivables</b>	<b>10,949</b>	<b>10,925</b>
<b>Non-current</b>		
Amounts receivable from other Group entities	625,000	625,000
<b>Total non-current receivables</b>	<b>625,000</b>	<b>625,000</b>

Interest has been charged on the non-current receivable balance of £625,000,000 (2019: £625,000,000) at 6.75% (2019: 6.75%). The current receivable balance of £10,949,000 (2019: £10,925,000) is interest free. Amounts which are interest free are repayable on demand. The intercompany receivable balance of £625,000,000 (2019: £625,000,000) arises due to the on-lending of the funds raised through the issue of the junior bonds to Arqiva Financing No 2 Limited, another Group company. The interest rates and maturities of these amounts are aligned to the external debt instrument held (see note 13).

### 11 Cash and cash equivalents

	30 June 2020 £'000	30 June 2019 £'000
Cash at bank	7	7
<b>Total cash and cash equivalents</b>	<b>7</b>	<b>7</b>

### 12 Payables

	30 June 2020 £'000	30 June 2019 £'000
Accrued interest	10,664	10,664
Amounts payable to other Group entities	32	23
<b>Total Payables</b>	<b>10,696</b>	<b>10,687</b>

Amounts payable to other Group entities are unsecured, interest free and repayable on demand.

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### 13 Borrowings

	30 June 2020	30 June 2019
	£'000	£'000
Junior bonds	625,000	625,000
<b>Total borrowings</b>	<b>625,000</b>	<b>625,000</b>

The junior bonds represent amounts raised from the issuance of notes by the Company. These sterling denominated bonds have a fixed interest rate of 6.75% (2019: 6.75%), are repayable in September 2023 and are listed on the Luxembourg Stock Exchange.

The Company has advanced the funds it raised externally to another company within the Group via an intercompany loan agreement (see note 10).

### 14 Share capital

	30 June 2020	30 June 2019
	£'000	£'000
<b>Allotted and fully paid:</b>		
50,000 (2019: 50,000) ordinary shares of £1 each	50	50

### 15 Contingent liabilities

#### Financing commitments

Under the terms of the Group's external debt facilities, the Company has provided security over substantially all of its tangible, intangible and other assets by way of a Whole Business Securitisation ('WBS') structure. The Directors consider the likelihood of this security being called upon to be low and therefore has no impact on the liabilities recognised for the current year.

### 16 Related party transactions

The Company has applied the provisions within FRS 101 to be exempt from the disclosure of transactions entered into, and balances outstanding, with a Group entity which is wholly owned by another Group entity and with key management personnel.

### 17 Controlling parties

The Company's immediate parent undertaking is Arqiva Broadcast Parent Limited ('ABPL'). The ultimate UK parent undertaking is AGL, which is the parent undertaking of the largest group to consolidate these financial statements. The smallest group to consolidate these financial statements is ABPL. Copies of the AGL and ABPL consolidated financial statements can be obtained from the Company Secretary of each Company at Crawley Court, Winchester, Hampshire, SO21 2QA.

AGL is owned by a consortium of shareholders including Canada Pension Plan Investment Board, Macquarie European Infrastructure Fund II, other Macquarie managed funds and minorities. There is no ultimate controlling party of the Company, as defined by FRS 101.