Arqiva Financing No 3 Plc

Registered number 05253998

Annual Report and Financial Statements

For the year ended 30 June 2024

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Strategic report

The directors present their strategic report for the year ended 30 June 2024.

Business model, environment and strategy

The Company acts as an intermediate holding company and financing vehicle within the Arqiva Group Limited ('AGL') group (the 'Group') of companies. It holds an investment in an operational sub group of companies which it funds from a combination of shareholder loan notes which are listed on the Channel Islands Stock Exchange, and intercompany debt.

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

The Company has made a loss for the financial year of £676.2m (2023: £1,401.2m), principally driven by interest payable on borrowings and impairment of the company's investments. The Company has net liabilities of £2,635.0m (2023: £1,958.8m net liabilities).

Financial KPIs

Given the straightforward nature of the Company's activities as a holding company and 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, a copy of which is available from the address in note 20 of these financial statements or the Group's website at www.arqiva.com.

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 an intermediate holding company and 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, a copy of which is available from the address in note 20 of these financial statements or the Group's website at www.arqiva.com.

Future developments and outlook

It is the intention of the Company to continue to hold investments in a group of operating companies and act as a financing vehicle for the Group.

Section 172 Statement

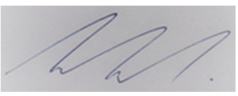
The Companies Act 2006 sets out a set of general duties owed by directors to a company, including a list of matters to which the Directors must have regard, which are set out in s.172(1)(a) to (f). During the year, in continuing to exercise their duties, the Directors have had regard to these matters,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

Section 172 Factor	How the Company has satisfied this:
Consequences of any decisions in the long term:	During the year Arqiva Financing No3 Plc continued to act as an intermediate holding Company for the Group and as a borrower of funds under the shareholder loan notes for the use within the wider Group. Day-to-day running of the Company is managed by the Company's management team, which are the employees of Arqiva Ltd. During the year, the Company did not raise any further injections under the shareholder loan notes and as such there were no key decisions for the Directors to make this year.
Interests of the company's employees;	This Company has no employees, employees of the Group are employed and managed by another group company, Arqiva Ltd.
Fostering relationships with suppliers, customers and others	The Company's only key relationship relate to the shareholder loan note borrowings held in the Company. Company did not have any external customers or trading arrangements with suppliers.
Impact of operations on the community and the environment	There are no operations carried out by this company, it is a financing vehicle for the Group. Therefore there is no impact. For a review of the Group's impact, refer to the AGL FY24 Financial Statements, Section 172 Statement.
Maintaining a high standard of business conduct:	As a financing vehicle, this Company sets a high standard by supporting the Group in meeting its requirements under debt covenants and including timely servicing of debt to external debt owners. All such payments were made on time and covenant requirements under debt obligations met for the financial year.
Acting fairly between members	AGL manage the business at the Group level, not at individual entity level. Therefore, the Company does not need to manage Intercompany relationships, as decisions are made to benefit the group as a whole. Further the Group's letter of support ensures Intercompany balances are recoverable.

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. How this has been achieved is discussed within the Annual Report and Consolidated Financial statements of AGL on pages 43 and 44 a copy of which can be obtained from the address in note 20 of these financial statements or the Group's website at www.arqiva.com.

This report was approved by the Board of Directors on 24 October 2024 and signed on its behalf by:



Scott Longhurst
Director

Directors' report

The directors present their report and the audited financial statements of the company for the year ended 30 June 2024.

Business review and principal activities

Financing activities
The Company issues shareholder loan notes which are unsecured, listed on the Channel Islands Stock Exchange, and are repayable between March 2029 and March 2030. See note 15 for further information.

Future developments and outlook

It is the intention of the Company to continue to hold investments in a group of operating companies and act as a financing vehicle for the Group.

Principal risks and uncertainties

Details of the principal risks and uncertainties are included in the Strategic report on page 2.

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 agreement. The intercompany receivable 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 maintains a mixture of long-term external debt finance raised from shareholders of the ultimate parent undertaking and intercompany loans. For short-term resources the Company utilises intercompany loans. The maturity of the Company's borrowings is shown in note 15. The Company's capital requirements are managed by the Group treasury team.

Interest rate risk
Intercompany loan balances are interest free or fixed interest rates. Shareholder loans carry fixed rates of interest. The Group treasury team manages exposure to interest rate risk and takes out derivative financial instruments where it is felt appropriate to do so.

Dividends, results and transfers to reserves

The Directors do not propose to pay a dividend for the year (2023: £nil). The loss for the financial year of £676.2m (2023: £1,401.2m) 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, and whether there is sufficient cash generated to service the debt obligations.

The Group performs a review of going concern through a review of forecasting including cash flow forecasts and considering the requirements of capital expenditure and debt repayments and including severe but plausible scenarios.

The Group has provided a letter of support which confirms that Arqiva Group Limited will provide such financial assistance to all its wholly owned (directly and indirectly held) subsidiaries in order to meet liabilities as they fall due for a period of 12 months from the date of signing the 30 June 2024 financial statements.

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.

Events after the reporting year

There have been no events since the balance sheet 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 were:

Michael Darcey	
Susana Leith-Smith	
Paul Donovan	
Matthew Postgate	
Maximilian Fieguth	
Scott Longhurst	
David Stirton	
Andrew Macleod	(appointed 1 July 2023)
Diego Massidda	(appointed 16 November 2023)
Arnaud Jaguin	(resigned 16 November 2023, reappointed 6 December 2023)

Company Secretary

Sean West resigned from his position as Company Secretary on 28 July 2023. Nicola Phillips was appointed as Company Secretary on 28 July 2023.

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.

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, 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 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 also 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.

The Directors are responsible for the maintenance and integrity 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.

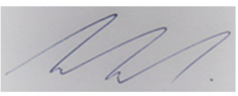
The directors consider that the Annual Report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company’s position and performance, business model and strategy.

Directors’ confirmations

In the case of each director in office at the date the Directors’ report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company’s auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company’s auditors are aware of that information.

On behalf of the Board



Scott Longhurst
Director
24 October 2024

Independent auditors’ report to the members of Arqiva Financing No 3 Plc

Report on the audit of the financial statements

Opinion

In our opinion, Arqiva Financing No 3 Plc’s financial statements:

- give a true and fair view of the state of the Company’s affairs as at 30 June 2024 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 2024; the Income statement and the Statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

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.

Our audit approach

Overview

Audit scope

- 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

- Borrowings in the form of shareholder loan notes
- Recoverability of intercompany receivable balances
- Carrying value of investments in subsidiaries
- Recognition and recoverability of deferred tax assets

Materiality

- Overall materiality: £41.1 million (2023: £39.9 million) based on approximately 1% of total assets.
- Performance materiality: £30.9 million (2023: £29.9 million).

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.

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.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Borrowings in the form of shareholder loan notes The Company has significant borrowings in the form of shareholder loans listed on the Channel Islands Stock Exchange. As at 30 June 2024, these financial statements comprise of £2,148.1 million of principal and accrued interest of £4,314.4 million. This is a key audit matter due to the quantum of the balance as any misstatement in this balance would likely be material. Refer to page 27 (note 15 - Borrowings)	We agreed the principal, interest rates and maturity profiles of the shareholder loan notes to the Channel Island Stock Exchange website and did not identify any material differences. We recalculated the accrued interest at 30 June 2024 and interest expense for the year on the shareholder loan notes using the outstanding balances throughout the year and the prevailing interest rates per the agreed terms, with no material differences noted.
Recoverability of intercompany receivable balances The Company has balances receivable from Group companies amounting to £2,063.2 million as at 30 June 2024. This is considered a key audit matter as there is judgement involved in the assessment of the recoverability of receivable balances along with its impact on the Company's ability to repay external debts. Refer to page 25 (note 11 - Receivables)	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. As the net asset values did not support the recoverability of the intercompany receivables, we evidenced the letter of support in place from the ultimate parent entity, and considered the profitability of the overall Group. By taking this into account we obtained sufficient evidence that the intercompany receivable is recoverable.
Carrying value of investments in subsidiaries The Company has significant investments in subsidiaries amounting to £2,005.7 million as at 30 June 2024, following an impairment recognised in the year totalling £76.5 million.	For the Company's investment in subsidiaries, we have compared the recoverable amount, being the higher of value in use and fair value less costs to sell, with the carrying value of

This is considered a key audit matter due to the significance of the quantum of the balance and the significant estimates involved in the impairment assessment; as any misstatements in these estimates and assumptions would likely be material. Refer to page 19 and page 22 (note 4- critical accounting estimates and judgements - Impairment and note 10 - Investments)	the investments held to assess the reasonableness of the impairment charge recognised in the year. When considering the recoverable amount we have agreed the consistency of the forecasts used to assess the goodwill impairment for the Group and the key estimates within the forecast to supporting evidence including verifying the appropriateness of the assumptions for revenue and cost growth, capital expenditure, the terminal growth rate and the discount rate used, where applicable. We also assessed management's sensitivity analysis and performed our own sensitivity analysis considering various reasonably possible scenarios impacting key assumptions, including forecast cash flows, terminal growth rate and discount rates. Our testing did not identify any material differences to the position reflected in the financial statements.
Recognition and recoverability of deferred tax assets At 30 June 2024, a deferred tax asset of £ 39.9 million is recognised within the Statement of financial position with a further £263.4 million of potential deferred tax assets not recognised on the basis that they are not considered to be recoverable. There is judgement involved in the accessibility of these assets and also within the estimate of its measurement. This depends on the capital structure of the Group, the application and interplay of several relevant tax rules and the extent to which there are foreseeable taxable profits to support the asset's recoverability. Refer to page 19 and page 26 (note 4 - critical accounting estimates and judgements - Deferred tax and note 13 - Deferred tax)	We obtained management's detailed workings which set out the Company's deferred tax assets, including support for judgements taken on recognition. Our consideration of the appropriateness of this assessment was in conjunction with our taxation specialists. We obtained management's forecast of taxable profits and agreed those to the Group's approved long term plan. The calculations of the forecast taxable profits were reviewed, and an analysis of the sensitivity of the utilisation to variations in forecast EBITDA and different capital structures was performed. We have reviewed the disclosure over the significant judgements in the financial statements and we concur with the disclosures made. As a result of our work performed no material errors were noted in respect of the amount of deferred tax asset recognised in the financial statements at 30 June 2024.

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 Financing No 3 Plc acts as an intermediate holding Company and a financing vehicle within the Arqiva Group Limited group of companies. It holds an investment in an operational sub group of companies which it funds from a combination of shareholder loan notes and intercompany debt.

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:

Overall Company materiality	£41.1 million (2023: £39.9 million).
How we determined it	Based on approximately 1% of total assets
Rationale for benchmark applied	Based on our professional judgement, total assets is considered to be an appropriate measure to assess the performance of the Company as the purpose of the Company is to hold debt and investments in subsidiaries, and the measure is a generally accepted auditing benchmark.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was based on approximately 75% (2023: 75%) of overall materiality, amounting to £30.9 million (2023: £29.9 million) for the Company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above £2.1 million (2023: £2.0 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

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

- Obtaining management's assessment of the use of going concern basis of preparation of the financial statements;
- Obtaining a signed letter of support from Arqiva Group Limited;
- Assessing the reliability of the letter of support by leveraging the Group going concern assessment and the audit procedures performed over the Group going concern assessment; and
- Considering management's disclosures of their assessment of going concern.

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

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

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

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

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, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 June 2024 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.

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, 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.

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

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and the UK Tax law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management’s incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management's manipulation through the posting of manual journals and judgements over significant accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and Directors, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management and considering risk of management bias in their significant accounting estimates and judgements as disclosed in Note 4 of the financial statements;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or journals posted by unexpected users;
- Reviewing minutes of meetings of those charged with governance;
- As required by ISA (UK) 240, incorporating an element of unpredictability into our audit testing.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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.

N. Comello

Nigel Comello (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
24 October 2024

Income statement

	Note	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Operating result		**-**	**-**
Impairment of investments	10	(76.5)	(877.9)
Finance income	7	183.3	166.2
Finance costs	8	(781.9)	(685.5)
Loss before tax		**(675.1)**	**(1,397.2)**
Tax	9	(1.1)	(4.0)
Loss for the year		**(676.2)**	**(1,401.2)**

All results are from continuing operations.

The Company has no other comprehensive income other than the loss stated above and therefore no separate statement of comprehensive income has been presented.

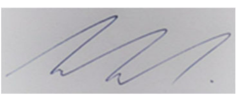
The notes on pages 17 to 28 form part of these financial statements.

Statement of financial position

	Note	30 June 2024 £m	30 June 2023 £m
Non-current assets			
Investments in subsidiaries	10	2,005.7	2,063.1
Receivables	11	2,063.2	1,880.3
Deferred tax	13	39.9	41.0
		4,108.8	**3,984.4**
Current assets			
Cash and cash equivalents	12	2.0	1.5
		2.0	**1.5**
Total assets		**4,110.8**	**3,985.9**
Current liabilities			
Payables	14	(280.9)	(261.8)
Corporation tax	14	(2.4)	(2.4)
Borrowings	15	(4,314.4)	(3,532.4)
		(4,597.7)	**(3,796.6)**
Net current liabilities		**(4,595.7)**	**(3,795.1)**
Non-current liabilities			
Borrowings	15	(2,148.1)	(2,148.1)
		(2,148.1)	**(2,148.1)**
Total liabilities		**(6,745.8)**	**(5,944.7)**
Net liabilities		**(2,635.0)**	**(1,958.8)**
Equity			
Called up share capital	16	1.0	1.0
Accumulated losses		(2,636.0)	(1,959.8)
Total equity		**(2,635.0)**	**(1,958.8)**

The notes on pages 17 to 28 form part of these financial statements.

These financial statements on pages 14 to 28 were approved by the Board of Directors on 24 October 2024 and signed on its behalf by:



Scott Longhurst
Director

Statement of changes in equity

	Called up share capital*	Accumulated losses	Total equity
	£m	£m	£m
Balance at 1 July 2022	**1.0**	**(558.6)**	**(557.6)**
Loss for the year	-	(1,401.2)	(1,401.2)
Total comprehensive loss for the year	**-**	**(1,401.2)**	**(1,401.2)**
Balance at 30 June 2023	**1.0**	**(1,959.8)**	**(1,958.8)**
Loss for the year	-	(676.2)	(676.2)
Total comprehensive loss for the year	**-**	**(676.2)**	**(676.2)**
Balance at 30 June 2024	**1.0**	**(2,636.0)**	**(2,635.0)**

*Comprises 1,000,000 (2023: 1,000,000) authorised, issued and fully paid ordinary shares of £1 each

Notes to the financial statements

1 General information

Arqiva Financing No 3 Plc (the 'Company') is a public company limited by shares which is incorporated and domiciled in England, United Kingdom ("UK") under the Companies Act under registration number 05253998. The address of the registered office is Crawley Court, Winchester, Hampshire, SO21 2QA. The Company holds an investment in an operating sub group of companies which it funds from a combination of shareholder loan notes which are listed on the Channel Island Stock Exchange.

The nature of the Company's operations and its principal activities are set out in the Strategic report on page 1 and the Directors' report on pages 2 and 3.

2 Adoption of new and revised Standards

New and revised Standards

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements.

Amendment to IFRS 16	Leases on sale and leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 7 and IFRS 7	Supplier Finance

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standard that had been issued but is not yet effective:

Amendment to IAS 21	Lack of Exchangeability
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments
IFRS 18	Presentation and Disclosure in Financial Statements
IFRS 19	Subsidiaries without Public Accountability: Disclosures

The new and revised standards are not expected to have a material impact on the Company.

3 Summary of material accounting policies

Basis of preparation

The financial statements of Arqiva Financing No 3 Plc Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006. The Group's consolidated financial statements are available online at www.arqiva.com.

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

IFRS 3 *Business Combinations*	The requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67.
IFRS 7 *Financial Instruments: Disclosures*	All disclosure requirements.
IFRS 13 *Fair Value Measurement*	The requirements of paragraphs 91 to 99.
IAS 1 *Presentation of financial statements*	The requirements of paragraph 38; comparative information in respect of paragraph 79(a)(iv) of IAS 1; also the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B to D, 40A to D, 111 and 134 to 136.
IAS 7 *Statement of Cash Flows*	All disclosure requirements.

IAS 24 *Related Party Disclosures*	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.
IAS 8 *Accounting policies, changes in accounting estimates and errors*	The requirements of paragraphs 30 and 31.

Exemption from consolidation
The Company is a wholly owned subsidiary of Arqiva Group Limited ('AGL'). It is included in the consolidated financial statements of AGL which are publicly available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate financial statements.

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, and whether there is sufficient cash generated to service the debt obligations.

The Group performs a review of going concern through a review of forecasting including cash flow forecasts and considering the requirements of capital expenditure and debt repayments and including severe but plausible scenarios.

The Group has provided a letter of support which confirms that Arqiva Group Limited will provide such financial assistance to all its wholly owned (directly and indirectly held) subsidiaries in order to meet liabilities as they fall due for a period of 12 months from the date of signing the 30 June 2024 financial statements.

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.

(b) Taxation and deferred taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable in other years and it further excludes items that are never taxable or deductible.
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.

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.

(c) Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are shown at cost less provision for impairment, which is assessed annually.

(d) Interest

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

(e) 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. 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 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.

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.

The following are the critical judgements and those involving estimations that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Deferred tax
Critical accounting judgements:
As disclosed in note 13, the Company has recognised deferred tax assets, in respect of tax losses carried forward. Judgement is required in determining whether these assets can be accessed considering the restrictions of relevant tax legislation and expectations of future profit.

Impairment
Critical accounting estimates:
The calculation of impairment of investments held is considered to be a critical accounting estimate, as the value of the Company's investment in Arqiva Intermediate Limited is sensitive to future cash flow projections, specifically in relation to the debt financing operations of the Group. Reductions identified in the future cash flows of this subsidiary would result in a further impairment of the investment. An impairment of £76.5m (2023: £877.9m) has been recognised in the year.

A sensitivity analysis on the applied rates indicates that an increase to the discount rate of 0.1% would impact our assessment of the impairment by £59.5m (2023: £65.4m), and that a decrease to the terminal growth rate of 0.1% would impact our assessment of the impairment by £49.1m (2023: £54.4m).

5 Audit fee

The Company's audit fee for the year was £9,000 (2023: £11,000) and this was borne by Arqiva Limited, a fellow Group company, and not recharged to the Company. There were no non-audit fees in the year.

6 Employees and Directors

Employees
The Company had no employees during the year (2023: none).

Directors
There are no recharges (2023: none) 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 2024 £m	Year ended 30 June 2023 £m
Interest receivable from other Group entities	183.3	166.2
Total finance income	**183.3**	**166.2**

8 Finance costs

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Shareholder loan notes interest	781.9	685.5
Total finance costs	**781.9**	**685.5**

See Note 15 for details of the shareholder loan notes interest.

Included within loan note interest is £0.1m (2023: £0.1m) in respect of amortisation of the premium paid on issue.

9 Tax charge

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
UK Corporation tax:		
- Current year	-	2.8
Total current tax	**-**	**2.8**
Deferred Tax:		
Origination and reversal of temporary differences	1.1	1.2
Total deferred tax charge	**1.1**	**1.2**
Total tax charge for the year	**1.1**	**4.0**

UK corporation tax is calculated at a blended rate of 25.0% (2023: 20.5%) of the taxable loss for the year.

The charge for the year can be reconciled to the loss in the income statement as follows:

	Year ended 30 June 2024 £m	Year ended 30 June 2023 £m
Loss before tax	(675.1)	(1,397.2)
Loss before tax multiplied by standard rate of corporation tax in the United Kingdom of 25.0% (2023: 20.5%)	(168.8)	(286.4)
Tax effect of expenses not deductible for tax purposes (a)	180.0	273.9
Deemed interest on intercompany balances	(15.2)	9.4
Change in unrecognised deferred tax assets	5.1	6.9
Impact of change in tax rate	-	0.2
Total tax charge for the year	**1.1**	**4.0**

The 2023 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 average blended rate of UK corporation tax was 25.0% during the year. In the Finance Act 2022 it was enacted that the main rate of UK corporation tax would be increased to 25.0% from 1 April 2023. UK deferred tax has been valued at 25.0%.

(a) Expenses that are not deductible in determining taxable profit principally relate to interest payable on shareholder loan notes and the impairment (note 10).
(b) Deemed interest expense in respect of inter-company debt, deductible for corporation tax purposes.

On 20 June 2023, Finance (No.2) Bill Act 2024 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%; the implications of this upon the Companies in the group are set out in the Arqiva Group Limited financial statements.

10 Investments in subsidiaries

	Investments in subsidiaries £m
Cost	
At 1 July 2022	**3,045.1**
Additions	68.9
At 30 June 2023	**3,114.0**
Additions	19.1
At 30 June 2024	**3,133.1**
Accumulated impairment	
At 1 July 2022	**173.0**
Impairment	877.9
At 30 June 2023	**1,050.9**
Impairment	76.5
At 30 June 2024	**1,127.4**
Net book value	
At 30 June 2023	**2,063.1**
At 30 June 2024	**2,005.7**

The additions in both the prior year and current year includes additional investment in Arqiva Financing No1 Limited ('AF1'), a subsidiary company.

The Directors consider the carrying value of the Company's investments in its subsidiaries on an annual basis, or more frequently should indicators arise, and believe that the carrying values of the investments are supported by the underlying trade and net assets.

In the current financial year the Company incurred an impairment charge of £76.5m (2023: £877.9m) relating to investment in subsidiary of the Company, Arqiva Intermediate Limited. This calculation is considered to be a critical accounting estimate, as the value of the Company's investments in Arqiva Intermediate Limited is sensitive to future cash flow projections, discount rate and terminal growth rate applied to the groups value in use calculation. Reductions identified in the future cash flows of this subsidiary would result in a further impairment of the investment.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the Group. Growth rates are based on internal and external growth forecasts. Changes to cash flows are based on past practices and expectations of future changes in the market.

Projected cash flows and the 'recoverable amount'
The value in use is determined from the cash flow forecasts derived from the latest financial forecasts available at year end. They reflect management's expectations of revenue, EBITDA growth, capital expenditure and working capital based on past experience and future expectations of performance.

Discount rate
The pre-tax discount rate applied to the Group's cash flow forecasts are derived using the capital asset pricing model for comparable businesses. The assumptions used are benchmarked to externally available data. The pre-tax discount rate used for the AGL group's annual impairment review is 8.8% (2023: 8.7%).

Terminal growth rates
The terminal growth rate is determined based on the long-term growth rates of the markets in which the CGU operates (2024: 1.9%; 2023: 1.9%). The growth rate has been benchmarked against externally available data.

This discount rate does not represent the weighted average cost of capital (WACC) for AGL, but instead is an industry and comparative company based capital asset pricing model (CAPM) derived discount rate, utilising current spot rates at the time of calculation.

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

Company	Country of incorporation	Principal activities	Year end	Percentage of ordinary shares held
ABHL Digital Limited	United Kingdom	Holding company	30-Jun	100%
ABHL Digital Radio Limited	United Kingdom	Holding company	30-Jun	100%
ABHL Multiplex Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Muxco Limited	United Kingdom	Transmission services	30-Jun	100%
Arqiva (Scotland) Limited	United Kingdom	Transmission services	30-Jun	100%
Arqiva Broadcast Finance Plc	United Kingdom	Financing vehicle	30-Jun	100%
Arqiva Broadcast Intermediate Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Broadcast Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Broadcast Parent Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Communications Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Defined Benefit Pension Plan Trustees Limited	United Kingdom	Pension company	30-Jun	100%
Arqiva Digital Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Finance Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Financing No. 1 Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Financing No. 2 Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Financing Plc	United Kingdom	Financing vehicle	30-Jun	100%
Arqiva Group Holdings Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Group Intermediate Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Group Parent Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Holdings Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Inc.	USA	Satellite transmission services	30-Jun	100%
Arqiva Intermediate Limited	United Kingdom	Holding Company	30-Jun	100
Arqiva International Holdings Limited	United Kingdom	Holding company	30-Jun	100% (held directly)
Arqiva Limited	United Kingdom	Transmission services	30-Jun	100%
Arqiva Limited	Ireland	Transmission services	30-Jun	100%
Arqiva Media Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Mobile Broadcast Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Mobile Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Mobile TV Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva No. 10 Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva No. 11 Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Pension Trust Limited	United Kingdom	Dormant company	31-Mar	100%
Arqiva PP Financing Plc	United Kingdom	Financing vehicle	30-Jun	100%
Arqiva Pte Limited	Singapore	Satellite transmission services	30-Jun	100%
Arqiva Public Safety Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva SAS	France	Satellite transmission services	30-Jun	100%
Arqiva Satellite Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Senior Finance Limited	United Kingdom	Financing vehicle	30-Jun	100%
Arqiva Smart Financing Limited	United Kingdom	Financing vehicle	30-Jun	100%
Arqiva Smart Holdings Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Smart Metering Limited	United Kingdom	Smart metering communications	30-Jun	100%
Arqiva Smart Parent Limited	United Kingdom	Holding company	30-Jun	100%

Company	Country of incorporation	Principal activities	Year end	Percentage of ordinary shares held
Arqiva SRL	Italy	Satellite transmission services	30-Jun	100%
Arqiva Telecoms Investment Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Transmission Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva UK Broadcast Holdings Limited	United Kingdom	Holding company	30-Jun	100%
Arqiva Wireless Limited	United Kingdom	Dormant company	30-Jun	100%
Capablue Limited	United Kingdom	Dormant company	30-Jun	100%
Cast Communications Limited	United Kingdom	Dormant company	30-Jun	100%
Connect TV (Scotland) Limited	United Kingdom	Dormant company	30-Jun	100%
Connect TV Limited	United Kingdom	Dormant company	30-Jun	100%
Digital One Limited	United Kingdom	Transmission services	30-Jun	100%
Inmedia Communications (Holdings) Limited	United Kingdom	Dormant company	30-Jun	100%
Inmedia Communications Group Limited	United Kingdom	Dormant company	30-Jun	100%
Inmedia Communications Limited	United Kingdom	Dormant company	30-Jun	100%
J F M G Limited	United Kingdom	Spectrum services	30-Jun	100%
Macropolitan Limited	United Kingdom	Dormant company	30-Jun	100%
Now Digital (East Midlands) Limited	United Kingdom	Transmission services	30-Jun	80.0%
Now Digital (Oxford) Limited	United Kingdom	Dormant company	30-Jun	100%
Now Digital (Southern) Limited	United Kingdom	Transmission services	30-Jun	100%
Now Digital Limited	United Kingdom	Transmission services	30-Jun	100%
NWP Spectrum Holdings Limited	United Kingdom	Holding company	30-Jun	100%
Scanners (Europe) Limited	United Kingdom	Dormant company	30-Jun	100%
Scanners Television Outside Broadcasts Limited	United Kingdom	Dormant company	30-Jun	100%
Selective Media Limited	United Kingdom	WiFi services	30-Jun	100%
South West Digital Radio Limited	United Kingdom	Transmission services	30-Jun	66.67%
Spectrum Interactive (UK) Limited	United Kingdom	Dormant company	30-Jun	100%
Spectrum Interactive Limited	United Kingdom	Holding company	30-Jun	100%

With the following exceptions, the registered office of each of the subsidiary companies listed was Crawley Court, Winchester, Hampshire, SO21 2QA:

Company	Registered office
Arqiva Inc.	c/o The Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington, DE19801, United States of America.
Arqiva (Ireland) Limited	Unit 9 Willborough, Clonshaugh Industrial Estate, Dublin 17, Co. Dublin, Ireland
Arqiva Pte Limited	8 Marina Boulevard #05-02, Marina Bay Financial Centre, 018981, Singapore.
Arqiva SAS	4 Rue Paul Dautier, 78140 Vélizy-Villacoublay, France.
Arqiva SRL	c/o Studio Bandini & Associati, Via Calabria 32, Rome, Italy.
Arqiva (Scotland) Limited	c/o Morton Fraser, Quartermile 2, 2 Lister Square, Edinburgh, EH3 9GL, Scotland.

Company	Country of incorporation	Principal activities	Registered office	Year end	Percentage of ordinary shares held
Joint ventures					
Sound Digital Limited	United Kingdom	Ownership and operation of UK DAB radio multiplex licence	Media House Peterborough Business Park, Lynch Wood, Peterborough, United Kingdom, PE2 6EA	31-Dec	40.0%
Associate undertakings:					
Muxco Limited	United Kingdom	Bidding for UK DAB digital radio multiplex licences	96a, Curtain Road, London, EC2A 3AA	31-Dec	25.0%
UK Digital Radio Limited	United Kingdom	Support delivery of a digital future for radio	55 New Oxford Street, 6th Floor, London, WC1A 1BS	31-Mar	10.0%

11 Receivables

	30 June 2024	30 June 2023
	£m	£m
Non-current		
Amounts receivable from other Group entities	2,063.2	1,880.3
Total non-current receivables	**2,063.2**	**1,880.3**

Included within non-current amounts receivables are £39.9m (2023: £36.8m) upon which no interest is charged. Also included are £3.5m (2023: £3.7m) upon which interest is charged at a rate of 6.3% plus an index reflecting the blended interest rate swap rates that were in place as part of the external funding the Group has established to finance communications hubs, which for the year ended 30 June 2024 was 0.9% (2023: 0.9%). The remaining amounts receivable from other Group entities of £2,021.0m (2023: £1,839.8m) carried interest at 9.5% (2023: 9.5%) and are repayable in February 2023.

Amounts receivable from other Group entities are stated after deducting allowances for doubtful debts, as follows:

	2024	2023
	£m	£m
Allowance at 1 July	**1.2**	**1.2**
Allowance at 30 June	**1.2**	**1.2**

The provision against intercompany receivables relates to an amount which was not anticipated to be recovered due to the cessation of trade in a non-core business.

12 Cash and cash equivalents

	30 June 2024	30 June 2023
	£m	£m
Cash at bank	2.0	1.5
Total cash and cash equivalents	**2.0**	**1.5**

13 Deferred tax

The balance of deferred tax recognised at 30 June 2024 is £39.9 (2023: £41.0m). The movement in deferred income tax assets and liabilities during the year is as follows:

	Tax Losses	Total
	£m	£m
Deferred tax assets		
At 1 July 2022	**42.2**	**42.2**
Charged to the income statement	(1.2)	(1.2)
At 30 June 2023	**41.0**	**41.0**
Charged to the income statement	(1.1)	(1.1)
At 30 June 2024	**39.9**	**39.9**

There is an unrecognised deferred tax asset of £263.4m (2023: £260.5m). This relates to deferred interest expenses of £263.4m (2023: £260.5m). These deferred tax assets may be carried forward indefinitely. These assets have not been recognised since it is not probable that these assets will be able to be utilised against future taxable profits of the Group.

Companies within the Group continue to recognise deferred tax assets as supported by the same long-term group profit forecasts. No attributes have a time expiry and these forecasts show the deferred tax assets reversing to a net liability position by 30 June 2031. Due to the long-term stable nature of the business, with significant long term contracts, the recognised deferred tax asset is not considered to be materially exposed to the performance of the Group based on reasonably possible trading forecasts.

14 Payables

	30 June 2024	30 June 2023
	£m	£m
Amounts payable to other Group entities	280.8	261.7
Accruals	0.1	0.1
Total payables	**280.9**	**261.8**
Corporation tax	**2.4**	**2.4**

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

15 Borrowings

	30 June 2024 £m	30 June 2023 £m
Within current liabilities:		
Accrued interest on shareholder loan notes	4,314.4	3,532.4
Borrowings due within one year	**4,314.4**	**3,532.4**
Within non-current liabilities:		
Shareholder loan notes	2,148.1	2,148.1
Borrowings due after more than one year	**2,148.1**	**2,148.1**
Total borrowings	**6,462.5**	**5,680.5**

The shareholder loan notes carry a fixed rate of interest ranging between 13% and 14% applicable to the capital and unpaid interest which can be deferred at the option of the Company subject to certain conditions, qualification of which are subject to bi-annual review.

Shareholder loan notes which are unsecured, are listed on the Channel Islands Stock Exchange, are repayable between March 2029 and March 2030, and cannot be called upon early. The shareholder loan notes carry a fixed rate of interest ranging between 13% and 14% applicable to the capital and unpaid interest which can be deferred at the option of the Group subject to certain conditions, qualification of which are subject to bi-annual review. The Group has exercised this option to defer interest payments since 2009.

There have been no breaches of the terms of the loan agreements during the current or previous years.

An analysis of total borrowings by maturity is as follows:

	30 June 2024 £m	30 June 2023 £m
Borrowings falling due within:		
One year	4,314.4	3,532.4
One to five years	1,492.9	-
More than five years	655.2	2,148.1
Total	**6,462.5**	**5,680.5**

16 Called up share capital

	30 June 2024 £m	30 June 2023 £m
Allotted and fully paid:		
1,000,000 (2023: 1,000,000) ordinary shares of £1 each	1.0	1.0

17 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 remote and therefore has no impact on the liabilities recognised for the current year.

18 Related party transactions

Intercompany 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 key management personnel. No transactions occurred with other Group entities for which the holding by another Group entity was less than 100%.

Investor transactions
There are two investor companies, Digital 9 Infrastructure ('D9') and Macquarie European Infrastructure Fund II ('MEIF II'), which are related parties with the Group in accordance with IAS 24, by virtue of significant shareholding in the Group, and another two Companies, Macquarie Global Infrastructure Funds II ('MGIF II') and Macquarie Prism who are related parties by virtue of common influence.

30 June 2024	MGIF II *	MEIF II +	Macquarie Prism *	D9+
	£m	£m	£m	£m
Shareholder loan notes	12.8	626.6	9.3	1,208.4
Shareholder loan note interest for the year	3.9	199.2	6.8	384.3
Accrued shareholder loan note interest	20.1	1,018.1	46.8	1,964.1

* A related party by virtue of common influence.
+ An investor company and a related party by virtue of significant shareholding (as at 30 June 2024).

30 June 2023	MGIF II *	MEIF II +	Macquarie Prism *	D9+
	£m	£m	£m	£m
Shareholder loan notes	12.8	626.6	9.3	1,208.4
Shareholder loan note interest for the year	3.4	174.6	6.0	336.8
Accrued shareholder loan note interest	16.2	818.9	40.0	1,579.8

* A related party by virtue of common influence.
+ An investor company and a related party by virtue of significant shareholding (as at 30 June 2023).

19 Events after the reporting period

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

20 Controlling parties

The Company's immediate parent company and ultimate UK parent undertaking is AGL, which is the parent undertaking of the largest and smallest group to consolidate these financial statements.

Copies of the AGL consolidated financial statements can be obtained from the Company Secretary of AGL at Crawley Court, Winchester, Hampshire, SO21 2QA.

The Company is owned by a consortium of shareholders including Digital 9 Infrastructure, Macquarie European Infrastructure Fund II, other Macquarie managed funds and minorities.