Arqiva Financing Plc

Registered number 08336354

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 principal activities of Arqiva Financing Plc (the 'Company') throughout the year have been that of a financing vehicle, acting as issuer for the majority of the listed senior bonds and a lender within the Arqiva Group Limited ('AGL') group (the 'Group') of companies. These bonds are listed on the London Stock Exchange.

This entity is a wholly owned subsidiary of a UK parent undertaking, see note 18 to the financial statements.

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

The Company made a profit for the financial year of £3,000 (2023: £4,000).

The issued share capital of the Company is £50,000 (2023: £50,000) comprising 50,000 (2023: 50,000) fully paid ordinary shares of £1 each.

At 30 June 2024, the Company had net assets of £94,000 (2023: £91,000), and was financed through senior bonds of £640,667,000 (2023: £417,334,000).

£226,667,000 (2023: £253,334,000) of the senior bonds were raised from an issuance as part of the February 2013 Arqiva Group refinancing and £164,000,000 (2023: £164,000,000) were raised from an issuance during February 2014. £250,000,000 (2023: £nil) of the senior bonds were raised from financing made during the year. See note 13 for further information.

Key performance indicators ('KPIs')

Given the straightforward nature of the Company's activities, the Directors are of the opinion that analysis using KPIs is not necessary for the 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 18 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 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 18 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 act as a financing vehicle.

Section 172 Statement

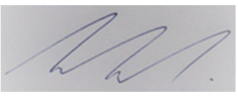
The Companies Act 2006 sets out a set of general duties owed by directors to a company, including a list of matters to which the Directors must have regard, which are set out in s.172(1)(a) to (f). During the year, in continuing to exercise their duties, the Directors have had regard to these matters,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

Section 172 Factor	How the Company has satisfied this:
Consequences of any decisions in the long term:	This Company is a financing vehicle for the Group. The decisions that the Directors of this Company make are to ensure that the Group continues to operate efficiently from a financial and liquidity standpoint and continues to meet its obligations under debt covenant requirements. During the year, the Company raised finance by issuing a senior bonds of £250m. The medium to long-term consequences of this decision is that the Group remains in a healthy financial position, with adequate financing to maintain and grow the Group's activities as well as to continue to maintain compliance under its existing debt covenant requirements, including but not limited to timely servicing of its debt.
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 external relationships relate to the Borrowings held in the Company. The Senior bonds held in this entity are publicly listed bonds on the London Stock Exchange. AGL fosters strong relations with bond holders primarily by ensuring compliance with the debt covenants in place at the Group level, and by timely servicing of debt and interest payments.
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 debt covenant requirements and timely servicing of its debt to bond holders. The Company made all required debt service payments on time and met its debt covenant requirements 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 18 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 holds £640,667,000 sterling denominated senior listed bonds repayable between December 2024 and December 2032 that were raised between 2013 and 2024. See note 13 for further information.

Future developments

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

Principal risks and uncertainties

Details of the principal risks and uncertainties 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 which include 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 actively maintains a mixture of long-term external debt finance and intercompany loans. For short-term funding 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's 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, transfers to reserves and results

The Directors do not propose to pay a dividend for the year (2023: £nil). The profit for the financial year of £3,000 (2023: £4,000) 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 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 downside 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 period

As at the reporting date, the directors were not aware of any event within the business or external to the business but which may have an impact on the business, or any recognised liabilities, that could have a material impact on the Company, its financial position or performance.

Directors

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

Shuja Khan	
Michael Darcey	
Susana Leith-Smith	
Paul Donovan	
Matthew Postgate	
Maximilian Fieguth	
Scott Longhurst	
David Stirton	
Andrew Macleod	(appointed 1 July 2023)
Helena Whitaker	
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.

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.

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.

Corporate Governance Statement

As the Company has only debt securities which are solely listed on the London Stock Exchange and no listed shares, it has taken advantage of the exemptions provided by the Financial Conduct Authority (‘FCA’) to make reduced disclosure in respect of the full corporate governance disclosures required by the Corporate Governance Code. In accordance with the available reduced disclosure framework the Company is still required to comply with Disclosure Rules and Transparency Rules (‘DTR’) 7.2.5R and DTR 7.2.6R and has included the following statements in relation to these.

Internal control over financial reporting (DTR 7.2.5R)
The Board reviews the effectiveness of the Group's systems of internal control, including risk management systems and financial and operational controls, which include those of the Company.

In carrying out its review of the effectiveness of the Group's systems of internal control, the Board considered the following key features which operated during the year:

- The internal audit and risk management function conduct various checks on internal financial controls throughout the year.
- The internal financial controls of each business unit are reviewed periodically based upon a cyclical, risk-based approach pre-determined by the Group's Audit and Risk Committee. The internal audit and risk management function provides written reports of their findings to the Board confirming that the internal financial controls have been reviewed and highlighting any departures from the controls system that the Group has determined to be appropriate practice.
- Management regularly monitors and considers developments in accounting regulations and best practice in financial reporting, and where appropriate, reflects developments in the annual financial statements. Appropriate briefings and/or training are provided to key finance personnel on relevant developments in accounting and financial reporting.
- The financial results of each business unit and the Group's consolidation are subject to review by the Group finance function as well as the individual business units.
- The draft financial statements of the Company are reviewed by an individual independent from those individuals who were responsible for preparing the financial statements. The review includes checking internal consistency, consistency with other statements, consistency with internal accounting records and arithmetical accuracy. The financial statements are further reviewed by senior members of management, as well as external auditors.
- The Audit and Risk Committee and the Board review the annual financial statements. The Audit and Risk Committee receives reports from management on significant judgements, changes in accounting policies, changes in accounting estimates and other pertinent matters relating to the financial statements.

The Board confirms that it has reviewed the effectiveness of the Group's systems of internal control and risk management which were in place during the financial year ended 30 June 2024, and confirms that these systems have remained in place up to the approval of these financial statements. The Board will continue to take steps to embed internal control and risk management further into the operations of the Group and to deal with any areas which come to the attention of management and the Board.

Share capital structures (DTR 7.2.6R)
Details of the issued share capital can be found in note 14 to the financial statements. The rights attaching to the Company's shares are set out in its Articles of Association.

The Company's share capital is wholly owned by Arqiva Group Intermediate Limited ('AGIL'), a fellow subsidiary entity of AGL as referred to in note 17.

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

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

- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, 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.

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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 Plc

Report on the audit of the financial statements

Opinion

In our opinion, Arqiva Financing 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 profit 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.

Our opinion is consistent with our reporting to the Audit and Risk Committee of Arqiva Financing Plc.

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, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

We have provided no non-audit services to the Company in the period under audit.

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 Senior Bonds
- Recoverability of intercompany receivable balances

Materiality

- Overall materiality: £6.5 million (2023: £4.2 million) based on approximately 1% of total assets.
- Performance materiality: £4.9 million (2023: £3.2 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 Senior Bonds The Company has significant borrowings in the form of Senior Bonds. As at 30 June 2024, the senior bonds include £649.6 million sterling denominated bonds outstanding with fixed interest rates ranging between 4.88% and 7.21%. Out of the above, £35.6 million is repayable within the next 12 months. These bonds are repayable between December 2024 and December 2032 and are listed on the London Stock Exchange. This is a key audit matter due to the quantum of the balance as any misstatements in this balance would likely be material. Refer to page 24 (note 13 - Borrowings)	We confirmed the principal amount, the maturity profiles and the interest rates of the bonds to the London Stock Exchange website and did not identify any material differences. We also agreed the maturity profile and balances to the prior year audited financial statements and agreed through review of minutes of board meetings that there have been no changes to the terms of the bonds that existed throughout the year end at the reporting date. We agreed any repayments of principal to bank statements. 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.
Recoverability of intercompany receivable balances The Company has receivable balances from other Group entities amounting to £614.1 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 23 (note 10 - 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 the debt 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 receivables are recoverable.

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 Plc is a financing vehicle, an issuer of the listed senior bonds in the London Stock Exchange within the Arqiva Group Limited group of companies. It has no other trading activities during the year. The Company has advanced the funds it raised from the issuance of notes 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:

Overall Company materiality	£6.5 million (2023: £4.2 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 given that the purpose of the Company is to hold debt 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 £4.9 million (2023: £3.2 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 the Audit and Risk Committee of Arqiva Financing Plc that we would report to them misstatements identified during our audit above £0.3 million (2023: £0.2 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 posting inappropriate journal entries. 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;
- 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; and
- 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.

Appointment

We were appointed by the members on 1 February 2016 to audit the financial statements for the year ended 30 June 2017 and subsequent financial periods. The period of total uninterrupted engagement is 8 years, covering the years ended 30 June 2017 to 30 June 2024.

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 £'000	Year ended 30 June 2023 £'000
Operating result	5	**-**	**-**
Finance income	7	38,429	22,103
Finance costs	8	(38,425)	(22,098)
Profit before tax		**4**	**5**
Tax	9	(1)	(1)
Profit for the financial year		**3**	**4**

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.

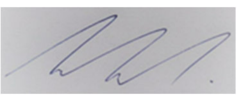
The notes on pages 19 to 25 form part of these financial statements.

Statement of financial position

	Note	30 June 2024 £'000	30 June 2023 £'000
Non-current assets			
Receivables	10	614,053	390,825
Total non-current assets		**614,053**	**390,825**
Current assets			
Receivables	10	35,584	26,667
Cash and cash equivalents	11	33	33
Total current assets		**35,617**	**26,700**
Total assets		**649,670**	**417,525**
Current liabilities			
Borrowings	12	(35,575)	(26,767)
Corporation tax		(1)	-
Total current liabilities		**(35,576)**	**(26,767)**
Net current assets/ (liabilities)		**41**	**(67)**
Non-current liabilities			
Borrowings	12	(614,000)	(390,667)
Total non-current liabilities		**(614,000)**	**(390,667)**
Total liabilities		**(649,576)**	**(417,434)**
Net assets		**94**	**91**
Equity			
Called up share capital	13	50	50
Retained earnings		44	41
Total equity		**94**	**91**

The notes on pages 19 to 25 form part of these financial statements.

These financial statements on pages 16 to 25 were approved by the Board of Directors on 24 October 2024 and were signed on its behalf by:



Scott Longhurst
Director

Statement of changes in equity

	Share capital* £'000	Retained earnings £'000	Total equity £'000
Balance at 1 July 2022	**50**	**37**	**87**
Profit for the financial year	-	4	4
Total comprehensive income for the year	**-**	**4**	**4**
Balance at 30 June 2023	**50**	**41**	**91**
Profit for the financial year	-	3	3
Total comprehensive income for the year	**-**	**3**	**3**
Balance at 30 June 2024	**50**	**44**	**94**

*Comprises 50,000 (2023: 50,000) authorised, issued and fully paid ordinary shares of £1 each

Notes to the financial statements

1 General information

Arqiva Financing Plc (the 'Company') is a public company limited by shares, incorporated and domiciled in England, United Kingdom ('UK') under the Companies Act under registration number 08336354. The address of the registered office is Crawley Court, Winchester, Hampshire, SO21 2QA. The Company holds bonds publicly listed on the London Stock Exchange.

£226,667,000 (2023: £253,334,000) of the senior bonds were raised from an issuance as part of the February 2013 Arqiva Group refinancing and £164,000,000 (2023: £164,000,000) were raised from an issuance during February 2014. £250,000,000 (2023: £nil) of the senior bonds were raised from financing made during the year. See note 13 for further information.

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 on page 5.

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 the Company 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 and in accordance with the Companies Act 2006 as applicable to companies using FRS 101. The Group's consolidated financial statements are available online at www.arqiva.com.

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

The financial statements are prepared on a going concern basis and under the historical cost convention.

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

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 paragraphs 10(d), 10(f), 16, 38A, 38B to D, 40A to D, 111 and 134 to 136. The requirements of paragraph 38; comparative information in respect of paragraph 79(a)(iv) of IAS 1.
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 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 Intermediate Limited (‘AGIL’), with its ultimate parent being 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.

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 downside 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) Interest

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

(d) 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

Senior bonds 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.

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

5 Audit fees

The Company's audit fee for the year was £25,000 (2023: £30,000) and this was borne by Arqiva Limited, a fellow Group company, and was not recharged. 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 £'000	**Year ended 30 June 2023 £'000**
Interest receivable from other Group entities (see note 10)	38,429	22,103
Total finance income	**38,429**	**22,103**

8 Finance costs

	Year ended 30 June 2024 £'000	**Year ended 30 June 2023 £'000**
Senior bond interest (see note 13)	38,425	22,098
Total finance costs	**38,425**	**22,098**

9 Tax

	Year ended 30 June 2024 £'000	**Year ended 30 June 2023 £'000**
Current tax:		
UK corporation tax		
- Current year	1	1
Total current tax	1	1
Tax charge on profit	**1**	**1**

UK Corporation tax is calculated at the rate of 25.0% (2023: 20.5%) 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 2024 £'000	Year ended 30 June 2023 £'000
Profit before tax	4	5
Tax at the UK Corporation tax rate of 25.0% (2023: 20.5%)	1	1
Total tax charge for the year	**1**	**1**

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.

On 20 June 2023, Finance (No.2) Bill 2023 (the 'Bill') was substantively enacted in the UK, introducing a global minimum effective tax rate of 15.0%; the implications of this upon the Companies in the group are set out in the AGL financial statements.

10 Receivables

	30 June 2024 £'000	30 June 2023 £'000
Current assets		
Amounts receivable from other Group entities	35,584	26,667
Total current receivables	**35,584**	**26,667**
Non-current assets		
Amounts receivable from other Group entities	614,053	390,825
Total non-current receivables	**614,053**	**390,825**

Receivables from Group undertakings are unsecured. Included in the amount's receivable from other Group entities as at 30 June 2024 are amounts that are repayable on demand. These represent £10,000 for management recharges and £8,907,000 (2023: £158,667) representing the accrued interest payable on Senior bonds as at 30 June 2024. These amounts have been charged interest at 0.0% (2023: 0.0%).

The remaining balances represent the funds raised on refinancing which have been advanced by the Company to Arqiva Financing No.1 Limited ('AF1') under a facilities agreement. The interest charged mirrors that of the external loan arrangements for funds that have been advanced to AF1. The interest charged is as follows; £226,667,000 (2023: £253,334,000) at a rate of 4.88% (2023: 4.88%), £164,000,000 (2023: £164,000,000) at 5.34% (2023: 5.34%), £250,000,000 (2023: £nil) at a rate of 7.21%.

The amounts receivable from AF1 under these loan agreements are repayable between December 2024 and December 2032. Of this, £26,666,667 (2023: £26,666,667) is due under one year, £356,700,000 (2023: £106,666,666) is due between one and five years, and £257,275,000 (2023: £284,000,000) is due after more than five years. The remaining non-current balance is made up of debt issue costs which are non-interest bearing.

11 Cash and cash equivalents

	30 June 2024 £'000	30 June 2023 £'000
Cash at bank	33	33
Total cash and cash equivalents	**33**	**33**

12 Borrowings

	30 June 2024 £'000	30 June 2023 £'000
Senior bonds	26,667	26,667
Accrued interest	8,908	100
Borrowings due within one year	**35,575**	**26,767**
Senior bonds	614,000	390,667
Borrowings due after more than one year	**614,000**	**390,667**

An analysis of total borrowings, excluding debt issue costs, by maturity is as follows:

	30 June 2024 £'000	30 June 2023 £'000
Borrowings falling due within:		
One year	35,575	26,667
Two to five years	356,700	106,667
More than five years	257,300	284,000
Total	**649,575**	**417,334**

Senior bonds are all publicly listed bonds on the London Stock Exchange. As at 30 June 2024, the Company has £640,667,000 (2023: £417,334,000) sterling denominated bonds outstanding with fixed interest rates ranging between 4.88% and 7.21% (2023: between 4.88% and 5.34%). These bonds are repayable between December 2024 and December 2032 and are listed on the London Stock Exchange.

The Company has advanced the funds it raised from the issuance of bonds via an intercompany loan agreement to another company within the Group.

As part of the Group refinancing, the Company incurred debt issuance costs in relation to the £250,000,000 Senior bond issued in July 2023 of £90,000, £164,000,000 Senior bond issued in February 2014 and the £280,000,000 Senior bonds issued in February 2013. These debt issuance costs have been charged to AF1, a company within the Group, in connection with the on-lending of financing via an intercompany loan arrangement under which AF1 is the ultimate beneficiary of this refinancing (see note 10).

13 Called up share capital

	30 June 2024 £'000	30 June 20223 £'000
Allotted and fully paid:		
50,000 (2023: 50,000) ordinary shares of £1 each	50	50

14 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.

15 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.

16 Events after the reporting period

As at the reporting date, the directors were not aware of any event within the business or external to the business but which may have an impact on the business, or any unrecognised liabilities, that could have a material impact on the Company, its financial position or performance.

17 Controlling parties

The Company's immediate parent undertaking is Arqiva Group Intermediate Limited ('AGIL'). Copies of the AGIL financial statements can be obtained from the Company Secretary at Crawley Court, Winchester, Hampshire, SO21 2QA.

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 Arqiva Group Parent Limited ('AGPL'). Copies of the AGL and AGPL 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 Digital 9 Infrastructure, Macquarie European Infrastructure Fund II, other Macquarie managed funds and minorities. There is no ultimate controlling party of the Company.