Arqiva Muxco Limited

Registered number 02333949

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.

Our Business Model

The Company operates the license for two (of six) digital terrestrial TV (DTT) multiplexes used for transmission of DTT services in the UK. The Company's DTT Multiplexes have 32 streams carrying 36 channels including full time 24/7 TV channels in addition to part time and radio services.

The platform remained fully utilised at 30 June 2024, due to contract renewals with Warner Bros. Discovery, Gemporia and GB News alongside a new Shop TJC channel launch. We anticipate continued high utilisation of our multiplexes in the future, as demonstrated in the 3 months post year end.

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

Our key performance indicators ('KPIs') reflect both a measure of the financial performance and long-term growth of the business, and the level of service provided to our customers.

The key measure of the Company's performance is EBITDA. EBITDA is a non-GAAP measure and refers to earnings before interest, tax, depreciation and amortisation. EBITDA for the year ended 30 June 2024 is £32,599,000 (2023: £47,490,000). The decrease in EBITDA has been driven by an increase in the cost base related to the high inflation levels seen in FY24. This combined with difficult trading conditions, primarily from the direct response TV sector, have contributed to lower EBITDA in FY24 vs FY23. A reconciliation of EBITDA to operating profit is presented in note 6 to the financial statements.

The Company made a profit for the financial year of £21,358,000 (2023: £34,693,000). The Company has net current assets of £125,990,000 (2023: £106,881,000) and net assets of £151,833,000 (2023: £130,475,000).

Another Key Performance Indicator (KPI) for Arqiva Muxco Limited is the level of network availability. The total level of network availability across the Group was 99.999%. Through careful management Arqiva has consistently been able to achieve high levels of network availability. Availability is under the target of 99.995% due to extended outage with one customer.

Risk management

Principal risks and uncertainties facing the business

The principal risks and uncertainties of the Company are consistent with those of the Group and are set out in full in AGL's annual report, a copy of which is available from the address given in note 20 to these financial statements or the Group's website at www.arqiva.com.

Future developments and market outlook

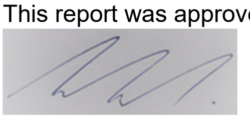
It is the intention of the Company to continue to invest in its business in accordance with the Group's strategy as set out in the AGL annual report.

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:	Arqiva Muxco Ltd is a trading company and operates the license for two DTT multiplexes used for transmission of DTT services in the UK. The decisions that the Directors make are to ensure that Muxco continues to deliver on its contractual commitments to customers and regulators, including the level of its network availability. During the year, Muxco received validation on the future of the DTT spectrum for the next period. At the World Radiocommunication Conference ("WRC") in November 2023, it was confirmed that the 600 Mhz band's primary allocation is for DTT. The next point at which this would be reviewed by the WRC is in 2031. This strengthens the Directors position to continue to invest in the long-term future of the DTT services.
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	Looking beyond the next decade, in May 2024 Ofcom published a report on the future of TV distribution, which outlined how the market could evolve over the next 10-15 years. The report outlined broad approaches for consideration by the Government, including investment in a more efficient DTT service, reducing DTT to a core service, or moving towards a DTT switch-off in the longer-term. In addition, it highlighted the importance of Government laying out its vision for the long-term future to provide certainty to audiences and investors. AGL is in close dialogue with relevant stakeholders including the regulator and relevant government departments as this area of policy debate progresses. Across the Group, AGL actively manages its supplier and customer relationships to ensure healthy relationships and timely payments of amounts owed and receivable.
Impact of operations on the community and the environment	AGL considers this at the Group level. To understand how these factors have been addressed, refer to the 'Corporate Responsibility' section of the Annual Report and Consolidated Financial Statements of AGL, a copy of which can be obtained from the Group's website at www.arqiva.com.
Maintaining a high standard of business conduct:	The Company has maintained an exceptionally high level of network availability of: 99.999%, to the benefit of its customers and stakeholders, including the UK public.
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.

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



Scott Longhurst
Director

Directors' report

The Directors of Arqiva Muxco Limited, registered company number 02333949, (the 'Company') submit the following annual report and financial statements (the 'financial statements') in respect of the year ended 30 June 2024. The Company's registered office is Crawley Court, Winchester, Hampshire SO21 2QA.

Business review and principal activities

The Company operates within the Arqiva Group Limited ('AGL') group of companies (the 'Group'). Arqiva Muxco Limited is a trading company and operates the license for two DTT multiplexes used for transmission of DTT services in the UK.

Key performance indicators ('KPIs')
The key performance indicators of the Company are discussed within the Strategic report on page 2.

Future developments
The future developments of the Company are discussed within the Strategic report on page 2.

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

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of purchase price risk, liquidity risk, credit risk and interest rate risk. The Group's overall risk management programme seeks to minimise potential adverse effects as noted below.

Purchase price risk
The Company benefits from largely fixed operating costs, with the bulk of transmission fees payable to another Group company.

Liquidity risk
The Company is funded through reserves and intercompany balances; there is no external financing within this Company. The Group carefully manages the credit risk on liquid funds with balances currently spread across a range of major financial institutions which have satisfactory credit ratings assigned by international credit rating agencies.

Credit risk
The levels of credit risk are monitored through the Group's on-going risk management processes, which include a regular review of the credit ratings. Risk in this area is limited further by setting a maximum level and term for deposits with any single counterparty.

The Company is otherwise exposed to credit risk to the extent of intercompany balances within the Group. It does not have an external customer base.

Interest rate risk
Intercompany loan balances are maintained at fixed interest rates.

Dividends and transfers to reserves

The Directors do not propose to pay a dividend for the year (2023: £nil). The profit for the year of £21,358,000 (2023: £34,693,000) 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. The Company's 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

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

Directors

The following persons held office as Directors of the Company during the year and up to the date of signing the financial statements:

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

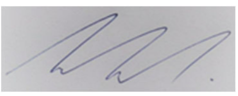
The Directors are responsible for the maintenance and integrity of the Company's financial statements published on the Ultimate Parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 Muxco Limited

Report on the audit of the financial statements

Opinion

In our opinion, Arqiva Muxco Limited’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 of 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.

Conclusions relating to 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 Communications Act 2003, the Companies Act 2006 and 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 unexpected journal entries, including any journal entries posted with unusual account combinations;
- 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.

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 £'000	Year ended 30 June 2023 £'000
Revenue	5	102,612	111,306
Cost of sales		(56,776)	(50,329)
Gross profit		**45,836**	**60,977**
Depreciation		(1,763)	(2,689)
Other administrative expenses		(13,237)	(13,487)
Total operating expenses		(15,000)	(16,176)
Operating profit	6	**30,836**	**44,801**
Finance income	8	2,246	2,069
Finance costs	9	(373)	(691)
Profit before tax		**32,709**	**46,179**
Tax on profit	10	(11,351)	(11,486)
Profit for the financial year		**21,358**	**34,693**

All results are from continuing operations.

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

The notes on pages 13 to 21 form part of these financial statements.

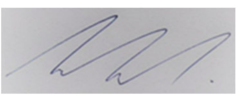
Statement of financial position

	Note	30 June 2024 £'000	30 June 2023 £'000
Non-current assets			
Property, plant and equipment	11	4,262	6,025
Trade and other receivables	13	24,417	22,608
		28,679	**28,633**
Current assets			
Trade and other receivables	13	179,883	147,166
Contract assets	13	519	1,466
		180,402	**148,632**
Total assets		**209,081**	**177,265**
Current liabilities			
Trade and other payables	14	(45,368)	(30,879)
Contract liabilities	14	(7,063)	(9,027)
Lease liability	15	(1,981)	(1,845)
		(54,412)	**(41,751)**
Net current assets		**125,990**	**106,881**
Non-current liabilities			
Lease liability	15	(2,836)	(5,039)
		(2,836)	**(5,039)**
Total liabilities		**(57,248)**	**(46,790)**
Net assets		**151,833**	**130,475**
Equity			
Called up share capital	17	100	100
Retained earnings		149,921	128,563
Capital reserve		1,812	1,812
Total equity		**151,833**	**130,475**

The notes on pages 13 to 21 form part of these financial statements.

The Directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of financial statements.

These financial statements and related notes on page 10 to 21 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[1] £'000	Retained earnings £'000	Capital reserve[2] £'000	Total equity £'000
Balance at 1 July 2022 (unaudited)	**100**	**93,870**	**1,812**	**95,782**
Profit for the year	-	34,693	-	34,693
Total comprehensive income for the year	**-**	**34,693**	**-**	**34,693**
Balance at 30 June 2023	**100**	**128,563**	**1,812**	**130,475**
Profit for the year	-	21,358	-	21,358
Total comprehensive income for the year	**-**	**21,358**	**-**	**21,358**
Balance at 30 June 2024	**100**	**149,921**	**1,812**	**151,833**

[1] Comprises 100,000 (2023: 100,000) authorised, issued and fully paid ordinary shares of £1 each.

[2] The capital contribution reserve arose from the release of intercompany loans due to the Company's immediate parent. This reserve is non-distributable in accordance with section 830 of the Companies Act 2006.

Notes to the financial statements

1 General Information

Arqiva Muxco Limited ('the Company') is a private company limited by shares incorporated and domiciled in England, United Kingdom ('UK') under the Companies Act under registration number 02333949. The address of the registered office is Crawley Court, Winchester, Hampshire, SO21 2QA.

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

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 Group has not applied the following new and revised IFRS Standard that had been issued but is not yet effective:

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 Material accounting policies

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. The Group's consolidated financial statements (Arqiva Group Limited and its subsidiaries) 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 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, provided that

	any subsidiary party to the transaction is wholly owned by such a member and key management personnel.
IAS 1 Presentation of financial statements	The requirements of paragraph 38; comparative information in respect of paragraph 79(a)(iv) of IAS 1;
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 to136.
IFRS 15 Revenue from Contracts with Customers	The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129.
IAS 8 Accounting policies, changes in accounting estimates and errors	The requirements of paragraphs 30 and 31.

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

(a) Exemption from consolidation

The Company is a wholly owned subsidiary of Arqiva Holdings Limited and of its ultimate parent, 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.

(b) 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. The Company's 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.

(c) Revenue

Revenue represents the gross inflow of economic benefit in respect of communication network infrastructure services and includes the value charged for site rentals. Revenue is stated net of value added tax. Revenue is measured at fair value of the consideration received or receivable.

On inception of a contract, performance obligations are identified for each of the distinct services that have promised to be provided to the customer. The consideration specified in the contract is allocated to each performance obligation identified based on their relative standalone selling prices and is recognised as revenue as they are satisfied. Determining the standalone selling price often requires judgement and may be derived from regulated prices, list prices, a cost-plus derived price, or the price of similar services when sold on a standalone basis by Arqiva or a competitor. In some cases, it may be appropriate to use the contract price when this represents a bespoke price that would be the same for a similar customer in a similar circumstance.

Cash received or invoices raised in advance are taken to deferred income and recognised as contract liabilities, and subsequently recognised as revenue when the services are provided. Revenue recognised in advance of cash being received or an invoice being raised is recognised as accrued income within contract assets and subsequently reclassified to receivables once an invoice is raised. Invoices are issued in line with contract terms. The Company does not have any material obligations in respect of returns, refunds or warranties.

Rendering of services
Performance obligations under contracts for the rendering of services are identified for each distinct service or deliverable for which the customer has contracted and are considered to be satisfied over the time period that the services or deliverables are delivered. Revenue is recognised in line with the service provision over the contractual period and appropriately reflects the pattern by which the performance obligation is satisfied. Such revenues include television, data, radio transmission and multiplexing services.

(d) Leases

The Company as lessee
When the Company enters into a lease a 'right-of-use asset' is recognised for the leased item and a lease liability is recognised for any future lease payments due at the lease commencement date. The right-of-use asset is initially measured at cost, being the present value of the lease payments paid or payable, plus any initial direct costs incurred in entering the lease. Right-of-use assets are depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. The lease term is the non-cancellable period of the lease plus any periods for which the Company is 'reasonably certain' to exercise any extension options.

The useful life of the asset is determined in a manner consistent to that for owned property, plant and equipment. If right-of-use assets are considered to be impaired, the carrying value is reduced accordingly.

Lease liabilities are initially measured at the value of the lease payments that are not paid at the commencement date and are usually discounted using the incremental borrowing rates of the applicable Company entity. Lease payments included in the lease liability include both fixed payments and in-substance fixed payments during the term of the lease.

After initial recognition, the lease liability is recorded at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate (e.g. an inflation related increase), a renegotiation of the lease terms or if the Company's assessment of the lease term changes; any change in the lease liability as a result of these changes also results in a corresponding change in the recorded right-of-use asset.

(e) 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.

(f) Trade and other receivables

Trade and other receivables are amounts due from customers for services performed or equipment sold in the ordinary course of business. These balances do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Impairment of irrecoverable amounts is based on an expected credit loss model.

(g) Trade and other payables

Trade and other payables are obligations to pay for goods or services acquired in the ordinary course of business from suppliers. They are not interest bearing and are stated at their nominal value.

(h) Interest

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

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

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

5 Revenue

All of the Company's revenue is generated from the rendering of services, see note 3(c) for further information regarding the Company's accounting policy.

All revenue relates to sales originating in the UK.

Contract assets and liabilities

The Company has recognised the following assets and liabilities in relation to contracts with customers:

	30 June 2024 £'000	30 June 2023 £'000
Contract assets		
Current	519	1,466
	519	**1,466**
Contract liabilities		
Current	7,063	9,027
	7,063	**9,027**

£9,027,000 of the contract liability recognised at 30 June 2023 was recognised as revenue during the year (2023: £9,223,000).

6 Operating profit

Operating profit is stated after charging / (crediting):

	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
Right of use assets	1,763	2,689
Gain on leased assets	-	(217)
Management recharge from fellow Group entities	13,237	13,704

The Company has received a management recharge in respect of various staff costs and central facilities and support costs, from Arqiva Limited, a fellow Group Company. The management recharge is included within operating expenses within the income statement.

A reconciliation between operating profit and EBITDA is presented below:

	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
Operating profit	30,836	44,801
Depreciation	1,763	2,689
EBITDA	**32,599**	**47,490**

The Company's audit fee for the year of £73,000 (2023: £80,000) was borne by Arqiva Limited, a fellow Group company. There were no non-audit fees in the year (2023: none).

7 Employees and directors

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

Directors
There are no recharges (2023: £nil) made to the Company in respect of any remuneration for any Directors, as their duties in respect of the Company are incidental to their normal duties on behalf of their employer companies.

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

8 Finance income

	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
Interest receivable from other Group entities	2,246	2,069
Total finance income	**2,246**	**2,069**

9 Finance costs

	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
Interest payable to other Group entities	373	691
Total finance costs	**373**	**691**

10 Tax on profit

	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
Current tax:		
UK Corporation tax		
- Current year	11,273	11,486
- Adjustment in respect of prior years	78	-
	11,351	**11,486**
Total tax charge for the year	11,351	11,486

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 before tax in the income statement as follows:

	Year ended 30 June 2024 £'000	Year ended 30 June 2023 £'000
Profit before tax	**32,709**	**46,179**
Tax at the UK Corporation tax rate of 25% (2023: 20.5%)	8,178	9,467
Deemed interest on intercompany balance (a)	3,095	2,019
Adjustment in respect of prior years	78	-
Total tax charge for the year	11,351	11,486

The current year UK corporation tax charge (2023: 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.

(a) Deemed interest expense in respect of inter-company debt, taxable for corporation tax purposes.

There are no recognised or unrecognised deferred tax balances (2023: none).

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.

11 Property, plant and equipment

	Plant and equipment
	£'000
Cost	
At 1 July 2023	**14,864**
Disposals	-
At 30 June 2024	**14,864**
Accumulated depreciation and impairment	
At 1 July 2023	**8,839**
Depreciation	1,763
At 30 June 2024	**10,602**
Carrying amount	
At 30 June 2024	**4,262**
At 30 June 2023	**6,025**

All property and equipment relates to right of use assets.

12 Investments

As at 30 June 2024 the carrying value of investments was £nil (2023: £nil).

The Company's investments (held directly) are shown below:

Company	Country of Incorporation	Principal activities	Year end	Percentage of ordinary shares held
Arqiva Pension Trust Ltd	United Kingdom	Dormant company	31-Mar	100%

The registered office of the subsidiary company is Crawley Court, Winchester, Hampshire, SO21 2QA.

13 Trade and other receivables

	30 June 2024 £'000	30 June 2023 £'000
Within non-current receivables		
Amounts receivable from other group entities	24,417	22,608
Total non-current receivables	**24,417**	**22,608**
Within current receivables		
Amounts receivable from other group entities	178,993	144,970
Prepayments	890	2,196
Total current receivables	**179,883**	**147,166**
Contract assets	**519**	**1,466**

Amounts receivable from Arqiva Holdings Limited are unsecured and interest has been charged at 9.5%. Interest is charged on a receivable balance of £24,765,472, charged at 9.5% (2023: £22,832,000 at 9.5%).

Amounts receivable from other group entities are unsecured, interest free, and repayable on demand.

14 Trade and other payables

	30 June 2024 £'000	30 June 2023 £'000
Within current payables		
Amounts payable to other group entities	44,753	30,679
Other payables	15	198
Accruals	600	2
Total current payables	**45,368**	**30,879**
Contract liabilities	**7,063**	**9,027**

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

15 Lease liability

	30 June 2024	30 June 2023
	£'000	£'000
Within current liabilities:		
Lease liabilities	1,981	1,845
Lease liabilities due within one year	**1,981**	**1,845**
Within non-current liabilities:		
Lease liabilities	2,836	5,039
Lease liability due after more than one year	**2,836**	**5,039**

16 Leases

Leases as lessee (IFRS 16)
The Company holds lease arrangements relating to circuit contracts.

Right-of-use assets
Plant and equipment leases relate to the use of circuit equipment.

	Plant and equipment £'000
Balance at 1 July 2022	**10,103**
Derecognition of right-of-use assets	(1,389)
Depreciation charge for the year	(2,689)
Balance at 30 June 2023	**6,025**
Depreciation charge for the year	(1,763)
Balance at 30 June 2024	**4,262**

There were no amounts charged to the income statement in the year as a result of variable lease payments not included in the measurement of lease liabilities, or interest on lease liabilities.

The Company's lease liabilities are disclosed in note 15 Lease liability. The total cash outflow for leases in the year ended 30 June 2024 was £2,441,000 (2023: £2,529,000).

17 Called up share capital

	30 June 2024 £'000	30 June 2023 £'000
Allotted, called up and fully paid:		
100,000 (2023: 100,000) ordinary shares of £1 each	**100**	**100**

18 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.

19 Related party disclosures

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.

20 Controlling parties

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

The ultimate UK parent undertaking is Arqiva Group Limited ('AGL'), which is the parent undertaking of the largest group to consolidate these financial statements. The parent of the smallest group to consolidate these financial statements is Arqiva Holdings Limited ('AHL').

Copies of the AGL and the AHL 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.

21 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.