Arqiva Senior Finance Limited
Registered number 08127157

Annual Report and Financial Statements
For the year ended 30 June 2016

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Directors' report and statement of Directors' responsibilities

The Directors of Arqiva Senior Finance Limited, registered company number 08127157, ('the Company') submit the following annual report and audited financial statements ('the financial statements') in respect of the year ended 30 June 2016. The Company's registered office is Crawley Court, Winchester, Hampshire SO21 2QA.

The Company is entitled to take the small companies exemption (as defined by the Companies Act 2006) and therefore has elected to take the exemption from preparing a strategic report in accordance with section 414B of the Companies Act 2006.

Business review and principal activities

The Company acts a financing vehicle within the Arqiva Group Limited ('AGL') group of companies ('the Group'), formerly Arqiva Broadcast Holdings Limited ('ABHL').

The Company has made a profit for the year of £29,224,000 (2015: £28,158,000; 2014: £26,106,000). The Company has net assets of £341,102,000 (2015: £311,878,000, 2014: £283,720,000).

Financing activities

In February 2013, the Group closed its refinancing raising funds from both bank facilities and bond markets. These funds together with further funds advanced by the AGL shareholders facilitated the repayment of previous bank facilities. Since refinancing, the Group has continued to issue new long-term debt instruments to refinance the 3-year and 5-year term facilities.

In July 2014, the Group concluded a 15-year US Private Placement debt issue which raised £300,000,000 to further pay down the intercompany balance for the remaining 5-year facility. Following this repayment, only £353,500,000 of the original £1.6bn bank debt borrowed in February 2013 remains.

Upon the repayment of the 3-year and 5-year facilities, a number of external interest rate swap arrangements were broken in the Company. This resulted in the Company breaking a number of back-to-back swap arrangements with Arqiva Financing No 1 Limited ('AF1') a fellow subsidiary undertaking.

In conjunction with the 15-year amortising US Private Placement debt issue, which is held by Arqiva PP Financing Plc ('APPF'), the Group restructured a further £300,000,000 notional value of interest rate swaps so that they are contracted by AF1 rather than the Company.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties arising from its activities as a finance vehicle are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of the Group, which include those of the Company, are discussed within the strategic report of the AGL consolidated financial statements, 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.

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.

Future developments

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

Financial risk management

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

Liquidity risk
The Company utilises back-to-back swap arrangements to hedge the Company's risk to an un-funded derivative position.

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.

Interest rate risk
The Company is exposed to cash flow interest rate risk due to borrowing variable rate bank debt. The Company uses interest rate swaps to hedge its exposure to rising interest rates. Interest rates swaps convert variable rate interest costs to fixed rate interest costs.

Dividends, transfers to reserves and results

The Directors do not propose to pay a dividend for the year (2015: £nil; 2014: £nil). The profit for the financial year of £29,224,000 (2015: £28,158,000; 2014: £26,106,000) was transferred to reserves.

Going concern

The Company adopts the going concern basis in preparing its financial statements, based on the support from its parent undertakings, the future cash flow forecasts of the Group 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 for the foreseeable future.

Events after the reporting period

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

Directors

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

- Sally Davis (appointed 15 July 2015)
- Simon Beresford-Wylie (appointed 1 August 2015)
- Christian Seymour
- Paul Mullins
- Damian Walsh
- Mark Braithwaite
- Robert Berry
- Mike Parton
- Edward Beckley (resigned 1 July 2015)
- Peter Adams (alternate) (appointed 24 June 2016)
- Nathan Luckey
- Peter Douglas (resigned 31 July 2015)
- Robert Wall (resigned 24 June 2016)
- John Cresswell (resigned 1 August 2015)
- Deepu Chintamaneni (alternate)
- Prakul Kaushiva (alternate) (resigned 31 July 2015)

Company Secretary

Michael Giles is the Company Secretary.

Directors' indemnities

The Company has provided an indemnity for its Directors and the Company Secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006. The indemnity was in force during the full financial year and up to the date of approval of the financial statements.

Disclosure of information to the Independent Auditors

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

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

Independent auditor

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

By order of the Board

Damian Walsh
Director
Crawley Court
Winchester
Hampshire
SO21 2QA

18 October 2016

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; 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 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent auditors' report to the members of Arqiva Senior Finance Limited

Report on the financial statements

Our opinion

In our opinion, Arqiva Senior Finance Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 June 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of financial position as at 30 June 2016;
- the Income statement for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report and statement of Directors' responsibilities for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report and statement of Directors' responsibilities has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' report and statement of Directors' responsibilities. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' report and statement of Directors' responsibilities, we consider whether those reports include the disclosures required by applicable legal requirements.

Graham Lambert

Graham Lambert (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
18 October 2016

Income statement

	Note	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Operating expenses		(5)	-	-
Operating loss	5	**(5)**	**-**	**-**
Finance income	7	61,740	58,282	107,194
Finance costs	8	(32,511)	(30,124)	(81,088)
Other gains and losses	9	-	-	-
Profit before tax		**29,224**	**28,158**	**26,106**
Tax	10	-	-	-
Profit for the year		**29,224**	**28,158**	**26,106**

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.

Statement of financial position

	Note	30 June 2016 £'000	30 June 2015 £'000	30 June 2014 £'000
Non-current assets				
Receivables	11	603,500	603,500	903,500
Total non-current assets		**603,500**	**603,500**	**903,500**
Current assets				
Receivables	11	91,430	61,957	33,864
Cash and cash equivalents		1	1	4
		91,431	**61,958**	**33,868**
Total assets		**694,931**	**665,458**	**937,368**
Current liabilities				
Payables	12	(329)	(80)	(148)
		(329)	**(80)**	**(148)**
Net current assets		**91,102**	**61,878**	**33,720**
Non-current liabilities				
Borrowings	13	(353,500)	(353,500)	(653,500)
		(353,500)	**(353,500)**	**(653,500)**
Total Liabilities		**(353,829)**	**(353,580)**	**(653,648)**
Net assets		**341,102**	**311,878**	**283,720**
Equity				
Share capital	15	250,000	250,000	250,000
Retained earnings		91,097	61,873	33,715
Capital reserve		5	5	5
Total shareholders' funds		**341,102**	**311,878**	**283,720**

The notes on pages 10 to 17 form part of these financial statements.

For the year ending 30 June 2016, the financial statements have been prepared in accordance with the provisions applicable by the small companies regime (as defined by the Companies Act 2006).

These financial statements were approved by the Board of Directors on 18 October 2016 and were signed on its behalf by:

Damian Walsh - Director

Statement of changes in equity

	Share capital £'000	Retained earnings £'000	Capital reserve £'000	Total equity £'000
Balance at 1 July 2013	**250,000**	**7,609**	**5**	**257,614**
Profit for the year	-	26,106	-	26,106
Balance at 30 June 2014	**250,000**	**33,715**	**5**	**283,720**
Profit for the year	-	28,158	-	28,158
Balance at 30 June 2015	**250,000**	**61,873**	**5**	**311,878**
Profit for the year	-	29,224	-	29,224
Balance at 30 June 2016	**250,000**	**91,097**	**5**	**341,102**

Notes to the financial statements

1 General Information

Arqiva Senior Finance Limited ('the Company') is a private company incorporated in England, United Kingdom ('UK') under the Companies Act under registration number 08127157. 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 Directors' Report on page 1.

2 Basis of preparation and statement of compliance

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101'). The Company has also early adopted the amendments to FRS 101 which were issued in July 2015. The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. The Group's financial statements (Arqiva Group Limited and its subsidiaries) are available online at www.arqiva.com.

This is the first year that the Company has presented its results under FRS101. The last financial statements prepared under previous UK GAAP were for the year ended 30 June 2015. The date of transition to FRS 101 was 1 July 2013.

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:

EU-adopted IFRS	Relevant disclosure exemptions
IFRS 7 *Financial Instruments: Disclosures*	All disclosure requirements.
IFRS 13 *Fair Value Measurement*	The requirements of paragraphs 91 to 99.
IAS 1 *Presentation of financial statements*	The requirements of paragraph 38; comparative information in respect of paragraph 79(a)(iv) of IAS 1.
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.
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 8 *Accounting policies, changes in accounting estimates and errors*	The requirements of paragraphs 30 and 31.

3 Principal accounting policies

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

(a) Going concern

The Company adopts the going concern basis in preparing its financial statements based upon the support from its parent undertakings and the future profit, cash flows and available resources of the Group which lead the Directors of the Company to be confident that the Company will have adequate resources to continue in operational existence for the foreseeable future.

(b) Changes in accounting policy and disclosures

First time adoption of FRS 101
These financial statements, for the year ended 30 June 2016, are the first the Company has prepared in accordance with FRS 101. Accordingly the Group has prepared financial statements which comply with FRS 101 applicable for periods on or after 30 June 2016, together with the comparative period data as at and for the years ended 30 June 2015 and 30 June 2014. The Company's date of transition is 1 July 2013.

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 the financial statements.

Amendments to IFRS 7 Disclosures
The Company has applied the disclosure exemptions to IFRS 7 in accordance with FRS 101.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been endorsed by the EU):
IFRS 9 *Financial Instruments*

(c) Taxation and deferred taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided fully in respect of all timing differences using the liability method for timing differences where there is an obligation to pay more tax, or a right to pay less tax, in the future. The provision is calculated using the rates expected to be applicable when the asset or liability crystallises, based on current tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

A deferred tax asset is regarded as recoverable and therefore recognised only when it is more likely than not that there will be sufficient taxable profits against which to recover carried forward tax losses and from which the future reversal of timing differences can be deducted. Deferred tax is measured on an undiscounted basis

(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. 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'.

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned.

Derivative financial instruments
The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

The Company holds both external interest rate swaps and internal interest rate swaps with a fellow subsidiary undertaking.

Derivative financial instruments are recognised at fair value at the date the derivative contract is entered into and are revalued at fair value at each balance sheet date. The fair value of these instruments is determined from the expected future cash flows discounted at a risk-adjusted rate. The future cash flows are estimated based on forward (interest/inflation/exchange) rates observable from rates and yield curves at the end of the reporting period, and contract rates. The difference between the fair value at the risk-adjusted rate and the fair value at the risk-free rate is used to determine the debit valuation adjustment and/or credit valuation adjustment to these instruments. The Group does not apply hedge accounting principles.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

(e) Interest

Interest income and expense are accounted for on an accruals basis and comprise amounts receivable and payable on deposits and inter-company balances respectively.

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.

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

Fair value measurements and valuation processes
Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company uses estimation techniques in accordance with the requirements of IFRS 13. This includes the assessment of the fair value adjustments with respect to credit risk (specifically debit valuation adjustments to the fair value of the derivative liabilities) for which the Group incorporates market-observable data into its valuation techniques.

5 Operating profit

The Company's audit fee for the year was £15,000 (2015: £16,000; 2014: £16,000) and this was borne by Arqiva Limited, a fellow Group company.

Operating expenses incurred in the year relate to professional fees payable on financing activities.

6 Employees and directors

Employees
The Company has no employees during the year (2015: none; 2014: none).

Directors
There are no recharges (2015: £nil; 2014: £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, other Group companies and a number of other entities outside of the Group. 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 2016	Year ended 30 June 2015	Year ended 30 June 2014
	£'000	£'000	£'000
Interest receivable from Group companies	61,740	58,282	107,194
Total finance income	**61,740**	**58,282**	**107,194**

8 Finance costs

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Bank and other loan interest	32,511	30,124	81,088
Total finance costs	**32,511**	**30,124**	**81,088**

9 Other gains and losses

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Fair value loss on derivative financial instruments (see note 14)	-	-	-
Total other gains and losses	-	-	-

10 Tax on profit on ordinary activities

There is no current or deferred tax charge for the year (2015: £nil; 2014: £nil).

Corporation tax is calculated at 20.0% (2015: 20.75%; 2014: 22.5%) of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Profit on ordinary activities before tax	29,224	28,158	26,106
Tax at the UK Corporation tax rate of 20.0% (2015: 20.75%; 2014: 22.5%)	5,845	5,843	5,874
Group relief received for nil consideration	(5,845)	(5,843)	(5,874)
Total tax charge for the year	-	-	-

In Finance Act 2013, the main rate of UK corporation tax was reduced from 23% to 21% with effect from 1 April 2014 and to 20% from 1 April 2015. For the purpose of this current tax charge analysis a rate of 20.0% (2015: 20.75%; 2014: 22.5%) has been used. Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 on 26 October 2015. These include reductions to the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020.

On 16 March 2016 it was announced that the main rate of UK corporation tax would be further reduced to 17.0% from 1 April 2020. As this change had not been substantively enacted at the balance sheet date their effects are not included in these financial statements.

11 Receivables

	30 June 2016 £'000	30 June 2015 £'000	30 June 2014 £'000
Non-current			
Amounts owed by Group undertakings	603,500	603,500	903,500
Current			
Amounts owed by Group undertakings	91,430	61,957	33,864

Amounts owed by Group undertakings are unsecured. Interest has been charged on £341,106,000 (2015: £311,874,000; 2014; £283,716,000) at 9.5%, £353,500,000 (2015: 353,500,000; 2014: 653,500,000) at rates of between 3.3% and 4.1% (2015: 3.2% and 3.4%; 2014: 3.0% and 3.2%) and £324,000 (2015: £83,000; 2014; £148,000) at 0% (2015: 0%; 2014: 0%); the latter being repayable on demand.

The company also has an interest rate swap receivable with Arqiva Financing No 1 Limited ('AF1'), a subsidiary within the group, see note 14.

12 Payables

	30 June 2016 £'000	30 June 2015 £'000	30 June 2014 £'000
Amounts owed to Group undertakings	5	-	-
Accrued interest	324	80	148
Total payables	**329**	**80**	**148**

Amounts owed to Group undertakings are unsecured and interest-free.

13 Borrowings

	30 June 2016 £'000	30 June 2015 £'000	30 June 2014 £'000
Senior debt	**353,500**	**353,500**	**653,500**
Borrowings due after more than one year	**353,500**	**353,500**	**653,500**

Senior debt relates to 5-year term bank debt, due in 2018, borrowed under a Senior Facility Agreement. The loan has a floating interest rate which ranges between LIBOR + 2.5% to LIBOR + 4.0% by the end of the agreement.

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

Since closing its refinancing in February 2013, the Group has adopted a strategy in relation to its senior debt of refinancing its term facilities with a variety of longer term loans and bonds. In July 2014, the Group concluded a 15 year amortising US Private Placement Debt issue which raised £300,000,000 at a coupon of LIBOR + 2.1%. This funding was advanced by the Group to the Company and was used to pay down the 5 year facility to leave £353,500,000 remaining.

14 Financial instruments and risk management

Derivative financial instruments
Financial risks are managed at a Group level with the Group seeking to manage the exposures of its debt payment obligations through a combination of indexed linked, interest rate and cross currency swaps.

As part of this strategy the Company holds interest rate swaps (nominal value £353,227,000 (2015: £353,227,000; 2014: £653,227,000) with 5 year mandatory break clauses co-terminus with the variable rate senior debt (described in note 13). The fair value of the interest rate swaps at 30 June 2016 was a liability of £157,199,000 (2015: £122,345,000; 2014: £188,368,000). This fair value is calculated on a risk-adjusted mark-to-market basis.

The Company also has interest rate swaps with AF1, a subsidiary within the Group, with terms on par with the above external swap. The fair value of these interest rate swaps at 30 June 2016 was a receivable of £157,199,000 (2015: £122,345,000; 2014: £188,368,000). This fair value is calculated on a risk-adjusted mark-to-market basis.

In July 2014, when the Company paid down £300,000,000 of its 5 year facility (described in note 13), external swap arrangements (£300,000,000 nominal value) and swap arrangements with AF1 (£300,000,000 nominal value) were broken. The fair value of these arrangements at the point of disposal was a £100,500,000 liability and £100,500,000 receivable respectively. The Company was advanced the cash by AF1 with respect to the internal interest rate swap, which fully funded the exit of the external interest rate swap.

The following table details the fair value of financial instruments recognised on the statement of financial position within non-current liabilities:

	30 June 2016	30 June 2015	30 June 2014
	£'000	£'000	£'000
Interest rate swap liability	(157,199)	(122,345)	(188,368)
Intercompany interest rate swap receivable	157,199	122,345	188,368
Total	-	-	-
Change in fair value recognised in the income statement:			
- Attributable to changes in market conditions	(41,549)	72,300	145,180
- Attributable to changes in perceived credit risk	6,694	(6,277)	(33,539)
- Attributable to changes in fair value of intercompany interest rate swap receivable	34,855	(66,023)	(111,641)
Total recognised in the income statement	-	-	-

15 Share capital

	30 June 2016 £'000	30 June 2015 £'000	30 June 2014 £'000
Allotted and fully paid:			
250,000,000 ordinary shares of £1 each	250,000	250,000	250,000

16 Contingent liabilities

Financing commitments
Under the terms of the Group's external debt facilities, the Group has provided security over substantially all of its tangible, intangible and other assets by way of a Whole Business Securitisation ('WBS') structure.

17 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 key management personnel.

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

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

19 First time adoption of FRS 101

As a result of the adoption of FRS 101 the Company's financial statements include the recognition and measurement of its derivative financial instruments in conjunction with the provisions of IAS 39 *Financial Instruments: Recognition and Measurement*.

The aggregate impact of the adoption of FRS 101 on the income statement is nil:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Change in fair value of the Company's external interest rate swaps recognised in the income statement	(39,537)	66,023	111,641
Change in fair value of the Company's intercompany interest rate swap receivable recognised in the income statement	39,537	(66,023)	(111,641)
Net impact to the income statement	-	-	-

The aggregate impact of the adoption of FRS 101 on the statement of financial position is nil:

	Year ended 30 June 2016 £'000	Year ended 30 June 2015 £'000	Year ended 30 June 2014 £'000
Fair value of the Company's external interest rate swaps recognised within non-current liabilities	(157,199)	(122,345)	(188,368)
Fair value of the Company's intercompany interest rate swap receivable recognised within non-current liabilities	157,199	122,345	188,368
Net impact to the statement of financial position	-	-	-

Note 14 explains the nature and basis of measurement of the Company's derivative financial instruments.

There are no other recognition and measurement differences as a result of the adoption of FRS 101 and therefore no reconciliation of equity at 1 July 2013 ('transition date'), 30 June 2014 and 30 June 2015 or total comprehensive income for the years ended 30 June 2014 and 30 June 2015 is presented.

Where receivables are related to structured loan balances (2016: £603,500,000; 2015: £603,500,000; 2014: £903,500,000), they are not anticipated to be receivable within 12 months and are therefore have been presented within non-current assets.