Arqiva PP Financing Plc

Registered number 08556128

Annual Report and Financial Statements

For the year ended 30 June 2020

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Strategic report

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

Our Business Model, environment and strategy

Arqiva PP Financing Plc ('the Company') acts as a financing vehicle within the Arqiva Group Limited ('AGL') group of companies ('the Group'). The Principal activities of the Company throughout the year of trading have been that of a financing vehicle, as the issuer of the Group's US Private Placement senior debt which was on-lent within the Group.

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

The Company has made a profit for the financial year of £4,000 (2019: £4,000). The Company has net assets of £78,000 (2019: £74,000).

Financial KPIs

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

The KPIs of the Group are managed as a whole and are discussed within the annual report and consolidated financial statements of AGL, a copy of which is available from the address in note 18 to the 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 a financing vehicle are integrated within 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 given in note 18 to these financial statements or the Group's website at www.arqiva.com.

Section 172 Statement

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

From the perspective of the Company the s.172 factors are considered as a whole by the Directors across the Group. How these factors have been addressed, are discussed within the annual report and consolidated financial statements of AGL, 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.

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.

Future developments and outlook

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

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

Frank Dangeard
Director
23 October 2020

Directors' report and statement of Directors' responsibilities

The Directors of Arqiva PP Financing Plc, registered company number 08556128, ('the Company') submit the following annual report and audited financial statements ('the financial statements') in respect of the year ended 30 June 2020. The Company's registered office is Crawley Court, Winchester, Hampshire, SO21 2QA.

Business review and principal activities

The Company acts as a financing vehicle within the Arqiva Group Limited ('AGL') group of companies ('the Group').

Future developments
The future developments of the Company are discussed within the Strategic report on page 1.

Principal risks and uncertainties
Details of the principal risks and uncertainties are included in the Strategic report on page 1.

Financial risk management

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

Liquidity risk
The Company utilises medium-term external debt finance. 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 treasury team.

Credit risk
The Company has intercompany arrangements with other Group companies for on lending. The Group carefully manages the credit risk on liquid funds with balances currently spread across a range of financial institutions which have satisfactory credit ratings, typically A- or higher, assigned by international credit rating agencies. The levels of credit risk are monitored through the Group's on-going risk management processes, which include a regular review of credit ratings. Risk in this area is limited further by setting a maximum level and term for deposits with any single counterparty. The Company does not have an external customer base. The intercompany debt is covered by intercompany agreements.

Interest rate risk
The Company is exposed to interest rate risk due to borrowing variable rate debt. Details of the interest profile of the Company's liabilities are provided in note 13. Intercompany loans balances are interest free or at fixed or floating interest rates. The Company has a policy of ensuring that it is not exposed to changing interest rates and as such it ensures that the fixed or floating rate nature of any debt raised is matched with similar intercompany loans to other Group companies.

Foreign exchange risk
An element of the Company's external debt finance is denominated in US Dollars. These funds were on-lent to Arqiva Financing No.1 Limited ('AF1') on equivalent terms, as such the Company has no net exposure to fluctuations in the US Dollar revaluations.

Dividends, transfers to reserves and results

The Directors do not propose to pay a dividend for the year (2019: £nil). The profit for the financial year of £4,000 (2019: £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.

Despite having net current liabilities, the Company adopts the going concern basis in preparing its financial statements based upon the support from its ultimate parent undertaking and the future profit, cash flows and available resources of the Group and Company which lead the Directors of the Company to be confident that the Company will have adequate resources to continue in operational existence and continue to meet debt and interest payments as they fall due.

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

Events after the reporting period
On 8 July 2020, the AGL Group successfully completed the sale of its Telecoms business to Cellnex in a circa £2.0bn deal. The transaction comprises the divestment of c.7,400 of Arqiva's cellular sites, including masts and towers as well as urban rooftop sites, and the right to market a further c.900 sites across the UK. In the execution of the agreement, the Group has sold six subsidiaries, the largest being Arqiva Services Limited.

Proceeds from the transaction were received on 8 July 2020, at the point of legal completion of the sale. The majority of proceeds have been utilised to repay debt and related swap derivatives deleveraging the Group. As part of these repayments the Company has repaid £563.5m private placements held at the balance sheet date, inclusive of all debt held in US Dollars. At the same date the associated back to back loans were also repaid for the same amount.

As described in notes 14 and 16, the Company is liable for any swap breakage costs that may be incurred on the external derivative financial instruments taken out by AF1 in relation to the US$ amounts loaned. The entire cross currency swap portfolio held by AF1 was exited post year end in July 2020, with breakage charges incurred by the Company of £1,000,000.

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

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

Company Secretary

Jeremy Mavor is the Company Secretary.

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

Disclosure of information to the Independent Auditors
The Directors of the Company in office at the date of approval of these reports confirm that:
- So far as the Directors are aware there is no relevant information of which the Auditors are unaware; and
- Each Director has taken all the steps that he/she ought to have taken as a Director to make themselves aware of any relevant information and to establish that the Company's Auditors are aware of that information.

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

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

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

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

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

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

On behalf of the Board

Frank Dangeard
Director
Crawley Court
Winchester
Hampshire
SO21 2QA

23 October 2020

Independent auditors' report to the members of Arqiva PP Financing Plc

Report on the audit of the financial statements

Opinion

In our opinion, Arqiva PP Financing Plc's financial statements:

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

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

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

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

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

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

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

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

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

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

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements
As explained more fully in the Statement of the Directors’ responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC’s website at: www.frc.org.uk/auditorsresponsibilities. 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 received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors’ remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

N. Comello

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

23 October 2020

Income statement

	Note	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Operating result	5	**-**	**-**
Finance income	7	32,256	34,054
Finance costs	8	(32,251)	(34,049)
Profit before tax		**5**	**5**
Tax	10	(1)	(1)
Profit for the financial year		**4**	**4**

All results are from 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 10 to 16 form part of these financial statements.

Statement of financial position

	Note	30 June 2020 £'000	30 June 2019 £'000
Non-current assets			
Receivables	11	777,051	870,973
		777,051	**870,973**
Current assets			
Receivables	11	92,835	66,814
		92,835	**66,814**
Total assets		**869,886**	**937,787**
Current liabilities			
Payables	12	(114)	(9,422)
Borrowings	13	(92,786)	(66,765)
		(92,900)	**(76,187)**
Net current liabilities		**(65)**	**(9,373)**
Non-current liabilities			
Borrowings	13	(776,908)	(861,526)
		(776,908)	**(861,526)**
Total Liabilities		**(869,808)**	**(937,713)**
Net assets		**78**	**74**
Equity			
Share capital	15	50	50
Retained earnings		28	24
Total equity		**78**	**74**

The notes on pages 10 to 16 form part of these financial statements.

These financial statements on pages 7 to 16 were approved by the Board of Directors on 23 October 2020 and were signed on its behalf by:

Frank Dangeard - Director

Statement of changes in equity

	Share capital	Retained earnings	Total equity
	£'000	£'000	£'000
Balance at 1 July 2018	**50**	**20**	**70**
Profit for the financial year	-	4	4
Total comprehensive income for the year	**-**	**4**	**4**
Balance at 30 June 2019	**50**	**24**	**74**
Profit for the financial year	-	4	4
Total comprehensive income for the year	**-**	**4**	**4**
Balance at 30 June 2020	**50**	**28**	**78**

Notes to the financial statements

1 General information

Arqiva PP Financing Plc ('the Company') is a private company limited by shares, incorporated and domiciled in England, United Kingdom ('UK') under the Companies Act under registration number 08556128. 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 1 and the Directors report and Statement of Directors' responsibilities on page 2.

2 Basis of preparation and statement of compliance

The financial statements of the Company have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ('FRS 101'). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. 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:

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 8 *Accounting policies, changes in accounting estimates and errors*	The requirements of paragraphs 30 and 31.
IAS 24 *Related Party Disclosures*	The requirements of paragraph 17 and 18A; 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.

Adoption of new Standards

The Group adopted IFRS 16 'Leases' for the first time in the current year effective from 1 July 2019. There is no impact on the Company accounts.

3 Principal accounting policies

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

(a) Going concern

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

Despite having net current liabilities, the Company adopts the going concern basis in preparing its financial statements based upon the support from its ultimate parent undertaking and the future profit, cash flows and available resources of the Group and Company which lead the Directors of the Company to be confident that the Company will have adequate resources to continue in operational existence and continue to meet debt and interest payments as they fall due.

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

(b) Taxation and deferred taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. 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.

(c) Foreign currency translation

The financial statements of the Company are presented in 'Pounds Sterling' (£), which is also the entity's functional currency. Foreign currency transactions are translated into the functional currency using the rate of exchange prevailing on the dates of the transactions except in the case of certain financing transactions where hedging arrangements are in place and transactions are recorded at the contracted rate. Monetary assets and liabilities denoted in foreign currencies are retranslated at the exchange rate ruling at the year-end date or contracted rate if applicable. Foreign exchange gains or losses resulting from the settlement of such transactions and from the re-translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

(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'. Impairment of irrecoverable amounts is based on an expected credit loss model.

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

(e) Interest

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

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

5 Operating result

The Company's audit fee for the year was £17,000 (2019: £16,500) and this was borne by Arqiva Limited, a fellow Group Company. There were no non-audit fees in the year.

6 Employees and Directors

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

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

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

7 Finance income

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Interest receivable from other Group entities	32,256	34,054
Total finance income	**32,256**	**34,054**

8 Finance costs

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Interest on bank overdrafts and loans	32,251	34,049
Total finance costs	**32,251**	**34,049**

Foreign exchange on financing arises on the Company's US dollar denominated debt, and is recognised as other gains and losses (see note 9).

9 Other gains and losses

Foreign exchange gain for the year of £8,300,000 (2019: gain of £9,300,000) has been recognised in other gains and losses arising on the Company's US dollar denominated debt (see note 13). Offsetting this gain is a £8,300,000 loss (2019: £9,300,000 loss) on the US dollar denominated loans receivable from other Group entities.

10 Tax

	Year ended 30 June 2020 £'000	Year ended 30 June 2019 £'000
Current tax:		
UK corporation tax		
- Current year	1	1
Tax charge for the year	**1**	**1**

UK Corporation tax is calculated at the rate of 19.0% (2019: 19.0%) 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 2020 £'000	Year ended 30 June 2019 £'000
Profit before tax	5	5
Tax at the UK Corporation tax rate of 19.0% (2019: 19.0%)	1	1
Total tax charge for the year	**1**	**1**

The main rate of UK corporation tax was 19.0% during the year and a 19.0% tax rate (2019: 19.0%) has therefore been used for the reconciliation of total tax. In the Finance Act 2016 it was enacted that the main rate of UK corporation tax would be further reduced to 17.0% from 1 April 2020, however this reduction was cancelled in the Finance Act 2020.

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

11 Receivables

	30 June 2020 £'000	30 June 2019 £'000
Amounts receivable from other Group entities	777,051	870,973
Total non-current receivables	**777,051**	**870,973**
Amounts receivable from other Group entities	92,835	66,814
Total current receivables	**92,835**	**66,814**

Amounts receivable from other Group entities are unsecured. Interest has been charged on $307,900,000 (2019: $345,470,000) at 4.42% (2019: 4.42%), £140,180,000 at 4.101% (2019: £157,295,000 at 4.101%), £300,000,000 at LIBOR + 2.1% (2019: £300,000,000 at LIBOR + 2.1%) and £178,500,000 at LIBOR + 2.2% (2019: £198,500,000 at LIBOR + 2.2%). The interest rates and maturities of these amounts are aligned to the external debt instrument held, see note 13. Overall at year end, the outstanding US dollar liability was $307,900,000 (£251,044,000) (2019: $345,470,000; £272,496,000) while the sterling liability was £618,650,000 (2019: £655,795,000).

12 Payables

	30 June 2020 £'000	30 June 2019 £'000
Taxation and social security costs	1	1
Accrued Interest	113	9,421
Total payables	**114**	**9,422**

13 Borrowings

		30 June 2020 £'000	30 June 2019 £'000
Senior bonds and private placements	*Sterling denominated*	572,570	618,680
	US dollar denominated	204,338	242,846
Total non-current borrowings		**776,908**	**861,526**
Senior bonds and private placements	*Sterling denominated*	46,080	37,115
	US dollar denominated	46,706	29,650
Total current borrowings		**92,786**	**66,765**

The weighted average interest rate of borrowings is 3.21% (2019: 3.56%).

An analysis of total borrowings by maturity is as follows:

	30 June 2020 £'000	30 June 2019 £'000
Borrowings falling due within:		
One year	92,786	66,765
Two to five years	464,908	418,043
More than five years	312,000	443,483
Total	**869,694**	**928,291**

Senior bonds and private placements relate to a number of US private placement issues in both sterling and US dollars with fixed and floating interest rates. The Company has £478,500,000 (2019: £498,500,000) of sterling denominated floating rate US private placements that are amortising in nature with repayments due between December 2020 and December 2029. These instruments have a margin over LIBOR of between 210 and 220 bps. In addition, the Company has issued £140,200,000 (2019: £157,300,000) sterling denominated and $307,900,000 (2019: $345,500,000) US dollar denominated fixed rate US private placements. These notes have fixed interest rates which range between 4.101% and 4.420% and have amortising repayment profiles commencing December 2018 with a final maturity date of June 2025.

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

Post year-end, in July 2020, the Company repaid £563.5m of private placement debt, as further detailed within note 19.

14 Financial instruments and risk management

Interest rate risk management
The Company has variable rate borrowings on its July 2014 £300,000,000 and November 2016 £218,500,000 US Private Placements. These borrowings are on lent to a fellow subsidiary company within the Group, Arqiva Financing No.1 Limited (‘AF1’), on terms that mirror the debt instrument and therefore act as an effective economic hedge to manage interest rate risk.

Foreign currency risk management
Foreign currency exchange risk arises from transactional risk. The Group’s policy is to hedge transactional currency exposure of US dollar denominated borrowings via the use of cross currency swap contracts. The measurement and control of this risk is monitored on a Group-wide basis.

The US dollar denominated borrowings are on lent to AF1 on terms that mirror the debt instrument and therefore act as an effective economic hedge of the foreign currency impact on the Sterling cost of future interest and capital repayment obligations. The AF1 cross currency swap (nominal value USD 307,900,000 2019: 345,470,000) is used to fix the exchange rate to $1.52/£1 for the Group in relation to U.S. dollar-denominated senior notes (nominal value USD 307,900,000 2019: 345,470,000). After taking in to account our hedging activities, management does not consider there to be a material residual exposure to exchange rates. Accordingly no sensitivity analysis has been presented.

The Company is liable for any swap breakage costs that may be incurred on the external derivative financial instruments taken out by AF1 in relation to the US$ amounts loaned. The fair value of the derivative as at 30 June 2020 recognised in AF1 amounted to an asset value of £50,600,000 (2019: asset value of £41,500,000). The entire cross currency swap portfolio was exited post year end in July 2020, with breakage charges incurred of £1,000,000 as detailed in note 19.

15 Share capital

	30 June 2020 £’000	30 June 2019 £’000
Allotted and fully paid:		
50,000 (2019: 50,000) ordinary shares of £1 each	50	50

16 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.

As described in note 14, the Company is liable for any swap breakage costs that may be incurred on the external derivative financial instruments taken out by AF1 in relation to the US$ amounts loaned. The fair value of the derivative as at 30 June 2020 recognised in AF1 amounted to £50,600,000 (2019: £41,500,000). The entire cross currency swap portfolio was exited post year end in July 2020, with breakage charges incurred of £1,000,000 as detailed in note 19.

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 AF1. Copies of the AF1 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 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.

19 Events after the reporting period

On 8 July 2020, the AGL Group successfully completed the sale of its Telecoms business to Cellnex in a circa £2.0bn deal. The transaction comprises the divestment of c.7,400 of Arqiva's cellular sites, including masts and towers as well as urban rooftop sites, and the right to market a further c.900 sites across the UK. In the execution of the agreement, the Group has sold six subsidiaries, the largest being Arqiva Services Limited.

Proceeds from the transaction were received on 8 July 2020, at the point of legal completion of the sale. The proceeds have been utilised to repay debt and related swap derivatives deleveraging the Group. The Company has repaid £563.5m of private placements held at the balance sheet date, inclusive of all debt held in US Dollars. At the same date the associated back to back loans were also repaid for the same amount. As described in notes 14 and 16 the Company is liable for any swap breakage costs that may be incurred on the external derivative financial instruments taken out by AF1 in relation to the US$ amounts loaned. The entire cross currency swap portfolio held by AF1 was exited post year end in July 2020, with breakage charges incurred by the Company of £1,000,000.