Arqiva Limited

Registered number 02487597

Annual Report and Financial Statements

For the year ended 30 June 2022

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Corporate Information

As at the date of this report (17 October 2022):

Company Board of Directors

Mike Darcey	
Sally Davis	
Paul Donovan	
Shuja Khan	(Chief Executive Officer)
Neil King	
Susana Leith-Smith	
Batiste Ogier	
Mike Parton	(Chairman)
Christian Seymour	
Max Fieguth (alternate)	
Sean West	(Chief Financial Officer)

Company Secretary
Katrina Dick

Company website:
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Registered Office
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Hampshire
SO21 2QA

Independent Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
Charing Cross
London
WC2N 6RH

Company Registration Number
02487597

Cautionary Statement

This annual report contains various forward-looking statements regarding events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of the Company to differ materially from the information presented herein. When used in this report, the words “estimate”, “project”, “intend”, “anticipate”, “believe”, “expect”, “should” and similar expressions, as they relate to the Company, are intended to identify such forward looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Save as otherwise required by any rules or regulations, the Company does not undertake any obligations publicly to release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

The risks and uncertainties referred to above include:

- actions or decisions by governmental and regulatory bodies, or changes in the regulatory framework in which the Company operates, which may impact the ability of the Company to carry on its businesses;
- changes or advances in technology, and availability of resources such as spectrum, necessary to use new or existing technology, or customer and consumer preferences regarding technology;
- the performance of the markets in the UK, the EU and the wider region in which the Company operates;
- the ability of the Company to realise the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake;
- the ability of the Company to develop, expand and maintain its broadcast and machine-to-machine infrastructure;
- the ability of the Company to obtain external financing or maintain sufficient capital to fund its existing and future investments and projects;
- the Company’s dependency on only a limited number of key customers for a large percentage of its revenue; and
- expectations as to revenues not under contract.

Guidance note to the annual report:

In this document, references to ‘Arqiva’ and ‘the Group’ refer to Arqiva Group Limited (‘AGL’) and its subsidiaries (i.e. the ultimate parent group) and markets as the context may require. Arqiva Limited is the largest trading entity within the Group therefore any references to the Group are considered relevant for the Company. Where figures relating to financial position and performance are stated, they relate specifically to Arqiva Limited (‘AL’) (i.e. the Company). References to the ‘Company’ refer to the results and performance of Arqiva Limited as a standalone entity.

Arqiva Smart Metering Limited (‘ASML’) is the legal entity that won the contract for smart metering and sits within the ultimate parent group. ASML has contracts with Arqiva Limited (the Company) for the provision of the core network, sites and spectrum that will support the delivery of this contract. The procurement and financing of the communications hubs (which allow information to be sent to and from the network) will be performed by ASML. Accordingly, the Company is expected to benefit from the substantial majority, but not all, of the smart metering contract revenue through charges levied to ASML.

A reference to a year expressed as 2022 is to the financial year ended 30 June 2022. This convention applies similarly to any reference to a previous or subsequent financial year. Additionally, references to ‘current year’, ‘this year’ and ‘the year’ are in respect of the financial year ended 30 June 2022. References to the ‘prior year’ and ‘last year’ are to the financial year ended 30 June 2021.

Arqiva at a glance - 2022

ENABLING A SWITCHED-ON WORLD TO FLOW

Who we are

Arqiva is a leading UK communications infrastructure business. We are behind the scenes delivering millions of vital connections to enable millions of people, businesses, and machines to connect wherever they are through TV, radio and machine-to-machine data services, enabling a switched-on world to flow.

Our Infrastructure

c. 1,450 broadcast transmission sites in the UK	**c. 1,150 TV transmissions sites**
98.5% of the UK population reached through our TV services	**275 TV channels** delivered into the UK and Ireland
Market leader for commercial DTT[1] spectrum owning two of the three national commercial multiplexes	**Over 1,000 TV channels** delivered internationally via satellite to **5 continents**
99.5% network coverage across the North of England and Scotland on our smart energy networks	**c.80 satellite dishes** accessing **30+ satellites**
12 million premises can connect to our smart meter networks	**50 million data points** delivered on our smart metering networks every day

[1] Refers to Digital Terrestrial Television best known for supporting Freeview

What we do

Arqiva works in partnership with our customers, in the UK and around the world, building and operating the complex ecosystems and infrastructures through which data and content can move effectively, securely and sustainably at scale – whether that's through broadcasting and transmission services, or smart networks for energy and water.

Key Strategic ambitions

Undisputed leader in UK TV and radio broadcast

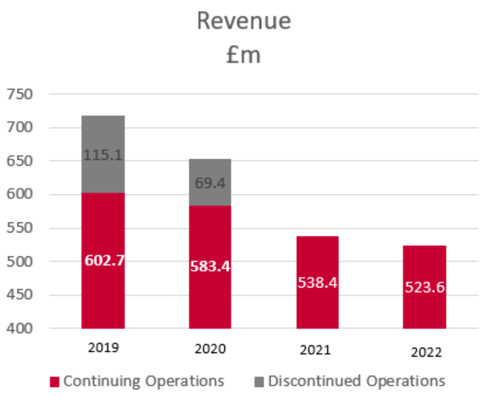
Transition global media to cloud solutions

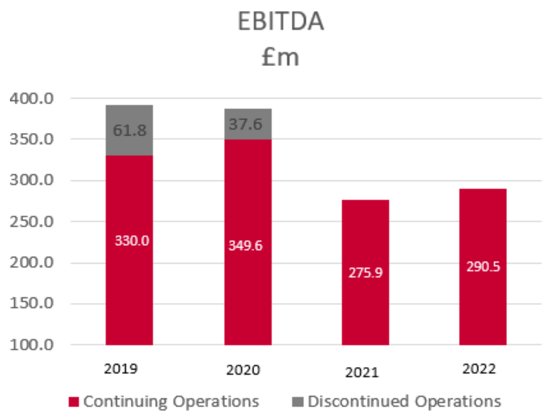
UK's leading smart utilities platform

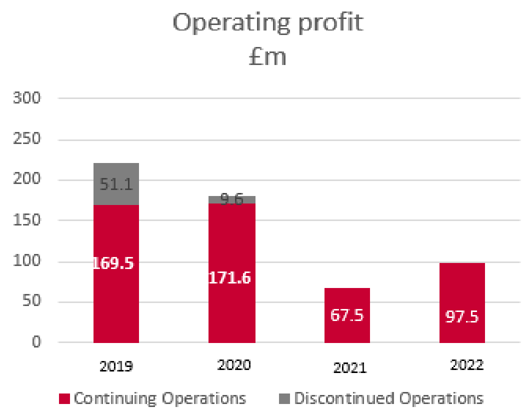
Innovator of scalable solutions for new connectivity sectors

Highlights

Whilst core media and broadcast has remained stable and smart utilities networks has increased with the ramp up of water meter products, Arqiva has seen the managed reduction of activity on the 700MHz Clearance programme now completed and the completion of Transitional Service Agreements (TSAs[2]) following the disposal of the Telecoms business in July 2020. There have also been decreases in DTT multiplexes and managed broadcast services due to the run rate of pricing pressures on renewals. Arqiva is now focusing on driving simplification and efficiency to build on cost savings and building a sustainable business.







EBITDA is a non-GAAP measure and refers to 'earnings before interest, tax, depreciation and amortisation' and includes add-backs for certain items charged to operating profit that are not considered to reflect the underlying performance of the business. A reconciliation of EBITDA to operating profit is presented on page 21.

Key financials in the year:

- Revenue decrease of 2.7% but there was improved margins and an EBITDA increase of 5.3% when compared to the prior year.
- Managed reductions in revenue and EBITDA from the 700MHz clearance programme following completion of the programme and the end of TSA revenues established for an interim period after the Telecoms sale.
- Decreased revenue due to the lower renewal pricing following the end of legacy contracts on the main DTT multiplexes, UK Direct-to-Home (UKDTH) and managed broadcast service products.
- Continuing the delivery of the core smart energy metering contracts across the North of England and Scotland with fully rolled out network coverage of 99.5% and incremental change requests.
- Increase in revenue from the continued ramp up of activity on smart water metering networks and increased water device sales.

[2] TSA refers to revenue for Transition Services Agreement following the sale of the Telecoms business

Strategic Report

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Business Overview

Enabling a switched-on world to flow

Who we are

At the heart of Media and Broadcast and Smart Utilities Networks in the UK and abroad, Arqiva provides critical data, network, and communications services.

What we do

Arqiva works in partnership with our customers, in the UK and around the world, building and operating the complex ecosystems and infrastructures through which data and content can move effectively, securely and sustainably at scale – whether that's through broadcasting and transmission services, or smart networks for energy and water.

Arqiva is the only national provider of terrestrial television and radio broadcasting and provides machine-to-machine connectivity for smart metering within the utilities sector. Arqiva has invested significantly allowing it to develop its communications infrastructure and technology as markets evolve.

Arqiva earns network access and transmission service revenues from its customers, as well as fees for engineering services and new projects. Arqiva's services tend to be mission-critical for its customers, as well as providing the network coverage necessary for the fulfilment of the universal service obligations ('USOs') for terrestrial broadcast customers as set out in their operating licences from the UK government.

Whilst we have a small overseas presence, Arqiva's assets, operations and markets are predominantly within the UK and our business is driven from this region; therefore, we have minimal exposure to international markets and foreign exchange.

Arqiva has invested significantly into our capital infrastructure and has £1.3bn of property, plant, and equipment at 30 June 2022. We are financed through a mixture of equity and long-term debt, with an average maturity debt profile of over 4 years.

Attractive UK communications infrastructure market

DTT (Freeview) is the most popular TV platform in the UK covering 98.5% of the population.

Smart networks deliver around 50 million data points every day.

A market leader

Sole provider of terrestrial television network access (Freeview).

Owner of 2 of the 3 national commercial multiplexes.

Shareholder in, and operator for both commercial national DAB radio multiplexes and it is the service provider for the BBC national DAB radio multiplex.

High barriers to entry

Owner of critical national UK infrastructure that enables Public Service Broadcasters (PSB's) to meet their government mandated universal coverage obligations.

Significant investment would be required to replicate the infrastructure, including planning permissions to erect new masts.

Long established relationships with its customers spanning more than 80 years.

Our history

Since 1922, Arqiva has been enabling a switched-on world to flow.

We delivered the world's first TV broadcast for the BBC from the tower at London's Alexandra Palace in 1936.

We also developed satellite TV in the 1970's, Teletext, and launched the UK's national DAB radio and digital television networks in the 2000s.

There's no resting on our laurels though. We were the first company in Europe to trial 5G fixed wireless access technology in 2017, and we are currently working with our broadcast partners to develop new ways to reach their viewers and listeners via the Cloud.

We have also moved into new sectors, like Utilities. We won our first contract to deliver gas and electricity metering in the north of England and Scotland in 2013, and followed that in 2015 with a partnership with Thames Water to set up and run the world's largest smart water metering network. More recently we have launched our dual band communications device for further improved connection capabilities for gas and electricity metering and our smart water metering network has now connected more than 1 million meters in total.

Arqiva's technology and infrastructure, combined with our history and experience, enable us to work with everyone from major broadcasters (such as the BBC, ITV, Sky, Turner and Canal+) to independent radio groups and utility companies (such as Thames Water and Anglian Water) to the Data Communications Company (DCC).

In 2022 we launched Arqade, a cloud-based channel and live event interchange as well as our Hybrid Connectivity service, a suite of managed connectivity solutions designed to support the network monitoring and control needs of utility companies.

Business model

In today's ever-evolving world, the demand for information, content and entertainment is greater than ever. We all want to be connected 24/7. This is the challenge that our media and broadcast customers are facing, delivering more content on more devices than ever before.

At Arqiva we are enablers, applying our knowledge and expertise to technologies in order to unlock new opportunities for our customers. We work in partnership, building and operating the infrastructure through which data and content can flow effectively, securely, and sustainably.

Arqiva seeks to maximise shareholder value by investing in our considerable site portfolio to not just maintain reliability, but also to maximise its potential. Our infrastructure and commercial operations cover the following key sectors:

- Media and Broadcast
- Smart Utilities Networks

COMMERCIAL

Our commercial function incorporates our customer facing business deriving revenues from a variety of products across the Media and Broadcast and Utilities industries.

Media and Broadcast

The UKs only supplier of national terrestrial television and radio broadcasting services.

Our DTT network allows more than 24 million households a means to access TV.

Our radio infrastructure supports a range of services across the UK with over 300 stations on DAB and over 460 stations across FM, AM, and MW.

Sector Snapshot

Media and Broadcast services remain incredibly important for viewers and listeners in the UK. Even as viewing habits change, Ofcom reports 85% of people continue to watch broadcast content every week. 9 out of 10 UK adults listen to over 20 hours of radio each week.

In an intensely competitive world, large media companies are increasingly focused on monetising content that is distributed multi-market, multi-platform and multi-device. This means increased complexity in reaching their audiences, whilst also trying to reduce costs. To achieve a truly global reach, a shift of focus is needed to IP-based delivery through the cloud and we are well positioned as the UK media hub to do this.

Media and Broadcast at Arqiva

From the earliest days of radio and television, through the birth of digital broadcasting to the emergence of video over the internet, Arqiva has been at the heart of the industry for nearly 100 years, trusted by broadcast and media brands across the globe. Now, in today's ever-evolving world, that experience combines with a proven portfolio of broadcast infrastructure, end-to-end networks, next generation media processing and connectivity solutions to help our customers innovate, compete and grow.

The Media and Broadcast infrastructure includes sites for the transmission of terrestrial TV and radio, operates the Group's licensed multiplexes, owns and operates teleports at key locations in the UK, as well as international terrestrial fibre distribution network, media facilities, leased satellite capacity, cloud based services and delivers related engineering projects.

The Group utilises a network of 1,150 TV sites to carry Freeview into circa 24 million households every day, making it the UK's most popular TV platform. Arqiva's critical national infrastructure provides coverage to 98.5%

of the UK's population. Within the sector, Arqiva holds a regulated position as the sole provider of network access for terrestrial television broadcasting.

Arqiva is a market leader in commercial DTT spectrum, owning the licences for two of the three main national commercial DTT multiplexes, enabling leading broadcasters such as Sky, UKTV, CBS and Turner to deliver broadcasting content using our channel capacity.

Additionally, Arqiva operates c. 1,450 transmission sites for TV and radio, providing coverage to the circa 90% of the UK population that listen to the radio. Arqiva is a shareholder in, and operator for both commercial national DAB radio multiplexes and it is the service provider for the BBC national DAB radio multiplex.

The Group is also the UK's leading independent owner and operator of teleports and media management facilities, serving many of the world's largest multi-channel broadcast as well as providing data connectivity to the utilities and natural resources sectors.

Arqiva manages the distribution of more than 1,100 international TV channels for high profile customers including Al Jazeera, Discovery, BT Sport, Sky, NBCU, Sony and Turner including coverage of high-profile sporting events. Arqiva's operation of reliable and secure VSAT (Very Small Aperture Terminal) communications networks across the globe utilises a world class satellite and fibre network, providing real-time critical communications to remote locations. Arqiva uses our expertise and experience to enable us to keep pace with rapidly changing dynamics and technology advancements, thereby underpinning the longevity and success of the product base. Arqiva's satellite network delivers content to the UK's major Direct-to-Home (DTH) platforms including Sky and Freesat as well as delivering Video-on-Demand (VoD) services for global media distribution to both Apple TV and Amazon Prime. We have also engaged with the Low Earth Orbit satellite sector providing earth station gateway services.

Media and Broadcast contributes significant and stable cash flows to the Group with a long-term contracted, substantially RPI-linked order book of £2.8bn (2021: £2.9bn restated[3]) which includes major contracts running as far as 2035.

Smart Utilities Networks

Exclusive metering connectivity provider to electricity and gas companies in the North of England and Scotland.

Provider of metering monitoring systems to help reduce water wastage and supporting on sustainability.

Sector snapshot

Ambitious environmental and sustainability agendas from regulators are driving change across utility sectors, providing huge opportunities for growth. Today less than 10% of UK premises have a smart water meter, and less than 30% have a smart energy meter. With 20% of water lost through leaks, our water customers are focused on reducing them, and eliminating pollution caused by sewer flooding. Smart meters are providing an opportunity to meet sustainability targets through reducing the UK's overall greenhouse gas emissions, including up to 0.5% from smart water meters on their own.

Smart Utilities Networks at Arqiva

Digital technology means that we can now get a much better handle on how much gas, electricity and water we all consume. That's the first step in using less of it, something we all have to do if we're going to live sustainably on the planet. Arqiva works across the utilities sector to make this happen. Through our efforts, energy and water grids and meters are getting smarter, meaning more control, and less wastage.

[3] Revenue and EBITDA for Arqiva's site share products arising post the sale of the Telecoms business are now reported for the Company within the Smart Utilities Networks due to a change in how they are presented internally. Comparative figures for the prior year including orderbook figures have been restated to reflect this change in reporting.

For energy and mobility companies, satellite operators, military organisations and telecoms providers, secure networks are vital when working in locations that are remote or hostile – guaranteeing that communications always get through. Which is what you get when you use our global satellite, teleport and fibre networks. With coverage that spans the globe, we build customised end-to-end solutions that offer 99.99% reliability.

Arqiva generates revenues with respect to the build and operation of the smart 'machine-to-machine' networks and other data transmission services applications. With a continuing focus on innovation and market opportunities, Arqiva is embracing the fast-developing machine-to-machine sector, particularly for utilities, for which we utilise our Flex-net network across our smart metering contracts. The Group has invested in building machine-to-machine (M2M) networks, which support major energy metering contracts spanning 15 years and covering more than 10 million premises, and water metering contracts which will cover 3 million homes.

Arqiva has invested substantially in infrastructure as a result of these contracts which now result in recurring cash flows during the long-term operational phases of the network delivery. The utilities business remains a key part of the Arqiva business and is a key strategic priority for growth with potential to become the UKs leading smart utilities platform. In this area we are supporting our customers in being able to achieve their net zero carbon sustainability agendas.

Utilities revenues also include site share revenues relating to the utilisation of broadcast sites for telecommunications equipment and transitional services provided following the sale of the telecoms business to Cellnex.

The smart utilities network products has an order book of £0.5bn (2021: £0.6bn restated[4]), with contracts running as far as 2050.

OPERATIONS

Responsible for the efficient operation and maintenance of all Arqiva sites, the Operations function provides in-life support for our media and broadcast, utilities, and internal IT systems to ensure they are delivering to our customers' requirements.

Our field engineering services help to deliver corrective maintenance, preventative maintenance and projects works across our broadcast and utilities transmission systems, antennas, structures and satellite/links infrastructure. Additionally, the operations function provides management of inventory and logistics, changes, configuration and sites and structures as well as cyber security, disaster recovery and network operations.

The Operations function is a non-revenue generating area and incurs costs in the provision of these management and support services.

TECHNOLOGY AND TRANSFORMATION

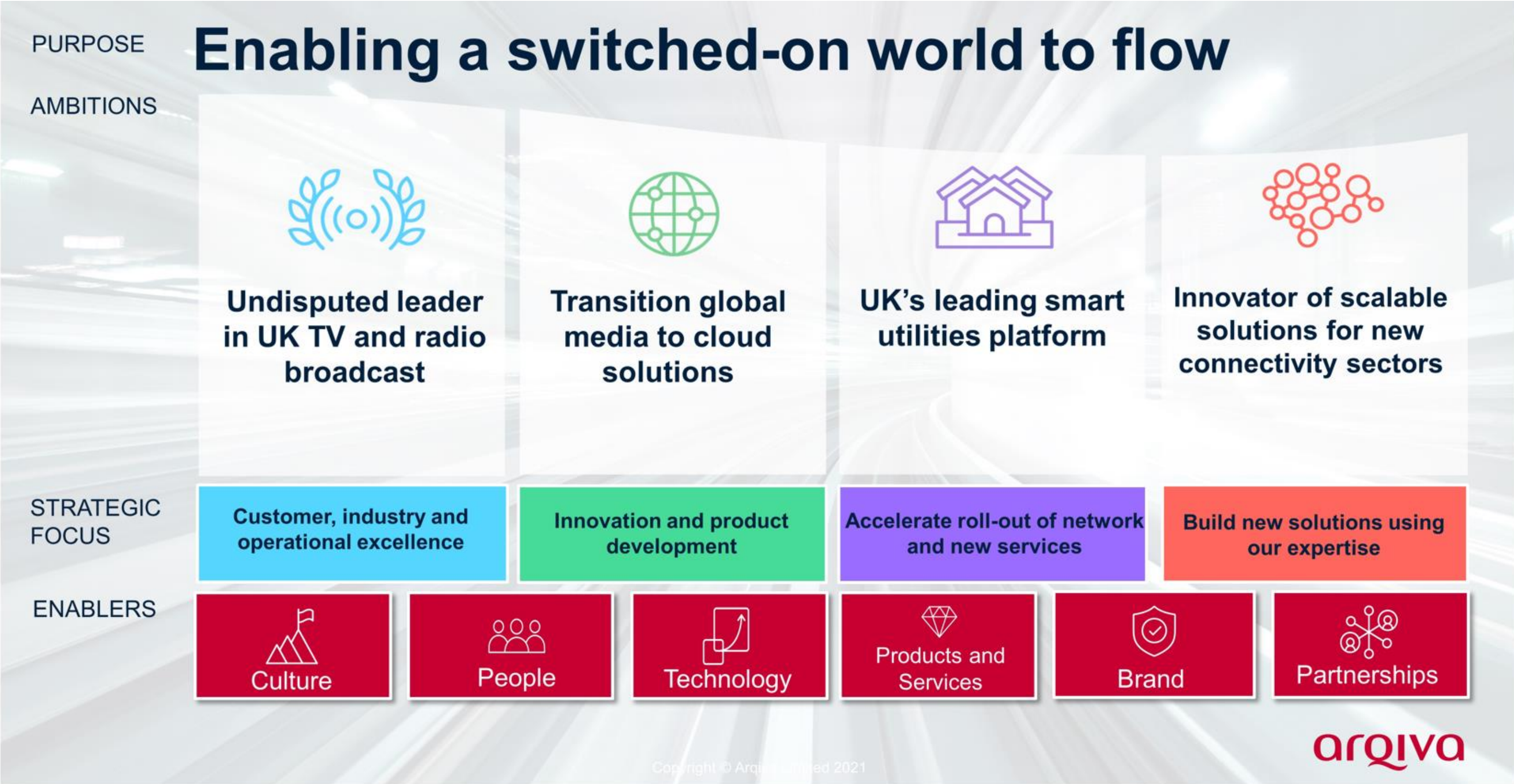
Our technology and transformation function operates across the business comprising engineering, product management, product marketing, information security, data and insight and transformation. The Group's transformation programme is expected to complete in the 2022 calendar year.

CORPORATE

Corporate functions at Arqiva comprise Finance, Procurement, Strategy & Regulatory, Legal and People and Culture providing support services across the business.

[4] Revenue and EBITDA for Arqiva's site share products arising post the sale of the Telecoms business are now reported for the Company within the Smart Utilities Networks due to a change in how they are presented internally. Comparative figures for the prior year including orderbook figures have been restated to reflect this change in reporting. Orderbook is stated before RPI inflation, the prior year has also been restated to remove £0.4bn of contract RPI indexation incorrectly included.

Strategic Overview



Vision 2031 is our strategic focus. This encompasses four key strategic ambitions to guide the business to achieve our purpose. Our priorities in how we aim to achieve these ambitions are set out below:

To be the undisputed leader in UK TV and radio broadcast

- Deliver sustainable TV and Radio broadcast, protecting and focusing on customer and operational excellence and managing capacity and margins to maximise revenues, ensuring that the value we bring to society is understood;
- Leverage our scale and the cloud, enabling industry efficiency by supporting our customers to move to more cost-efficient and increasingly flexible models;
- Expand services and drive renewals delivering greater value by selling across our portfolio of services, creating long term partnerships while also developing value-added services in new areas.

To transition global media to cloud based solutions

- Scaling IP and cloud-based services; investing in building broadcast quality cloud processing and extending our footprint in live and events content;
- Becoming the go-to choice for our partners in cloud distribution so they can better manage their global content flows across all formats;
- Growing multiplex service, using our infrastructure to provide virtual, cost-effective, and scalable services to TV cable operators outside of the UK.

To be the UK's leading smart utilities platform provider

- Leading in connecting UK smart meters, maintaining market leadership, and scaling our operations to drive and accelerate the roll-out of domestic smart meters;
- Broadening our product offering, developing new value-added data-driven services in monitoring and control, that reduce energy use, water wastage and pollution;
- Diversifying through forging partnerships and widening technology choice, to deliver new hybrid connectivity solutions and real time network monitoring.

To be an innovator of scalable solutions for new connectivity sectors

- Working with partners, building new solutions for new and emerging sectors that have growing and more complex connectivity needs including those that make the most of our infrastructure, spectrum, and satellite expertise.

Progress in 2022

Vision 2031 was launched by Arqiva in the prior year. Over the course of the last 12 months our focus has been on transforming the business.

Driving our cultural transformation to build a culture that enables high performance, high engagement, innovation and agility. In the year we have launched the following cultural goals for the business:

1. Accountability - being accountable for the promises we make.
2. One Arqiva – working together as one team.
3. Curiosity – striving to look at things differently to discover a better way.

We have embedded our new integrated organisation and operating model focusing on the functions of the business of commercial, operations, technology & transformation and corporate. Our model is continuing to evolve to meet our goals.

Optimisation of our new technology systems has continued with progress on our transformation programme including new system launches for our digital enterprise platform. Our transformation programme is now coming to an end as we move on to looking at how we can continue to simplify our processes.

Sustainability Strategy

As part of our drive for sustainability, Arqiva has this year launched three strategic goals to mitigate our impact and support our environment and social agenda:

Goal 1: To become a Net Zero Organisation by 2040, with an interim target of reaching net zero across our Scope 1 and Scope 2 emissions by 2031

- Transitioning our carbon-based emissions sources to more sustainable alternatives e.g. implementing more energy efficient transmission equipment and replacing fleet vehicles with sustainable options such as electric vehicles.
- Working with our supply chain to help them realise their sustainable ambitions and decarbonise their operations.

Goal 2: To positively enhance the environments we operate in

- Looking at opportunities across all our sites to improve habitats for flora and fauna to thrive and increase biodiversity.
- Identifying how we can reduce demand for electricity through new technologies and insulation of our buildings.
- Providing transparency to our customers, allowing them to understand the carbon footprints associated with our products and services ensuring they can make informed decisions when using our networks.

Goal 3: To optimise the use of natural resources

- Understanding and monitoring our water use and looking at ways to reduce our consumption. Reducing the water we use will also reduce the energy consumed through processing and treatment of wastewater.
- Understanding what waste we produce and how we can reduce, this including finding efficiencies in our asset maintenance schedules e.g. reducing the number of times we swap out used consumables or procuring technologies that can be easily repaired or repurposed at their end of life.
- Developing water products to assist our water customers with their sustainability agendas and UK water leakage targets.

Business Update

Media and Broadcast

DTT Multiplexes

During the year Arqiva's DTT mux licences were extended to 2034, securing a stable future for the platform, and the interim COM7 closed at the end of the trading year as planned. The closure of COM7 has created opportunity as channels move to the national COM5 and 6 multiplexes included in the sales pipeline for FY23 as we target full platform capacity utilisation.

The year saw some challenges for Digital Platforms, with sanctions leading to the early cessation and non-renewal of the RT channel and Ideal Shopping (IS) being liquidated by its private equity owners. However, platform utilisation has reached full capacity at 100%, with a new agreement negotiated with Ideal World, who bought the IS assets, new contracts signed with UKTV for Drama +1, That's TV and launch of a new channel EarthX. Renewals were also agreed with Narrative, PBS and Gems.

Radio

The Department for Culture, Media and Sport (DCMS) has passed legislation to renew two National commercial DAB multiplexes; Digital One (Arqiva has 100% ownership) and Sound Digital (Arqiva has 40% ownership) to December 2035. This underpins the growing importance of DAB radio and secures a stable future for the platform over the next decade and beyond.

Arqiva completed a successful auction in the last quarter on the SDL national commercial radio multiplex securing service providers for the last remaining channels on the multiplex.

Analogue re-engineering programs continue and various smaller projects have been signed off in the year for a number of purposes, distribution changes, small scale DAB network access offers, site moves and more. The indication from government and the market is that FM services will continue into the 2030's, therefore there is still movement on the platform and legacy equipment continues to be replaced as we move through renewals.

Direct to Home (DTH)

A key renewal with Narrative (formerly Sony Pictures Television) was secured for over 80% of a single transponder during the last quarter of the year, protecting future revenues. In June 2022 Arqiva returned a transponder to Eutelsat to optimise its satellite real estate and better manage the cost of supply vs market demand representing material cost savings over the next few years. There continues to be a good pipeline for new channel launches from the international sector with a number in negotiation for launch in the coming months.

Government (DCMS) updates

In June 2022, Arqiva launched the 'Broadcast 2040+' campaign alongside a coalition of partners including Age UK, Silver Voices, the Rural Services Network, and the Voice of the Listener & Viewer to secure a long-term commitment from the Government to the future of broadcast services. The campaign provides a channel to collaborate with partners on upcoming policy developments. The campaign is backed by consumer research from Ipsos into the views of Great Britain on the importance of broadcast services which highlighted the value placed on DTT and broadcast radio services, with 90% of people wanting to see continued support for these services.

The Government confirmed that it would pursue the privatisation and sale of Channel 4. Arqiva provides a range of services to Channel 4 including: transmission through the DTT multiplex licence holder D34 (which is 50% owned by Channel 4); DTH satellite services; and as carriage provider for some of its channels on the Arqiva DTT multiplexes. The long-term contract with D34, that runs into the 2030s, combined with Channel 4's continued reliance of the DTT platform for viewers and advertising income, means that we do not expect Channel 4's sale to have any immediate implications for Arqiva should the Government pursue this action.

The Government had also announced its intention to review the licence fee funding model for the BBC. The Committee has since released its report, which highlighted the ongoing relevance of DTT over at least the next decade. The Committee did not propose a specific funding model but ruled out the BBC being funded solely through a subscription model and highlighted alternatives that would be less regressive than the current flat fee licence approach paid by all households.

Low Earth Orbit Market
Arqiva continues to develop opportunities in the Low Earth Orbit market by establishing connections to multiple satellites; the technology can for example provide satellite broadband anywhere in the world. Key players in this sector are SpaceX, Project Kuiper and UK Government investment in OneWeb plus established satellite operators such as Telesat and ViaSat. Arqiva has two customers secured at the reporting date.

700MHz Clearance
The main substantive works on the 700MHz Clearance project completed in August 2020. Final project completion activities continued until October 2021 with principal site works remaining being the removal of the temporary mast at Emley Moor.

Smart Utilities Networks

Anglian Water
Following the award of the Anglian Water contract in June 2020, the Group has rolled out over 367,000 meters by 30 June 2022 out of the overall 789,000 targeted by 2025 across 24 planning zones including Norwich, Lincoln, Northampton and Peterborough, among others. Arqiva continues to rollout the network for Anglian Water albeit the pace has slowed due to global supply chain constraints which is restricting the number of meters available.

Thames Water
Since April 2015, Arqiva has delivered a smart metering network for Thames Water and as at 30 June 2022, over 780,000 meters have been installed, with in excess of 18 million meter readings being delivered per day. It is the largest smart water metering network in the UK and has high coverage across the Thames Water London region. Arqiva continues to add a number of network sites outside London, which included recently Chiddingfold and Guildford, with Dartford currently in design for delivery later this calendar year. In December 2021, the contract was extended for further 10 years to 2031. Arqiva continues to rollout the network for Thames Water albeit the pace has slowed due to global supply chain constraints.

Despite Thames Water's initial intent to conduct a full procurement for Thames Valley they have now asked us to proceed with 11 site installations to enable a deployment of approx. 25,000 meters this year and around 108,000 by 2025. This places us in a strong position for the remainder of the Thames Valley rollout.

Northumbrian Water
Arqiva has been selected by Northumbrian Water Group to deliver an initial roll-out of a smart metering network in Essex, where it operates as Essex & Suffolk Water. This initial contract of 5 years and 11,000 meters has now been extended to cover over 28,000 meters and for 15 years of service with 2 new sites. The trial will be followed with a formal procurement process later this year for c. 270,000 meters to allow Northumbrian to meet their commitments in the current regulatory period.

UK Power Networks
Arqiva has commenced the BGAN product rollout for the UK Power Networks for its network monitoring with over 650 units delivered by 30 June 2022 out of the total orders of 5,000. Further orders are expected later this calendar year.

Other Smart Water Metering Trials
In the Midlands, Arqiva has been participating in a multi-vendor, multi-technology smart water metering evaluation trial with a major water company. Over this period, we have again proven the excellent performance of our technology and managed service. We are extending and expanding the trial for a further 12 months and 1,900 meters, on an exclusive basis, enabling the water company to evaluate fully the benefits and establish a business case for a future full smart metering roll-out. Orders have been received for the trial extension and meters have now been deployed.

We have recently agreed an approach for a new trial with a southern based water company to assist in evaluating the data produced by our smart metering solution and identifying the resulting operational and financial benefits. This will take the form of a small deployment of circa 400 meters.

Arqiva is also participating in an RFI launched by Southern Water in January 2022 for 1.2 million meters. We expect the next phase to launch in the autumn of 2022.

Smart energy metering rollout
The Group's smart metering communication network in the North of England and Scotland continues to cover 99.5% of premises. There are currently over 2 million communications hubs operating on the network representing 20% of the total UK communication hub installations. Whilst there has been an impact to communications hub deliveries, owing to global component shortages, energy companies do have a level of pre-existing stock and Arqiva continues to work with Smart DCC Ltd (DCC) to mitigate the supply risk. The DCC continues to submit change requests that reflect new industry requirements and Arqiva maintains a strong pipeline. Arqiva's relationship with DCC remains strong and has been formally rated by DCC as "green" over the past two months.

Adverse energy trading conditions have resulted in a number of energy companies ceasing business with their customers and obligations being taken up by other suppliers under a pre-existing process operated by Ofgem for such eventualities. Arqiva currently envisages no impact to the smart meter rollout programme now governed by rollout obligations set by Ofgem.

New proof of concepts
Arqiva has engaged with utility customers and industry suppliers as it seeks to expand its presence in the smart utilities industry. The Hybrid Connectivity Proof of Concept (PoC) with SGN has completed following which they have launched their 'Strategic Connectivity' procurement exercise to which Arqiva will formally respond in the coming weeks.

Our Leakage as a Service PoC has been well received and we are now engaged in a programme of work with Thames Water to train and verify their Artificial Intelligence model. Northumbrian Water have shown further interest and requested a proposal from Arqiva for an Analytics Prototype Deployment to augment their current capability. There are two further water companies that have agreed an initial evaluation period. Finally, our Sewer Level Monitoring PoC trial has commenced with Anglian Water with 9 sites deployed and initial feedback citing that performance has far exceeded anything previously seen.

Corporate Update

New CEO
On 10 May 2022, Arqiva announced that Shuja Khan would replace Paul Donovan as a Chief Executive Officer from 1 June 2022. Shuja was appointed as Chief Commercial Officer at Arqiva in January 2020 and has been central to the creation of our strategy, Vision 2031, and the development of the current operating model, as well as evolving and strengthening relationships with our key customers.

Shuja brings more than 20 years of leadership experience in the technology, media and communication sector and his industry background and demonstrable management and leadership strength will be invaluable for the next phase of Arqiva's evolution as we concentrate our focus on ensuring Arqiva is a long-term sustainable business providing the best possible partnership to our customers as well as on simplifying our business.

Paul Donovan was appointed to the Board as Non-Executive Director on 1 July 2022.

Management Changes
In order to take the business forward, three new Executive Committee roles have been created to help the business focus on growth and simplification. Vivian Leinster has moved from her existing role as Chief People Officer to become Chief Simplification Officer, while Peter Baker and Chris Alner were appointed as interim Executive Directors for Smart Utilities Networks and Media & Broadcast respectively. A new Chief People Officer will be appointed to replace Vivian Leinster.

Bilsdale Tower Fire
Following the fire at our Bilsdale mast site in August 2021, our efforts have been focused on restoring coverage as quickly as possible, as well as to offer advice and practical support for our most vulnerable viewers through providing access to a call centre. Arqiva has now been able to restore Freeview TV services to around 99% of impacted households.

Construction of the permanent replacement tower is well under way. It normally takes around two years to complete such a substantial construction, but we are targeting Spring of 2023.

Arqiva has been informed that its insurers have now concluded their investigations. Precise findings have not been shared and Arqiva is unable to comment in detail on these findings while the claims process is ongoing. Arqiva intends to provide a further update as soon as it is permitted to do so.

See page 21 for further information on the financial impacts of the fire.

Sale of telecoms business
Following the sale of the Telecoms business to Cellnex in July 2020, Arqiva has been supporting Cellnex's UK business via Transitional Services Agreements (TSA) and as planned all TSAs have now completed by the end of 2021, moving into a business as usual relationship under the existing site share arrangements.

Transformation Programme update
Throughout the year the Transformation Programme has delivered releases planned, providing the business with industry-leading applications and integration across our Site Management Platform (Siterra), Service Management (ServiceNow), and Financial Management (Oracle ERP) platforms. The programme is final stages and is expected to complete this autumn. This concluding release brings the entire broadcast operations onto the transformed platforms, completes all of the integrations across our core systems and opens up new digital ways to engage with our customers.

Financial review

Financial Performance

For the year ended 30 June 2022, revenue for the Company was £523.6, a decrease of 2.7% from £538.4m in the prior year on a total reported basis. Despite increases in core TV and radio products and utilities contracts the overall decrease year on year reflects natural reduction from projects as well as challenging conditions within the markets we operate.

Within Media and Broadcast revenue has decreased. Our core broadcast TV and radio distribution products have remained strong and stable during the year with inflationary increases due to RPI indexation on these long-term contracts.

These increases have however been offset by the expected natural reduction in revenue from the 700MHz Clearance programme with final activities on this multi-year engineering programme completed in the year. Further decreases have arisen due to the full year impact of terminations and pricing pressures from the prior year across the Group's UK DTH, managed media services and multiplex products. Following new channel launches towards the end of the prior year, utilisation has remained strong on the Group's main (DVB-T) multiplexes and was 97% at 30 June 2022.

A further £8.0m (2021: £nil) of exceptional revenue has been deducted to give total revenue in the period of £523.6m (2021: £538.4m) in respect of service credits in relation to the Bilsdale fire. See note 8 of the financial statements for further information.

Revenue from Smart Utilities Networks has increased due to the continued ramp up of revenues from water metering contracts in particular driven by device sales despite supply chain issues. There have been further increases due to recurring revenues as a result of incremental smart energy metering change requests.

Smart revenue also includes site share revenues relating to the utilisation of broadcast sites for telecommunications equipment and transitional services provided following the sale of the telecoms business to Cellnex. Revenue in this area has decreased following the completion of TSAs.

Gross profit was £348.5m, representing an increase of 3.2% from £337.8m the prior year. Whilst revenue has decreased due to the reasons outlined above with corresponding decreases in related costs, margins have improved year on year as a result of further cost savings achieved by the Group. This includes satellite capacity savings and a reduction in billable labour costs due to headcount.

Other operating expenses were £68.1m, up 10.0% from £61.9m in the prior year. Despite lower staff costs due to lower headcount, the increase in operating expenses has been driven by increases in areas such as IT licences and maintenance due to new systems established as part of the Group's digital transformation, as well as professional and consultancy costs as the Group pursues its simplification journey.

EBITDA is a non-GAAP measure and refers to 'earnings before interest, tax, depreciation and amortisation' and includes add-backs for certain items charged to operating profit that are not considered to reflect the underlying performance of the business. A reconciliation of EBITDA to operating profit is presented on page 21.

Total EBITDA was £290.5m, a 5.3% decrease from the prior year of £275.9m. Despite the decreases in revenue, EBITDA has increased due to changes in product mix and cost savings achieved.

Within the Media and Broadcast business, despite the decrease in revenue driven by the completion of the 700MHz clearance programme and pricing pressure on contract renewals, the Company has benefitted from cost reductions leading to EBITDA increasing for the year. The cost savings include decreases in staff costs driven by a reduction in headcount as well as savings gained on satellite capacity costs. These cost savings have been partially offset by increases in operating expenditure mainly due to managed service and software costs related to Arqiva's digital enterprise platforms as we move to more cloud operated systems and consultancy project costs.

Depreciation has decreased £8.2m total (2022: £150.6m; 2021: £158.8m). Amortisation has increased £3.5m in total (2022: £13.1m; 2021: £9.6m). The collective decrease of depreciation and amortisation of 2.8% is driven by a reduction in accelerated depreciation from the prior year period, particularly in connection with assets replaced under the 700MHz clearance programme due to the lower activity following the completion of the programme. The decrease has been partially offset by an increase in accelerated amortisation on software assets that have been disposed of in the year as Arqiva's transformation programme progresses.

Exceptional operating expenses charged to operating profit were £19.6m, decreased from £23.5m in 2021 from continuing operations (total reports exceptional operating expenses 2022: £19.6m; 2021: £57.7m). Exceptional costs in the current year predominantly relate to restoration costs arising from the Bilsdale fire, restructuring and severance costs as the Company embeds the changes in the organisational design and structure of the business as well as corporate finance costs from strategic shareholder activities. Exceptional operating expenses are excluded from EBITDA. A reconciliation of EBITDA to operating profit is presented on page 21.

The restoration costs of £10.0m incurred within exceptional operating expenses (2021: £nil) were associated with the Bilsdale transmitter following a fire which broke out on 10 August 2021. Engineers have been working on a recovery plan to reinstate services present on the site. The recovery plan included service recovery with works completed for the improvement of TV coverage from other local not-spot sites, as well as the erection of a temporary mast at the Bilsdale site. To date around 99% of impacted households have been returned to coverage. Further works to complete the enduring solution and rebuild is ongoing with works started on the build of a new permanent mast. Management are still assessing the financial impact of the incident and the assets impacted. Costs recognised are those which have been incurred to date and can be reliably measured, and also include £8.0m of service credits deducted from revenue during the period. See note 8 to the financial statements for further disclosure on the full financial impacts incurred.

An exceptional loss on disposal of assets has also been recognised in the income statement for £9.5m (2021: £nil). This loss relates to assets damaged due to the fire at the Bilsdale site that have been disposed of in the year.

Management are still assessing the financial impact of the incident and the assets damaged by the fire, and have engaged with Arqiva's insurers. Whilst the insurers have concluded their investigations, the precise findings have not been publicly shared. At this stage we cannot comment on the findings while the claims process is ongoing. A stage payment of £5.0m was received from the insurers in June 2022 which has been recognised as exceptional other income in the income statement.

Operating profit has increased 192.8% (2022: £97.5m; 2021: £33.3m) from total operations and 44.4% (2022: £97.5m; 2021: £67.5m). Despite the decrease in revenues and exceptional costs incurred as a result of the Bilsdale file, the increase in operating profit has been achieved by a decrease in exceptional costs and impairment of investments recognised in the prior year not repeated as well as the cost savings across the business driven by headcount and satellite transponder savings and reduction in depreciation as capital programmes progress. Discontinued operations included within operating profit relate solely to exceptional costs incurred in the prior year in relation to the sale of the Company's Telecoms business.

A reconciliation between operating profit and EBITDA is presented below:

	Year ended **30 June 2022** **£m**	Year ended **30 June 2021** **£m**
Operating profit	97.5	33.3
Exceptional items charged to operating profit	19.6	57.7
Exceptional revenue	8.0	-
Depreciation	150.6	158.8
Amortisation	13.1	9.6
Impairment	0.5	21.2
Exceptional loss on disposal of fixed assets	9.5	-
Loss on disposal of fixed assets	2.1	-
Other Income	(5.4)	(4.7)
Exceptional Other Income	(5.0)	-
Total EBITDA	**290.5**	**275.9**

Finance income (net of finance costs) were £195.5, an increase of 23.8% from £157.9m in 2021. The increase was primarily due to the compounding effect of interest on outstanding amounts owed by group undertakings.

Profit before tax for the Company was £293.0m, an increase from a profit of £191.2m in the prior year.

The profit before tax is reported after non-cash charges of £180.0m (2021: £191.1m) as shown below:

Reconciliation between profit before tax and non-cash charges/(gains)	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
Profit before tax	293.0	191.2
Depreciation	*150.6*	*158.8*
Amortisation	*13.1*	*9.6*
Impairment	*0.5*	*21.2*
Exceptional loss on disposal of fixed assets	*9.5*	-
Loss on disposal of fixed assets	*2.1*	-
Other non-cash financing costs[5]	*4.2*	*5.5*
Total non-cash charges	***180.0***	***195.1***
Adjusted profit before tax and non-cash charges	**473.0**	**386.3**

Financial Position

Net assets were £2,979.2m, representing an increase of 9.2% from £2,727.4m in the prior year. The increase principally arises from trading profits and increased amounts receivable from other group entities.

Going Concern

The Company meets its day-to-day working capital and financing requirements through the net cash generated from our operations. Arqiva 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 any severe but plausible scenarios. The Company has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund our current operations, including our contractual and commercial commitments both in terms of capital programmes and financing as they fall due. This is further supported by the new debt facilities established post year end, see note 31 for further information. For this reason, the Directors are confident that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing this financial information.

[5] Includes amortisation of debt issues costs, unwinding of discount on provisions, imputed interest and interest on lease liabilities

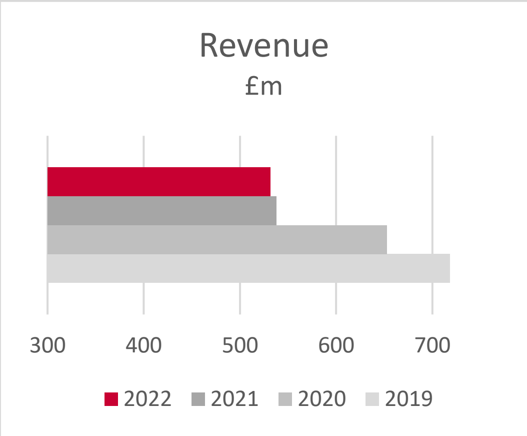
Key Performance Indicators

The Company uses a combination of financial and non-financial key performance indicators ('KPIs') to measure against our strategic ambitions.

See page 13 for further information on our strategic ambitions:

Financial KPIs (our 2019 and 2020 results include material values from our disposed Telecoms business)

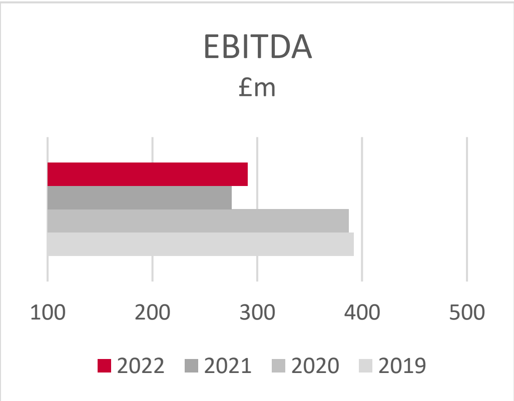
Revenue



Definition – Revenue is presented as per the financial statements, and in accordance with IFRS 15

Revenue has decreased 2.7% from the prior year for total revenue (2022: £523.6m; 2021: £538.4m). Revenues on our core TV and radio distribution have remained strong due to RPI-indexation on the contracts as well as increase across our utilities contracts due to the ramp up of activity water metering contracts including strong device sales and incremental change requests on energy metering. These increases have however been offset by the natural reduction of activity on the 700MHz programmes with activity now completed and end of TSA agreements as well as market challenges with the run rate of lower fee renewals from the prior year across our DTT platform and managed media services.

EBITDA



Definition – EBITDA is a non-GAAP measure and refers to 'earnings before interest, tax, depreciation and amortisation' and includes add-backs for certain items charged to operating profit that do not reflect the underlying business performance. See page 21 for its reconciliation to operating profit.

Total EBITDA has increased 5.3% from £275.9m to £290.5m. The decrease in total revenue has been offset by cost savings that have benefitted total EBITDA for the Company. These include satellite capacity cost savings as well as a reduction in staff costs across the Company due to lower headcount for the year.

Non-financial KPIs

Broadcast - Network availability

Definition – Arqiva strives to provide consistently high service levels and look to manage and monitor the total annual level of network availability across both TV and radio infrastructure as a percentage across all multiplexes.

Result – Through careful management Arqiva has consistently been able to achieve excellent levels of network availability. The drop experienced earlier in the year is as a result of outages due to the Bilsdale transmitter fire.

Strategic ambition targeted - to be undisputed leader in UK TV and radio broadcast distribution.

Utilities

The Smart metering M2M contract has continued to achieve 99.5% network coverage in the North of England and Scotland.

Rollout of water metering on contracts won with Anglian Water, Thames Water and Northumbrian Water. Other smart water metering trials are in progress.

Strategic ambition targeted– To be the UK's leading smart utilities platform provider.

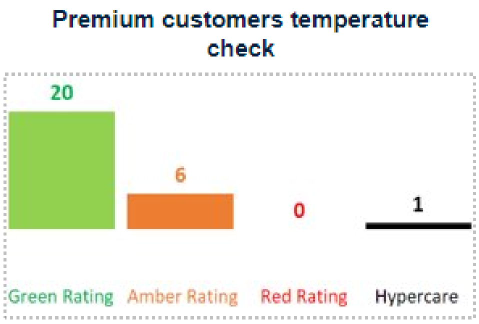
New sectors

We are engaged in the Low Earth Orbit satellite sector due to contract wins in the prior year.

Product launches - In 2022 we launched Arqade, a cloud-based channel and live event interchange as well as our Hybrid Connectivity service, a suite of managed connectivity solutions designed to support the network monitoring and control needs of utility companies.

Strategic ambition – Innovator of scalable solutions for high-connectivity sectors.

Customers



Premium customers temperature check for the sentiment of our top 27 Premium Customers in June has 20 of our customers in a good position at Green.

We have six customers classified as Amber. Key issues in June relate to ease of doing business, service reliability and several problems that have been ongoing for a prolonged period.

One customer continues in Hypercare with good progress being made on addressing their open issues but a continued need to have enhanced measures to ringfence and prioritise all activity to restore trust in Arqiva and maximise our chances of winning new business.

People

Our engagement score has increased to 66 in May 2022 (+1 from Jan 2022) and +8 from October 2021.

Arqiva is now five points off the UK benchmark engagement score of 71.

Response rate in May 2022 was 75% (-1% from Jan 2022).

Corporate Responsibility

Doing business the right way and sustainably is vital to Arqiva. It's as important as what we achieve.

Arqiva endeavours to conduct its business in a way that benefits all our stakeholders including customers, suppliers, employees, shareholders and communities in which we operate as well as creating a sustainable future for the business.

Our ethics, values and behaviours are weaved through every aspect of what we do.

Our culture is also key to the success of our strategy with our 3 culture goals driving how we serve our customers and creating a great place to work. These goals include:

1. Accountability - being accountable for the promises we make.
2. One Arqiva – working together as one team..
3. Curiosity – striving to look at things different to discover a better way.

Sustainability

Our sustainability principles are embedded into our key processes to support our goals and ensure that we are able to operate and grow our business sustainably.

Environment

Energy

To become a Net Zero Organisation by 2040, with an interim target of reaching net zero across our scope 1 and 2 emissions by 2031.

Given the nature of the Arqiva's activities, energy consumption is a key area of interest both economically and environmentally. Our energy policy reflects the company's commitments to improving energy efficiency by:

- Reducing energy consumption;
- Investing in energy efficient technology; and
- Monitoring carbon emissions

We are always looking at new and innovative ways of driving down our carbon footprint. Responsible management of energy has a key role in minimising environmental impacts and is embedded within Arqiva. Key to this is transitioning our carbon based emissions to a more sustainable alternative, e.g. sustainable alternative such as electric cars to replace our fleet vehicles using combustible engines. We also continue to investigate how emerging technologies and ingenious ways of working can help us and our customers realise sustainable ambitions and decarbonise operations.

For more details on our annual emissions see page 52 in the Directors' report.

Biodiversity

To positively enhance the environments we operate in.

We always strive to minimise the impact we make on all our sites across the country, in order to improve the habitats for flora and fauna to thrive in and create biodiversity. We work closely with planning authorities and local communities to find the best acceptable solution for locations of masts and other infrastructure essential to keeping both rural and urban communities connected. We also are identifying how we can reduce our demand for electricity and looking at new technologies and ways to insulate our buildings.

To optimise the use of natural resources

Understanding and monitoring our water usage enables us to look at how we can reduce our consumption and ensure we can find ways to optimise the use of our natural resources. We will take a holistic view of how we use our natural resources, both upstream to understand how we minimise waste creation and downstream to maximise reuse and recycling.

Our sustainability also extends into waste management, a key responsibility for our industry. We are focusing on what waste it is that we are producing and how this can be reduced. This includes finding efficiencies in our asset maintenance schedules, reducing the number of times we swap out consumables as well as procuring technologies that can be repaired or repurposed at their end of life and finding environmentally friendly ways to dispose of redundant hardware. For example leasing laptops which are returned at the end of their term to be rebuilt and sold again for use and recycling those not under these terms. We also consider the environmental risk of every investment made.

Social

Supporting Charities

We support our colleagues fundraising for local and other national causes close to their hearts. To help, Arqiva provides matched funding enabling colleagues to fundraise for their chosen charities, from Diabetes UK and the NSPCC to local community projects, children's clubs and sports teams.

Arqiva also supports the 'Give as You Earn' scheme in partnership with the Charities Aid Foundation (CAF) allowing colleagues to get tax relief on their donations. In 2021, we retained our Bronze CAF award. The amount provided to charities through this scheme has reached over £100,000 over the past three years.

Between 2019 and 2021, Arqiva also worked in partnership as a proud supporter of Cancer Research UK, over this period raising over £60,000 towards research into a cure for cancer.

Following the fire at our Bilsdale site Arqiva donated £50,000 each to three local charitable organisations to support communities affected by the fire and to help identify those in greatest need.

Also during the year, through colleague donations and matched funding from Arqiva, £20,000 has been raised for the Disasters Emergency Committee (DEC) Ukraine appeal to help UK aid charities and organisations in Ukraine to support those seeking safety and shelter.

Supporting Our People

We aim to create a workplace where people feel engaged, energised and respected, where they can do their best, and look after their personal wellbeing, both in and out of work.

Wellbeing

Arqiva has an ongoing commitment to the health and emotional wellbeing of our people. We run an annual event focusing on both organisational and personal resilience, which includes wellbeing sessions and training courses. We also have a network of mental health first-aiders, who are equipped to listen without judgement, reassure and respond to colleagues, even in a crisis.

As well as these activities, our colleagues have access to a wealth of support through our Employee Assistance Programme.

Health and Safety

Health and safety is vital, whether in the office or repairing an antenna on a 1,000ft mast. We have been a driving force in developing the Mast and Tower Safety Group, we run our own accredited IOSH Working Safely training scheme for our engineers, and we collaborate with the union BECTU on an annual employee safety conference.

We are committed to complying with applicable health and safety legislation, and to continual improvement in achieving a high standard of health, safety, and welfare in our operations and for all those in the organisation and others who may be affected by our activities. Arqiva operates a robust integrated management system that is certified to ISO14001, ISO45001, ISO90001 and ISO270001 as well as offering training programmes covering specific skills and general awareness.

Supporting Diversity and Inclusion

We are committed to making our workplace as diverse and inclusive as possible because the complex engineering and commercial challenges we need to solve can only be done by people with a diverse range of skills, backgrounds and life experiences. Our diversity and inclusion programme ensures we continually focus on what's needed for everyone to feel included and able to perform. We have moved beyond building awareness around unconscious bias and are now supporting colleagues to understand the difference between intent and impact.

Our Diversity Ambassadors have been instrumental in encouraging and engaging other workplace communities. We now have an active Women at Arqiva network, a Working Families group, and a Neurodiversity network, so we can listen, support and take opportunities to make lasting, tangible changes so our working practices are even more inclusive.

Employees

The average number of persons employed by Arqiva during the year was 1,268 (2021: 1,505). Arqiva recognises the significant contribution of our employees and makes every effort to create a rewarding and engaging work environment.

Our policy is to provide equal opportunities for all employees, irrespective of race, nationality, gender, sexual orientation, marital status, religion or political beliefs, disability or age. Like many engineering-based businesses we recognise that Arqiva has a higher proportion of men than women and we are working to address this with the Employers Network for Equality and Inclusion through our diversity and inclusion programme.

The table below provides a breakdown of the gender of Directors and employees as at 30 June 2022:

	Female Number / %	Male Number / %
Board of Directors	2 / 20%	8 / 80%
Executive Committee	2 / 25%	6 / 75%
Company Employees	292 / 23%	976 / 77%

The Company continues to address training and development requirements for employees at all levels within the organisation. The Board also reviews future management requirements and succession plans on an on-going basis.

The Arqiva Employee Board ('AEB') has continued throughout the year. The AEB is a democratically elected Board that acts as a voice for employees across Arqiva and provides a clear and direct link between the Arqiva's employees and the Executive Committee. The AEB continues to meet on a monthly basis to discuss key matters such as performance management, or efficiencies and processes to develop responsive action plans. Furthermore, the AEB (as well as the Executive Committee) interacts with representatives of BECTU (the Broadcasting, Entertainment, Cinematograph and Theatre Union) regarding employee matters.

The Company's employee forums provide an effective channel for communication and collective consultation across the Company. They play an important role in enabling employees to help the Company manage change effectively. The goals of each forum are to act as the formal consultative body for its part of the business within Arqiva, provide a voice to management on employee issues, initiate and support social activities, and promote consultation and sharing information.

Significant emphasis is placed on employee communication. Arqiva's intranet, 'The Hub', makes information available to employees on all matters including performance, growth, and issues affecting the industry. We also run “Connect Days” across various sites to bring employees together and provide opportunity for updates and discussion across the business.

Our Work. Life. Smarter. initiative also recognises the benefit of hybrid working to our employees. This commitment to our people endeavours for our people to feel supported and empowered to work in a way that enables them to thrive in their role, giving a choice about how, when and where we work.

Arqiva wants all our employees to benefit from our success and growth as a business. The annual bonus scheme recognises the importance of high performance and is designed to reward employees for achieving targets and continuous improvement in overall performance, in line with our values and strategy. The scheme takes into account the targets that have been set by the AGL Group. The AGL Group must achieve a minimum operating cash performance before a bonus becomes payable which is then calculated based on these financial KPIs. The bonus payment for the 2022 financial year is expected to be made in October 2022. In addition, certain members of our senior management participate in a long-term incentive plan which is typically 3 years in duration and is designed to recognise the value of strategic initiatives being undertaken by the Group during the longer-term. As with the annual bonus scheme, the Group must achieve a minimum threshold of financial performance before a bonus becomes payable under the long-term incentive plan which is then calculated based upon the 3-year AGL Group financial KPIs of EBITDA and operating cash performance. All such arrangements are cash-based incentive schemes which operate against documented performance targets and are reviewed at least annually by the Remuneration Committee (which comprises members of the Board of Directors).

Gender Pay Gap

The full annual gender pay gap report is available on the company website at www.arqiva.com. The latest report shows the emphasis and commitment to diversity and inclusion with improvements in both the mean and median pay gaps for the reporting period. The full report provides details on why we have a pay gap, the reasons for the increase in the year and the actions we are taking to address the issue.

Modern Slavery Act

Arqiva is committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business. The supplier Code of Conduct reflects the commitment to acting ethically and with integrity in all business relationships and to implement and enforce effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains. The full statement is included on page 32 and is also available on the company website at www.arqiva.com.

Anti-Bribery and Anti-Corruption

In conjunction with the UK Bribery Act 2010, Arqiva has adopted a Code of Conduct for employees which incorporates all its anti-corruption policies and procedures. The policies apply to all Arqiva employees employed on both a permanent and temporary basis. The Code of Conduct also sets out the policies and procedures on the giving and receiving of gifts and hospitality.

Information Security

Due to the critical importance of our sites and systems to the Company, our customers and, in some cases, as Critical National Infrastructure, we take information security very seriously, focusing on protecting and managing access to information throughout its entire lifecycle.

We hold certification to ISO/IEC 27001:2013. ISO27001 is an internationally recognised specification for an information security management system (ISMS), a framework of policies and procedures that includes all legal, physical and technical controls involved in an organisation’s information risk management processes. This allows us to compete for new business which requires us to demonstrate the robustness of our security controls. Through independent review and accreditation, supported by internal monthly audits, we continue to confidently demonstrate our commitment to security and secure working practices. We have held this certification since 2013 and recertify every three years with recertification last given in May 2020.

We also hold Cyber Essentials certification. Cyber Essentials is a government-backed, industry-supported scheme to help organisations guard against the most common cyber threats and demonstrate their commitment to security. We have held this certification since 2016 and recertify annually.

Taxation

The Company's approach to tax is to ensure compliance with all legal and statutory obligations. Arqiva is committed to maintaining a transparent and constructive working relationship with HM Revenue & Customs and with local tax authorities in the jurisdictions in which we operate. The total contribution to UK tax receipts including business rates, income tax, PAYE and NI paid by both Arqiva and employees, totalled £54.2m for the financial year (2021: £65.4m).

Arqiva is a primarily UK based infrastructure company. There are some trading operations outside of the UK, however these generate less than 1% of operating profit and there are no tax planning activities taken which seek to reduce the Company's UK profits or revenues by transferring revenue or profit out of the UK. The AGL Group's small overseas trading entities deal directly with customers in their area of residence and fulfil their tax requirements in the local jurisdictions.

This report was approved by the Board on 17 October 2022 and signed on its behalf by:

Mike Parton

17 October 2022

Corporate Governance Statement

The Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations"), requires companies that meet certain thresholds to report on the Directors' application of their section 172 duty to promote the success of the Company, as set out in the Companies Act 2006, along with stakeholder and employee engagement.

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 directors must have regard, which are set out in s.172(1)(a) to (f). During FY22, in continuing to exercise their duties, the Directors have had regard for these matters, as well as other factors, in considering proposals from the Executive Committee and continuing to govern the Company on behalf of our shareholders.

Section 172 Factor	Key Examples	Page
Consequence of any decision in the long-term	Strategic overview	13-15
Interests of employees	Employee Engagement Supporting our people Employees	31 26 (Corporate Responsibility) 27
Fostering relationship with suppliers, customers and others	Stakeholder Engagement Business Update	Below 16-19
Impact of operations on the community and the environment	Environment Energy Consumption and Waste management Charity	52 53 26
Maintaining high standard of business conduct	Governance Health & Safety Modern Slavery Act, Anti-Bribery & Corruption	35-39 26 32
Acting fairly between members	Stakeholder Engagement Accountability	Below 48

Stakeholder Engagement Statement

Throughout the year, the Board has continued to ensure engagement with relevant stakeholders generally in relation to its day-to-day business and particularly with respect to key challenges, such as the ongoing situation with COVID-19 and the impact of the fire on the Company's mast at Bilsdale. Examples of the way in which this engagement has taken place are set out in the table below.

Section 172 Factor	Key examples
Employees	Please see our Employee Engagement Statement below and Corporate Responsibility statement (pages 25-29) for full details
Regulatory Bodies	We have good relationships with representatives in all relevant regulatory bodies and engage regularly with Ofcom; the Department for Culture, Media and Sport (DCMS); and the Department for Business Enterprise and Industrial Strategy (BEIS). We also monitor relevant developments with Ofwat and Ofgem as regulators of customers of our Utilities business, and we participate in consultations and consult with government departments and regulators when setting strategy and making decisions that affect industry generally. We have liaised closely with Ofcom with regard to the impact of the mast fire at Bilsdale on consumers and the wider broadcast industry.
Investors	Quarterly reports to investors are published on our website and available to all; an annual investor call is held, in which we review our annual results and invite questions from investors.
Customers	Our relationships with our customers are very important to us, and we maintain regular contact through account managers; Executive Committee members; and

	where appropriate our Chairman. As part of our response to COVID-19 and to the impact of the Bilsdale mast fire, we have sought to understand and support customers who have been affected and ensure continued delivery of services.
Suppliers	Our Procurement team oversees supplier relationship management, with a category management structure so that employees have relevant expertise for each supplier. We work closely to ensure positive relationships, seeking to agree fair terms and conditions and ensure timely payment, through adherence to and reporting on the Prompt Payment Code.
Shareholders	Shareholder Representatives on the Board and committees of the Board report back to shareholders on the business and take their interests into account when making decisions, while operating in accordance with their Companies Act duties. Arqiva's corporate governance specifies a number of categories of decisions which are reserved for shareholders, ensuring that the decisions affecting shareholders are subject to the necessary oversight.
Stakeholders	As part of our infrastructure projects, we engage with planning authorities and local communities to foster positive relationships. Arqiva's charitable engagement also seeks to support communities local to the areas in which it operates. The Company is particularly proud of the community support activities it undertook in the aftermath of the Bilsdale fire to assist members of the public affected by the loss of the Bilsdale mast.

Employee Engagement Statement

1. *Information*
   Regular all company updates are provided to all employees via Arqiva's Hub (intranet) and email updates; Management conducts regular company-wide live broadcasts and hosts face-to-face connect days throughout the year to update employees on performance, strategy and other key developments; with opportunities for employees to ask questions in real time.

2. *Consultation*
   Arqiva has active union representations through the Broadcasting Entertainment Communications and Theatre Union (BECTU); strategic decisions which may affect employees (including business change; pay; and terms and conditions) are discussed with BECTU representatives in advance of action being taken. Similar engagement also takes place with the Arqiva Employee Board (AEB), which is elected by employees, and their feedback and views are taken into account when making decisions affecting the workforce, for example in setting timescales and the content of communications.

3. *Involvement*
   Employees participate in annual bonus schemes which are based upon performance of the business throughout the year, encouraging employees to contribute to the success of the business. Arqiva's cultural value of curiosity encourages new ideas and fosters strong relationships across the organisation, supporting overall performance of the business.

4. *Common Awareness*
   Financial and economic factors affecting the business are described to employees throughout the year during management broadcasts; regular email communications with business updates and through the Arqiva Hub.

Modern Slavery Act: Slavery and Human Trafficking Statement

Overarching Statement
This statement sets out the steps we are implementing to combat slavery and human trafficking. We remain committed to further improving our practices in the future to combat slavery and human trafficking.

Organisation's Structure
We are a communications infrastructure and media services provider, operating at the heart of the broadcast, satellite communications, and smart metering markets. We're at the forefront of network solutions and services in the digital world. We provide much of the infrastructure behind television, radio satellite communications and smart metering in the UK and have a presence in Ireland, mainland Europe and the USA.

During the financial year ended 30 June 2022, Arqiva Limited and its subsidiaries, Arqiva Muxco Limited, and Arqiva Smart Metering Limited were part of the Arqiva group with head offices in the UK and over 1300 employees. We operate in the UK and Europe.

Arqiva Limited (and its subsidiaries), Arqiva Muxco and Arqiva Smart Metering Limited each have an annual turnover of in excess of £36 million.

Our Supply Chains
The Arqiva Procurement team works in partnership with our suppliers, ensuring we meet our internal customer needs. The Arqiva values are core to how we interact with suppliers whether a high-volume preferred supplier or one-time only supplier.

We have an exceptionally diverse range of services and goods that are required by the business and sourced by our Procurement team including:

- Transmission – Arqiva has numerous transmission sites throughout the UK;
- Construction – Arqiva undertakes a broad range of construction activities from small changes to the construction of new transmission towers;
- Maintenance & Repairs;
- IT software and managed services;
- Satellite Capacity; and
- Corporate facilities (including corporate sites, stationery, recruitment, legal and professional fees).

Our Policies on Slavery and Human Trafficking
We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part our business. Suppliers are required to comply with our Supplier Code of Conduct, which reflects our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains.

Due Diligence Process for Slavery and Human Trafficking
As part of our initiative to identify and mitigate risk we:

- Aim to identify and assess potential risk areas in our own business and our supply chains;
- Try to mitigate the risk of slavery and human trafficking occurring in our own business and our supply chains;
- Monitor potential risk areas in our own business and our supply chains;
- Where possible we build long standing relationships with suppliers and make clear our expectations of their business behaviour;
- Expect our suppliers to comply with the Modern Slavery Act 2015 and have their own suitable anti-slavery and human trafficking policies and processes; and
- Encourage the reporting of concerns and support the protection of whistleblowers.

Supplier Adherence to our Values
We have zero tolerance to slavery and human trafficking. We expect all those in our supply chain to comply with those values and our Supplier Code of Conduct.

Our Procurement team, reporting into our CFO, is responsible for promoting and ensuring compliance with the Modern Slavery Act 2015 as part of our supplier relationships.

Training
To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business, all Directors and members of the Executive Committee have been briefed on the subject, a 15 minute short course around Modern Slavery was sent out to all staff and 1,100 completed that in 2020/2021. An online course was created in December 2021 that included the Modern Slavery Statement as well as an overview of Modern Slavery and that currently goes to all new starters. 199 people have completed the course thus far. We aim to provide a refresher course in 2022/2023 and then every 3 years.

Our Effectiveness in combating Slavery and Human Trafficking
We will use the following key performance indicators (KPIs) to measure how effective we have been to ensure that slavery and human trafficking is not taking place in any part of our business or supply chains:

- Use of robust supplier selection process including supplier questionnaires and compliance with Arqiva's Supplier Code of Conduct; and
- Use of our payroll systems to ensure that purchase orders and payments to suppliers are limited to those who comply with our standards.

Steps taken during the financial year to 30 June 2022
In the past financial year, we have taken the following steps to ensure that slavery and human trafficking is not taking place in our supply chains, and in any part of our own business:

a) We have fully implemented our qualification process for all suppliers: One Time Only suppliers (low value transactions less than 2% spend in FY22) all use our standard Purchase Order T&Cs, which includes a mandatory compliance clause covering Modern Slavery and Human Trafficking Laws.

   Suppliers with ongoing relationships are all required to qualify via our e-procurement system. This process includes background checks and either (a) confirmation of acceptance of the Arqiva Supplier Code of Conduct (which covers modern slavery and human trafficking); or (b) demonstration that the Supplier has its own equivalent policies covering modern slavery and human trafficking. Purchase Orders cannot be placed with new ongoing suppliers before the confirmation has been given.

b) We continue to limit the number of active suppliers with Oracle to reduce risk. During the financial year to 30 June 2022 we had 976 suppliers registered on oracle and have traded with only 639 of these suppliers during the fiscal year (N.B. this figure has reduced from >2,300 in FY18).

c) We continue to use our "Speak Up" reporting website and telephone line to enable people to notify any concerns. These are overseen by the Internal Audit function and regular updates given to the Group's Audit & Risk Committee.

Statement
This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes Arqiva Limited, Arqiva Muxco Limited and Arqiva Smart Metering Limited's slavery and human trafficking statement for the financial year ending 30 June 2022.

Note: The signed statement is available on the Company website at www.arqiva.com

Governance

Board of Directors and Executive Committee

Ownership

The ultimate parent company of the AGL Group is owned by a consortium of shareholders comprising Canada Pension Plan Investment Board (48%), Macquarie European Infrastructure Fund II (25%), plus other Macquarie managed fund (1.5%), Health Super Investments (5.5%), IFM Global Infrastructure Fund (14.8%) and Motor Trades Association of Australia (5.2%). There is no ultimate controlling party of the Company, as defined by IAS 24 'Related parties'.

In accordance with IAS 24, there are two investor companies which are related parties with the Group, by virtue of significant shareholding in the Group:

- Frequency Infrastructure Communications Assets Limited ('FICAL') (48%), a company controlled by Canada Pension Plan Investment Board. The Canada Pension Plan Investment Board is a professional investment management organisation in Toronto which invests the assets of the Canada Pension plan. The Canada Pension Plan Investment Board was incorporated as a federal Crown corporation by an Act of Parliament in December 1997.
- Macquarie European Infrastructure Fund II ('MEIF II') (25%), an investment fund managed by the Macquarie Group. Macquarie European Infrastructure Fund II is a wholesale investment fund focusing on investments in high-quality infrastructure businesses across Europe. Macquarie Group Limited is listed in Australia (ASX:MQG ADR:MQBKY).

Arqiva Board of Directors

The Company's Board of Directors is comprised of ten Directors representing our shareholder consortium as well as two members of the Executive Committee. The following Board members were in office during the year and up to the date of the signing of the annual report and financial statements.

Board Committee Membership

A – Audit and Risk Committee
G – Governance and Nomination Committee
R – Remuneration Committee
O – Operational Resilience
Bold – Committee Chair

Mike Parton, Chairman
Governance and Nomination Committee Chair, Audit and Risk Committee Chair

Mike brings a wealth of experience from his background in the telecoms and technology industry. Mike started his career as a Chartered Management Accountant, working for a number of UK technology companies including ICL, GEC, STC and Marconi, Mike has held the roles of CEO of Marconi plc. Chairman of Damovo Group and Chairman of Tele2 AB.

In addition to his role at Arqiva, Mike is currently also Chairman of TDC Group and a trustee of a young people's charity, Grit.

A **G** R

Shuja Khan, Chief Executive Officer
Shuja was appointed Chief Executive Officer in June 2022. Prior to this, as Arqiva's Chief Commercial Officer since January 2020, he was responsible for all revenue generating activities including strategy, regulatory affairs, product development and customer experience and at the heart of the development of Arqiva's 10-year strategic plan, vision and purpose.

He draws on more than 20 years of leadership experience in the technology, media and communications sector, including the role of Chief Commercial Officer across 24 territories at Cable & Wireless and various leadership roles at both Virgin Media and liberty Global Europe with a focus on driving growth.

Sean West, Chief Financial Officer
Sean was appointed Chief Financial Officer in September 2019, having joined Arqiva in 2015 as Director of Treasury and Corporate Finance.

Sean has a background in all areas of corporate finance and financing, and as Director of Treasury and Corporate Finance was responsible for all aspects of the Group's capital structure.

Prior to joining Arqiva, Sean held senior corporate finance and treasury positions at the Immediate Capital Group (ICG) and LandSec and brings a wealth of experience across a range of industries and financial markets.

Appointed by IFM Investors and Motor Trades Association of Australia (joint appointment)

Sally Davis, Director
Remuneration Committee Chair
With over 30 years in the TMT sector Sally has held a number of senior product, strategy and chief executive roles including being a former Chief Executive of BT Wholesale, one of four operating divisions of BT. Prior to this, Sally had an early product management career at Mercury Communications before becoming a director at NYNEX during its merger with Bell Atlantic to become Verizon.

Sally is also a Non-Executive Director on the Board of Telenor and is Chairman of Leonard Cheshire.
R

Appointed by Frequency Infrastructure Communications Assets Limited

Mike Darcey, Director
Operational Resilience Chair
Mike has over 25 years' experience in the technology, media and telecommunications industry with numerous positions held ranging from CEO of News International to COO of British Sky Broadcasting Group. He has also provided strategic advisory services to a range of clients in the media industry.

Mike has served or is currently serving on Boards including Dennis Publishing (UK) Ltd (Chairman), M247 (Chairman), Home Retail Group (Senior Independent Director) and Sky New Zealand (Director). He is also Chairman of British Gymnastics and Senior Expert Advisor to MTM Consulting.
O G

Batiste Ogier, Director
Batiste is a Managing Director at CPP Investments. With asset management responsibilities across CPP Investments' global Infrastructure and Sustainable Energy Group portfolios. In his role, Batiste is also a Director on the Board of Renewable Power Capital, a renewable energy investment platform he helped found in 2020 and is a Non-Executive Director representative for CPP Investments on the Board at Anglian Water. Prior to joining CPP Investments, he was a Director in the Infrastructure team at First State Investments, during which time he was a member

of the Supervisory Board of the Coriance Group and a Board representative for FSI at Anglian Water.

Neil King, Director
Neil runs the European infrastructure business at CPP Investment Board. He has over twenty-five years of experience in the infrastructure market, including ten years at 3i as a founding partner in its infrastructure investment business before joining CPPIB in 2015.

Neil is also a Non-Executive director at Interparking S.A., a European car parking business which is in CPPIB's infrastructure investment portfolio.
G R

Appointed by Macquarie European Infrastructure Fund II

Paul Donovan, Director
Paul served as a Non-Executive director at Arqiva from 2018 to 2020. He was re-appointed to the Board in July 2022 following two years in role as Arqiva's Chief Executive Officer.

Paul has over 20 years' experience in senior executive roles across the technology, media and telecommunications sectors. Between 2014 and 2016 Paul led the transformation of Europe's leading cinema operator, Odeon and UCI Cinemas Group, ahead of its successful sale to AMC Theatres. Paul's leadership led to innovations in pricing, digital marketing and guest experience which laid the foundations for improvements in business performance and public perception.

Prior to this Paul was CEO of Irish Telecoms Group eir. His background also includes senior executive appointments with a number of significant global organisations including Vodafone, Cable & Wireless, One2One and Optus as well as senior commercial roles at BT, Apple Computers, Coca-Cola and Schweppes Beverages and Mars Inc.

Susana Leith-Smith, Director
Susanna was appointed to the Board in May 2022.

Susanna is a Senior Managing Director in Macquarie Asset Management's Real Assets business in EMEA.

She has a wealth of experience in capital markets. Prior to joining Macquarie Asset Management, she was at Barclays, most recently as the EMEA Head of Leveraged Finance and managing all transactions in the Telecoms, media and Tech sectors.

Appointed by IFM Investors

Christian Seymour, Director
Christian is Head of Infrastructure at IFM Global Infrastructure Fund, responsible for the business expansion in Europe and oversight of IFM's existing European asset portfolio, of which Codan Trust is an investment vehicle.
A G R O

Max Fieguth, Director (alternate)
Max is responsible for asset management of existing investments for IFM Global Infrastructure Fund, as well as supporting the execution of infrastructure transactions. Prior to joining IFM Investors, Max worked as a Consultant in the Operations Practice at McKinsey and prior to that at Bechtel on a number of infrastructure projects. He holds a Masters in Mechanical Engineering from Imperial College London, an MBA from INSEAD and is a Chartered Engineer with the Institution of Mechanical Engineers in the UK.

Executive Committee

(also includes the Chief Executive Officer and the Chief Financial Officer on pages 36)

Katrina Dick
Chief Legal Officer

- Joined **Arqiva** in April 2022 with experience in energy, retail, health construction and professional services.
- Most recent roles include interim General Counsel at **Anzo** and General Counsel for Europe Middle East and Asia for **Vice Media.**
- Other previous roles as a partner in private practice, several; roles in the communications, media and broadcasting sectors and in-house counsel for **AAPT.**

Vivian Leinster
Chief Simplification Officer

- Appointed to the newly created role in June 2022 from her previous position in the Executive Committee as Chief People Officer, a role held since her appointment to **Arqiva** in June 2020.
- Extensive experience in people, organisation and cultural changes.
- Previous positions including Chief People Officer at **MS Amlin** and **Bupa UK** and senior generalist and specialist HR roles at **BT.**

Adrian Twyning
Chief of Operations

- Joined **Arqiva** in March 2021 with experience in energy, retail, health construction and professional services.
- Previously Director of Transformation at **Dixons Carphone.**
- Other senior positions at **British Gas** and **Brighton and Sussex Hospitals NHS Trust.**

Clive White
Chief Technology and Transformation Officer

- Joined **Arqiva** in April 2018.
- Previous transformation positions at **RSA, Lloyds Banking Group, Accenture, AT&T Global Network** and **BSkyB.**

Sarah Jane Crabtree
Chief People Officer

- Joined **Arqiva** in October 2022
- Previously held a number of senior HR roles at **BT** where she was responsible for people strategy and policies including culture, organisational design, leadership and development, engagement and diversity and inclusion.
- Other previous roles include HR consultant for the **Cabinet Office** and **10 Downing Street.**

Peter Baker
Executive Director of Smart Utilities Networks

- Appointed to **Arqiva** Executive Committee as interim Director of Smart Utilities Networks in June 2022, responsible for helping utilities companies deliver their smart monitoring strategies.
  Previous roles include Head of the Finance, Insurance and Professional Global markets at **Vodafone Business** and leadership roles at **CGI, Cable & Wireless** and **Colt Technology Services.**

Chris Alner
Executive Director of Media and Broadcast

- Appointed to **Arqiva** Executive Committee as interim Director Media & Broadcast in June 2022.
- Working almost exclusively in the media and entertainment industry for almost two decades previous roles have included positions at **Disney, MTV** and **BT Vision**.

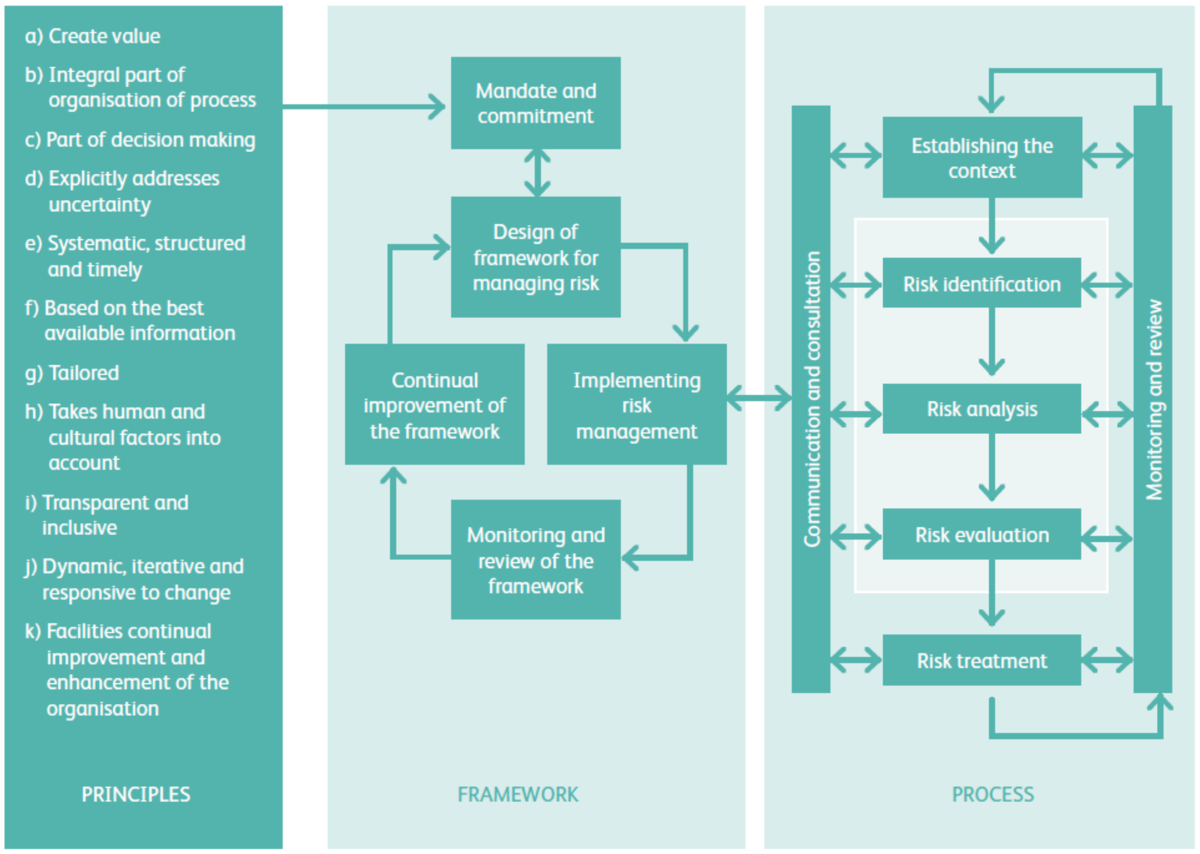
Principal Risks and Uncertainties

Arqiva's approach to risk management is as follows:

- Arqiva recognises that the effective management of risk is essential to achieve our business objectives;
- Arqiva adopts an Enterprise Risk Management ('ERM') approach, which is recognised as 'best practice' for top performing companies;
- Managing risk is a core responsibility of management at all levels and is a key component of governance and compliance;
- Arqiva aims to embed risk management principles into the culture of the organisation.

Enterprise wide management of risk is important for Arqiva to meet our corporate objectives and for us to protect future competitive advantage. The strategic importance of risk management is recognised by top performing companies and is an important part of good corporate governance. Arqiva subscribes to the Enterprise Risk Management approach to managing our risk profile.

Arqiva has adopted ISO31000 as its Enterprise Risk Management standard and ISO Guide 73 terminology. Arqiva has also adopted the ISO 27000 series for Information Security including ISO/IEC 27005 for Security Risk Management which operates within the Arqiva ERM Framework. Our statements and principles are linked to our process through our risk management framework.



The Executive Committee has responsibility for maintaining and updating their line of business risk register which includes utilising the standardised approach to risk assessment and risk monitoring. Arqiva's centralised Internal Audit and Risk function provides training and support to ensure risks are captured effectively and on a timely basis. The Internal Audit and Risk function works with the Chief Executive Officer to review and consolidate the most significant business risks into a corporate risk register for scrutiny at quarterly Executive Committee and Audit and Risk Committee meetings. The Executive Committee takes recommendations for ensuring the risk management framework remains effective going forward.

Business Management:
First defence is the day to day controls and processes put in place by management to identify risks and develop mitigating actions.

Senior Executive Management:
Quarterly review of the corporate risk register to include review of risk management policies, setting of risk appetite, monitoring compliance and reporting of significant risks to the Board of Directors.

Audit and Risk function / Audit committee:
Independent business assurance provided over the effectiveness of the Group's system of internal controls and processes, and the effectiveness of the risk management framework.

Management has identified the following risks as the most significant business risks affecting the Company, presented together with identified mitigating actions.

Risk Type	Description of risk / uncertainty	Management of risk / uncertainty	Recent developments
Reputational	Bad publicity damages Arqiva's reputation and customer and business partner confidence and its ability to do business as a result of: - A major event or incident impacting our services; - Untimely delivery on major projects; - Repeated unexpected service outages; - Security breach or cyber-attack on networks; or - Major network or equipment failure or obsolescence or inability to configure to comply with information security standards	Arqiva carefully engages with our customers to ensure that project milestones are carefully managed and management regularly reviews the progress of all projects. Through continuous measurement of operational KPIs and addressing shortfalls in performance through process excellence the risk around service reliability is carefully managed. The Company has in place a crisis management plan for public relations and external communications to provide support should there be any major events. This is regularly monitored and reviewed. Cyber-attacks and trends in this area are continually monitored. Arqiva continues to invest in our infrastructure and perform site inspections.	Arqiva maintains ISO27001 certification regarding information security and holds periodic reviews of the security environment and training to employees. The Business Continuity Group continues to meet regularly and will test and roll out the Disaster Recovery Plan. Operational resilience plans have been enacted following the fire on the Bilsdale site. Using other sites, services were initially redirected where possible to utilise other transmitters in the area whilst a temporary mast was erected with 98% of households service restored. Arqiva has worked extensively in the community to support impacted viewers with positive feedback. There has been continued capital expenditure in the year to improve infrastructure. Aqiva has continued with our digital transformation programme with the programme largely complete with new systems launched.

Technological	Impact of development of alternative competing technological solutions against Arqiva solutions such as a faster move to non-linear and IP delivered services away from broadcast delivered or on the utilities side wider competition to our portfolio of services to the water sector. These could impact customer decisions to not renew contracts or reduce the scope of services for broadcast or utility connectivity.	Arqiva's Vision 2031 strategy seeks to broaden Arqiva's ambitions and ensure that it can remain sustainable. It sets out key pillars of activities which will drive a focus on building new business areas and responding to technology changes and opportunities in the market. It prepares the business to embrace partnerships and new technologies which go beyond the historic focus on Arqiva's infrastructure and enable the business to access new technologies. Arqiva acts to engage with any relevant Government or regulatory process which might impact Arqiva's business areas in response to the development of alternative or competing technologies.	Arqiva remains in dialogue with relevant stakeholders including Government and regulators to include any changes to licences, spectrum or around the future of the PSB including the BBC Charter process or discussions around C4 privatisation. We are currently engaging with the DCMS radio review to seek to ensure a long-term future and clear plan for the radio sector. We act to protect the longevity of the services and seek to avoid a Government decision to take spectrum used for broadcast and award it to mobile or move away from DTT towards full delivery of TV services via IP. The strategic priorities of the Company for the next 10 years put a focus on the sustainable future of the business including the development of solutions for new and emerging sectors to make the most of our existing infrastructure platforms and expertise.
	Asset condition is worse than expected leading to equipment failure or obsolescence, service outages leading to penalties with customers requirement for greater than anticipated capital expenditure	Arqiva acts to ensure that operational performance is retained at a very high-level and that DTT, radio and DTH services remain on-air in order to support their ongoing use relative to IP or broadband alternative methods of delivery. Our approach is to take a balanced but focused approach on asset quality and maintenance combining an asset lifecycle management approach with an established strategic risk framework to prioritise our maintenance strategy and system owner reviews of platform health assessed. Mitigation requiring a Capex investment is prioritised within the Capex budget envelope.	Site inspections are completed with a focus on older sites and structural maintenance plans have been implemented.
Commercial	Our new products do not gain traction in the market due to insufficient investment in product development, limited market opportunity, they do not meet customer needs or have an unsustainable cost base ultimately impacting growth and longevity of the business.	Operating and capital expenditure are budgeted to include investment to support product development. We maintain strong relationships with our customers and engage with them in the development and product discovery phase of new products.	Arqiva remains in dialogue with customers and other stakeholders such as government and Ofcom or developments and opportunities in the markets. The launch of Broadcast 2040+ seeks to safeguard the terrestrial TV and radio broadcast products that underpin the core business or Arqiva and secure the longevity of these contracts.

		The product development process is performed in increments (e.g. 3 months) with checkpoints after each increment to ensure market and technology assumptions still hold.	Annual budget includes investment to support product development.
	Customer demand and ability to pay reduces due to decline in advertising revenues, listening trends, faster migration to non-linear and IP delivered services or structural changes to the broadcast market seeing players exit or consolidate to fewer DTT channels resulting in lower cash flows for the Arqiva	Arqiva acts to engage with any relevant Government or regulatory process which might impact Arqiva's business areas in response to the development of alternative or competing technologies. Arqiva's commercial teams engage with customers around pricing and ability to pay and around renewal of services. Prices vary in response to these discussions which reflect market conditions e.g. with media customers on the multiplexes Arqiva operates on DTT or DAB and through its use of transponder capacity. Arqiva seeks to support the industry in instances where changes could undermine the long-term demand or ability to pay.	Arqiva remains in dialogue with relevant stakeholders including Government and regulators to include any changes to licences, spectrum or around the future of the PSB including the BBC Charter process or discussions around C4 privatisation. We are currently engaging with the DCMS radio review to seek to ensure a long-term future and clear plan for the radio sector. We act to protect the longevity of the services and seek to avoid a Government decision to take spectrum used for broadcast and award it to mobile or move away from DTT towards full delivery of TV services via IP. During the Covid crisis this included providing financial support to small radio stations and agreeing reductions with the large radio groups.
	Customers attack regulated pricing, challenging long term contracts and returns on existing services and increasing volatility.	Arqiva has long-term contracts in place with its regulated business customers – this provides an inherent level of protection to this risk. Arqiva works closely with the Office of the Adjudicator (OTA) to ensure that the OTA is happy with how the system is operating – this includes regular audits and provision of any information required and monthly meetings.	
Political	Change in government plans, policy or priorities could lead to changes in licencing and long term contracts for the business e.g. BBC Licence funding freeze for 2 years and potential funding model changes.	Arqiva maintains regular dialogue with our stakeholders to ensure the delivery of our programmes are efficient, timely and to specification. Where specification changes occur, Arqiva provides a detailed assessment of the potential costs of the scope change and seeks an informed recovery of these costs through mechanisms in our contracts. Arqiva's assets and operations remain predominantly in the UK and therefore our business	Arqiva has successfully agreed scope and change requests on our smart energy metering programme with our customer demonstrating the customer's continued focus on network roll out. Arqiva remains in dialogue with relevant stakeholders including Government and regulators to include any changes to licences, spectrum or around the future of the PSB including the BBC Charter process or discussions around C4 privatisation. We are currently engaging with the DCMS radio

		has minimal exposure to the changing relationships with international markets.	review to seek to ensure a long-term future and clear plan for the radio sector. We act to protect the longevity of the services and seek to avoid a Government decision to take spectrum used for broadcast and award it to mobile or move away from DTT towards full delivery of TV services via IP. The launch of Broadcast 2040+ seeks to safeguard the terrestrial TV and radio broadcast products that underpin the core business or Arqiva and secure the longevity of these contracts. Debt markets have continued to be monitored for accessibility and open dialogue maintained with ratings agencies. Evolving commercial negotiations are closely monitored.
Operational	Information, networks and systems infrastructure may be subjected to cyber security threats leading to a loss or corruption of data, penalties and impacting the operational capacity of Arqiva. Critical transmission structures or IT infrastructure supporting key operational processes could fail leading to operational outages or catastrophic loss of service. The scale and complexity of Arqiva's major programmes bear an inherent risk of unforeseen delays through the supply chain and	Arqiva maintains an ISO270001 certification regarding information security, which includes Cloud Security Services. Employee training on information security is mandatory and quarterly reviews are undertaken by external consultants to examine the robustness of the security environment. System monitoring and scanning is maintained as well as threat and vulnerability management. Arqiva ensures data is regularly backed up and Business Continuity Plans and Disaster recovery have been established for each key site and each business area including establishing a network of agencies to support, regular site inspections and corrective and preventative maintenance. A Business Recovery Working Group meets regularly to stress test these plans and continually review Arqiva's approach to disaster recovery and operational resilience. Arqiva maintains a robust oversight of the delivery of our major programmes. This includes identifying the key personnel and resources	Arqiva has implemented detection and prevention solutions on networks. Arqiva has continued to pass our quarterly security reviews and has consequently retained ISO certification. A thorough review has been carried out of endpoint security user access to manage who has access to our systems. Site inspections are completed with a focus on older sites and structural maintenance plans have been implemented. Disaster recovery plans have been enacted following the fire on the Bilsdale site. Using other sites, services were initially redirected where possible to utilise other transmitters in the area whilst a temporary mast was erected with 98% of households service restored. Arqiva has worked extensively in the community to support impacted viewers with positive feedback. Arqiva's smart metering communication network in the North of England and Scotland now covers 99.5% of premises. Arqiva

	therefore challenges to delivery. This includes the delays from the global computing component shortage resulting in delays to supply of water metering devices and subsequent risk to customers on ability to meet water leakage targets.	required for delivery and working closely with its suppliers and customers to ensure that these requirements are sufficiently available. A task force has been established to co-ordinate global supply chain (focus on water and energy meters) with orders placed in advance to de-risk supply. We also seek to use multiple device manufacturers and meter providers.	continues to support the DCC on the meter roll out programme.
People and Culture	The risk that the Company does not have an alignment of skills to support the future requirements. The Company does not have the right culture or the right people in the right place at the right time with the right skills to enable execution of our strategic plans	Arqiva recognises the importance of our people and seeks to make Arqiva a rewarding and enjoyable place to work with the People and Culture Initiative roadmap. Arqiva operates a competitive annual bonus plan for all employees and a long-term incentive plan for our leadership team. Additionally, Arqiva operates formal retention and succession planning in knowledge-critical areas of the business. The changing customer and competitive landscape as well as our internal changes to our strategy, organisational design, technology and processes require a different set of mindsets, behaviours, capabilities and skills so Arqiva has established and launched the Culture transformation programme to drive our people work.	Arqiva has continued to focus on supporting individuals with increased support and training for new managers and emerging talent and has established a People and Culture Initiative Roadmap to support employees and the development of our culture. The culture transformation programme was launched in 2022 establishing the 3 culture goals to support the achievement of our strategy.
Sustainability	Failure to achieve long term cost targets impacting the future sustainability of the business.	There is ongoing monitoring and detailed change control and regular monitoring of third-party savings initiatives at both the Executive Committee and shareholder levels. A simplification team has been established to follow on from the transformation programme undergone and drive forward efficiencies in our processes and operations.	The strategic priorities of the Company for the next 10 years put a focus on the sustainable future of the business including the development of solutions for new and emerging sectors to make the most of our existing infrastructure platforms and expertise. Arqiva has also launched in the year its sustainability roadmap with goals to mitigate our impacts and support the environments we operate in.
Financial	Details of the financial risks and details of mitigating factors are set out in the Directors' report on pages 56-57.		

Directors' Report

The Directors of Arqiva Limited ('AL'), registered company number 02487597, ("the Company") the annual report and audited financial statements ("the financial statements") in respect of the year ended 30 June 2022.

Principal activities
The Company is a significant trading component of the AGL Group which owns and operates a portfolio of communications infrastructure including TV and radio transmission services, smart utilities networks and media services in the UK.

Wates Corporate Governance Statement

For the year ended 30 June 2022, under The Companies (Miscellaneous Reporting) Regulations 2018, Arqiva has applied the Wates Corporate Governance Principles for Large Private Companies (as published by the Financial Reporting Council (FRC) in December 2018 and available on the FRC website).

Companies are able to adopt the Wates principles as an appropriate framework when making a disclosure regarding corporate governance arrangements. We have adopted the disclosure in our 2022 Annual Report and Financial Statements and we set out below how the principles have been applied over the past year.

PRINCIPLE ONE - PURPOSE AND LEADERSHIP *– An effective board promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose.*

Purpose/focus and activities during the year
The focus of the Board and Executive Committee during the year has been to lead Arqiva through an uncertain Covid 19 period and to deal with the fire at the Bilsdale mast in Yorkshire and to re-set the business' purpose with a particular emphasis on its core broadcast, media networks and utilities businesses and its customers. The following items were the key areas of focus during the year:

Item	Summary
Headline purpose and strategy matters	The development of a new and updated purpose for Arqiva – which is "***Enabling a switched-on world to flow***" - and also the Vision 2031 work which has brought our purpose, our vision and our strategy together has been the focus for building a sustainable future for Arqiva. The Board has overseen these matters alongside the development and adoption of a detailed and robust long-term plan for the business with appropriate cost and investment assumptions which now underpin the business.
Capital structure	The Board has overseen a restructuring of its capital structure through the repayment of a significant portion of its external debt and also the rationalisation of its derivatives positions associated with that debt. An indicative credit upgrade was confirmed by the rating agencies at the end of the year.
Customers	Arqiva is a smaller and less complex business post the Telecoms divestment, and the Board has sought to ensure senior engagement with key customers and stakeholders to cement working relationships, share Arqiva's new purpose and to open up further opportunities for collaboration. In addition, a significant customer engagement survey was carried out in May 2022. This provided valuable insights in to Arqiva's performance, what it needs to do to maintain its position in certain areas, and what it needs to do to prepare for the future.
Integrated organisation	The Board has overseen the implementation of an integrated organisational design whose purpose is to more directly and effectively serve our customers and ensure alignment across our functions with the business' purpose and direction.
People & Culture	A particular focus has been on ensuring the right levels of skills and experience amongst our employees which was important to deliver Arqiva's new purpose in the new organisational design. The Board has overseen a company-wide restructuring and redundancy programme which was carried out during the year. This resulted in a

	significant number of changes in the employee mix – with a number of individuals leaving the business, others being successful in being appointed to new roles, and also a significant recruitment exercise to fill vacant roles. A senior leadership group continues to benefit from significant investment through personal and leadership development activities. The leadership group has been key to certain Culture transformation initiatives over the course of the year and bringing to fruition a target culture blueprint for the business. In addition, the implementation of our post-pandemic "Work. Life. Smarter." practices continues to be rolled out. The intention is to enable a migration to a hybrid home/office working model for our people.
Operational performance	The operational performance of the business has been closely monitored by the Board as part of the regular Board meeting agendas. In particular, the impact of Covid 19 on the performance of the business has been considered on a more frequent basis, and the relevant operational risks associated with Covid 19 continue to be carefully managed. In addition, the global component shortage has had an impact on meter supply schedules and this has been frequently considered by the Board and senior management.
Governance	A number of appointments/changes have been made to the Arqiva's organisational design, a number of improvements and updates have been made to the business' internal governance structures and delegated authorities.
Covid 19	The principal aims of the Board in its response to the ongoing Covid 19 pandemic were to ensure the safety of its employees and assist individuals with the evolving lockdown situations and 'working from home' realities, and also maintain operational capability and delivery to the Companys's customers. In addition, the Board continued to oversee the Company's engagement with its most affected and key customers.
Transformation	The Board has continued to oversee the programme to upgrade the Company's IT, systems and processes to enhance operational capability and bring efficiencies to the Company's operations.

Values and culture
Arqiva's values are embedded throughout the organisation, and adherence to them forms part of employees' performance reviews and reward structure. Independent surveys of both employee and customer engagement are undertaken. Engagement with BECTU is described under Principle 6 (Stakeholders) below. Arqiva's People & Culture team monitors absenteeism rates and processes are also in place to encourage and monitor exit interviews. These form part of matters reported upon to the Operational Resilience Committee, which reports into the Board.

PRINCIPLE TWO - BOARD COMPOSITION - *Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company.*

Chair
Arqiva's corporate governance structure creates a clear separation between the role of the Chair and that of the Chief Executive Officer.

The Chair (who is independent of the ultimate Group's Shareholders) is a highly experienced business executive having held many senior executive roles in the technology and telecoms sectors. The Chair has actively encouraged open debate and discussion in the appropriate forums including main Board meetings which are scheduled to take place at least six times per year, and also at Board sub-committee meetings (those committees being the Audit & Risk Committee, Nominations & Governance Committee, Operational Resilience Committee, Capital Structure Committee and the Remuneration Committee).

Balance and diversity
The Board has deep and relevant experience which has provided invaluable external industry input to assist more effective decision-making in relation to a number of key matters brought before the Board. The Company operates in a number of diverse and complex markets which require the Board to have a detailed understanding of the relevant sector in order to arrive at informed decisions.

Arqiva is actively working with Inclusive Employers in relation to diversity and inclusion. Arqiva recognises that there is further work to do in this area and continues to promote relevant initiatives. Page 28 of the Annual Report provides a breakdown of the gender of Directors and employees.

Size and structure
The size and structure of the Board remains under periodic review so that it is best organised to meet the needs and challenges of Arqiva. In terms of Board size, a balance has been struck between ensuring Shareholders are adequately represented via their nominated Directors but also identifying directors with relevant industry experience to be appointed together with Arqiva's CEO and CFO (see pages 35-48 of the Annual Report for full details of the composition of the Board of Directors and Senior Executive Management). Whilst Frank Dangeard, Mike Darcey and Sally Davis all originally joined Arqiva as independent non-executive directors, each of them were also Shareholder directors representing Macquarie, CPPIB and MTAA/IFM respectively in the year to 30 June 2022.

We acknowledge that there is a relative lack of diversity on the Board. As part of the new appointments to the Senior Leadership groups, improvements have been made to broaden diversity and this will continue in the future.

Effectiveness
The AGL Group undertook an extensive Board effectiveness/evaluation exercise in December 2020 using an external online platform together with relevant diagnostics, and the results of the exercise were considered and discussed at a meeting of the Nominations & Governance Committee and the Board of directors in February 2021. The key action recommendations from the exercise included the following:

- Arqiva's sustainability activities should be an increasing priority that form part of the company's value creation and strategic objectives.
- Diversity & inclusion and sustainability matters will be a more prominent agenda item at relevant committee meetings and also at the Board twice a year from FY22 onwards.
- Succession planning and talent review matters will be regular agenda items for the Nominations & Governance Committee.
- The composition of the Board (and/or the potential for a Board observer or external advisor) would be kept under review to ensure the right breadth of experience and input at the Board.
- An increased focus by the Audit & Risk Committee in appraising strategic risk factors and whistleblowing matters.

PRINCIPLE THREE - DIRECTOR RESPONSIBILITIES – *A board should have a clear understanding of its accountability and terms of reference. Its policies and procedures should support effective decision-making and independent challenge.*

The Board has a programme of six principal meetings every year, with additional meetings arranged for key projects, strategic matters or circumstances such as Covid 19 or the fire at the Bilsdale mast in Yorkshire, as may be required.

Accountability
Decisions which are within the remit of the Board or Shareholders are set out in a Shareholders' Agreement (as Board Reserved Matters and Shareholder Reserved Matters). There is a comprehensive Delegation of Authority policy which sets out the responsibilities that are delegated to the Executive and those decisions which must be made at Board or Shareholder level. This policy was updated and a revised policy brought to the June 2022 Board meeting for approval. Typically, Board or Shareholder Reserved Matters are raised at regular Board meetings and written resolutions are obtained where otherwise required.

A Conflicts of Interest paper is maintained and regularly updated with details of Board or Shareholder conflicts. Any conflicts which may compromise independent decision making would be raised by the Company Secretary at the relevant Board meeting; a Director having a conflict is not entitled to discuss or vote on the relevant matter, or to count in the quorum.

Committees
Five Board sub-Committees have been instituted. Pages 58-59 of the Annual Report provides an overview and description of each of the Board sub-Committees comprising: Audit & Risk, Remuneration Committee, Nominations & Governance and Operational Resilience and Capital Structure Committee. The Board sub-Committees promote effective decision making and greater accountability and focus in relation to each of the areas covered by the respective Board sub-Committees.

Integrity of information
The Board receives regular reports from the Executive and Senior Management on key matters for which the Board has responsibility, including strategic projects; comprehensive financial reporting; key customer and regulatory matters; updates on operational resilience (including physical and cyber security as well as health and safety and environmental issues); details of major bids and performance of key contracts and market issues faced by the Company as well as developments in technology and regulation.

Arqiva uploads papers to a board portal for ease of review and administration. Other than in exceptional cases papers are submitted in advance and taken as read at Board meetings, allowing any presentations to focus on highlighting key issues, discussion and dealing with questions. The Chairs of each of the Board Committees are aware of the importance of their position and during FY22 they have each met (virtually) with key employees of the Company to build relationships and gain direct access to those dealing with the day to day business of the Company.

PRINCIPLE FOUR - OPPORTUNITY AND RISK *– A Board should promote the long-term sustainable success of the company by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.*

Opportunity
Arqiva's Board maintains a focus on how the Group creates and preserves value over the long-term which is principally achieved through a well-developed strategic and long-term planning process. The Board keeps its strategy under review which provides a forum to present future business opportunities. Appropriate governance mechanisms are in place to ensure that new business opportunities above a certain value are considered and approved by the Board.

Risk
Arqiva has a well-developed risk management process in place and continues to use its an online risk assessment tool, which is used throughout the business (which is described on page 40 of the Annual report). Arqiva's Audit and Risk function works with the Chief Executive Officer to review and consolidate the most significant business risks into a corporate risk register for scrutiny at quarterly Executive Committee and Audit & Risk Committee meetings.

Arqiva's key operational risks and mitigations are outlined in detail on pages 41-45 of the Annual Report.

Responsibilities
Arqiva has adopted the Enterprise Risk Management approach to managing its risk which has been approved by the Group's Audit & Risk Committee. This incorporates an internal control framework clearly defining roles and responsibilities of those involved. Responsibilities include the following:

- Arqiva's Executive Committee takes recommendations for ensuring the risk management framework remains effective going forward;
- Processes are in place for managing the principal risks and uncertainties;
- The internal control framework (described on page 40 of the Company's annual report) confirms that there is a monitoring and review process in place to evaluate risks at both business unit and Board level.

PRINCIPLE FIVE - REMUNERATION - *A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.*

Remuneration

A consistent approach has been adopted in setting the level and structure of remuneration in relation to each member of the Executive Committee to secure appropriate and fair levels of remuneration. Benchmarking and advice from external remuneration consultants is obtained. Remuneration comprises of a number of elements including base salary, an annual bonus and a long-term incentive plan.

Page 37 of the Company's annual report provides more detail and explains how remuneration is structured to recognise high performance reward for achieving targets in line with the Company's sustainable success and values. This aligns with remuneration arrangements for the remainder of the organisation where every employee's remuneration is made up of a combination of base salary and annual bonus (which, again, is linked to personal performance and achieving financial targets in line with Arqiva's objectives). Following a review of the Arqiva's remuneration structures by the new Chief People Officer, initiatives in the year to 30 June 2021 have included new approaches to reward and incentives that underpin future cost savings while ensuring transparency and alignment with shareholder objectives.

Policies

Arqiva has delegated remuneration matters to the Remuneration Committee (which is a committee of the Board). The Remuneration Committee operates in accordance with documented terms of reference. The Remuneration Committee is committed to take into account the pay and employment conditions of the Group's wider workforce when making recommendations in relation to Executive pay.

Arqiva's bonus and long-term incentive plans are documented in writing and reviewed at least annually by the Remuneration Committee and any payments made operate against documented performance targets.
In addition, the Remuneration Committee considers the company wide annual pay increase on an annual basis. As part of this process, the Remuneration Committee will assess increases against certain criteria including taking into account other comparative pay metrics in the industry, discussions held with BECTU, the existing and future financial capacity of the business, and also aligning with the long term sustainable success of the company. In the year to 30 June 2021, annual pay negotiations were concluded with BECTU with agreement to go to a ballot of its members. This occurred in early July 2021 and agreement was reached on the business' proposals.

PRINCIPLE SIX - STAKEHOLDERS – *A board has a responsibility to oversee meaningful engagement with material stakeholders, including the workforce, and have regard to that discussion when taking decisions. The board has a responsibility to foster good stakeholder relationships based on the company's purpose.*

Stakeholders
Arqiva's key Stakeholders include its employees; customers; suppliers; debt investors; Shareholders; pensions trustees; and regulatory and government bodies including Ofcom, DCMS and BEIS. Senior Management and the Strategy and Regulatory team work closely with industry and lobby groups and representatives of the various regulatory bodies, and the Board is regularly briefed informally and formally on developments. The value of good relationships with local communities, in the context of planning requirements for example, is understood and focus is given to fostering these relationships. The AGL Group provides reports to investors and creditors as part of its listed debt obligations and conducts regular investor calls which give the opportunity for debt investors to raise questions with the Group. Arqiva's procurement operations function actively undertakes reviews of its supplier base and to enhance its best practice in this field.

Workforce
Arqiva communicates to its employees through regular email newsletters, updates over email directly from the CEO and local messaging from the Executive Management. The CEO and Executive Management have also conducted small listening groups in person where possible. However, due to the Covid 19 pandemic, the use of live broadcasts and presentations streamed online (rather than roadshows) has continued and this has been well received by employees. This has been done alongside interactive question functionality which enables a live dialogue with the workforce. Individual video interviews with members of the Executive Management have also been published on the Arqiva intranet. During the Covid 19 pandemic in particular, the Executive Management team has been the principal conduit through which the Board has been able to assess workforce considerations and related views for the purposes of their decision making processes.

Arqiva has active union representation from BECTU, as well as an elected Employee Board, and employee forums throughout the different functions. The People & Culture team work closely with each of these bodies, consulting on any proposed changes to terms; policies and processes; as well as seeking feedback on workplace morale, culture and issues of concern or interest to the workforce. In the year to 30 June 2022, due to the company wide restructuring and redundancy programme and return to the office after the Covid 19 lockdown, the interaction between Arqiva, its Employee Board and BECTU has been heightened. A constructive and pro-active dialogue was swiftly established between the parties and a constructive relationship has been cemented as a result.

External impacts
Arqiva's Corporate Responsibility statement sets out, on pages 25-29 of the Directors' Report, a description of Arqiva's focus areas used to ensure that it acts responsibly, ethically and safely, from a Corporate; Community; Employee; and Business perspective. The statement also includes a summary of Arqiva's approach to environmental factors.

Streamlined Energy and Carbon Reporting (SECR)

Introduction
This report provides an overview of Arqiva's approach to environmental sustainability as well as progress and successes made during the financial year. It also provides information and data we are required to report under the Task Force for Climate Change Disclose (TCFD) and the Streamlined Energy Carbon Reporting (SECR).

New Sustainability Framework
This year Arqiva launched its sustainability framework. The framework is focused on environmental sustainability and has three clear goals:

Goal 1	Become a net zero organisation by 2040, with an interim goal of net zero across our scope 1 and 2 emissions by 2031.
Goal 2	Positively enhance the environments we operate in.
Goal 3	Optimise our use of natural resources.

Goal 1 Net Zero
We understand and can currently measure our scope 1 and 2 carbon emissions. As a result we have set a more aggressive goal to achieve net zero compared to our scope 3 emissions. We have specifically chosen a 2031 deadline to align with Arqiva's ten year business strategy Vision 2031.

We are currently focused on the creation of abatement plans detailing how we will achieve next zero on our scope 1 and 2 emissions. Currently we can measure only part of our scope 3 emissions. This year we will undertake further analysis of our supply chain to measure the current carbon emissions and work with our suppliers to understand their plans towards net zero.

We are committed this year to supporting the Science Based Target initiative to enable us to measure our progress towards net zero and provide credibility to our plans.

Goal 2 Environmental Enhancement
Our second goal targets how we can positively enhance the environments we operate in. Initially we will focus on three areas:

1. Identifying ways in which we can reduce our energy consumption in our buildings and technical equipment.
2. Arqiva own and operate a network of over 1,500 sites around the UK. We have an opportunity to make decisions about how we manage the land and how we can support and improve biodiversity.
3. To provide greater transparency of the individual carbon footprint of our key products and services to enable our customers to make informed choices.

Goal 3 Resource Optimisation
Our third goal will ensure we can find ways to optimise the use of our natural resources. We will take a holistic view of how we use our natural resources, both upstream to understand how we minimise waste creation and downstream to maximise reuse and recycling.

Sustainability Successes
We are still developing our plans to achieve our three goals but have still had some notable successes during the year.

Carbon Emissions Reduction
Carbon Emissions
The table below provides a breakdown of carbon emissions by scope in accordance with the Green House Gas Protocol.

UK Greenhouse Gas Emissions		***Year ended 30 June 2022***	***Year ended 30 June 2021***
Total Energy consumption (kWh)		**214,456,587**	**222,357,758**
	Gas	1,772,197	2,055,282
	Electricity	207,524,329	215,261,826
	Transport Fuel	5,414,256	5,040,650
Scope 1 *emissions in t/CO2e*	Gas	319	376
	Gas Oil*	129	-
	Fluorinated Gases (HVAC)	618	-
	Owned transport (fleet)	1,208	1,120
	Total	**2,274**	**1,496**
Scope 2 *emissions in t/CO2e*	Market Based	9,943	639
	Location Based	40,131	46,471
Scope 3* *emissions in t/CO2e*	Business travel (employee owned and hire vehicles)	178	129
	Public Transport and Accommodation	231	-
	Water Consumption	21	-
	Waste in Operations	5	-
	Total	**435**	**129**
Total gross *emissions in metric tonnes CO2e (Scope 1,2 &3)*	Market Based	12,946	2,264
	Location Based	43,134	48,096
Intensity Ratio *TCO2e/£m revenue*	Market based method	20.5	3.49
	Location based method	68.30	74.31

Footnotes:
Emissions sources reported are where we have verifiable data to support.
**This is not a complete Scope 3 Inventory; we are currently working towards understanding carbon emissions associated with our supply chain.
*Does not include emissions associated with portable diesel generators.

The following standards and guidance are used to both monitor and report on our relevant carbon emission sources:

- **Greenhouse Gas Protocol Corporate Accounting and Reporting Standard** developed by World Resource Institute (WRI) and World Business Council for Sustainable Development (WBSCD) which can be accessed via https://ghgprotocol.org/standards
- **Green House Gas Reporting: Conversion factors 2022**: full set, used to report on 2022 greenhouse gas emissions. Access available via https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022
- Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance March 2019. Access available via https://www.gov.uk/government/publications/environmental-reporting-guidelines-including-mandatory-greenhouse-gas-emissions-reporting-guidance

Scope 1 Emissions
This year we have trialled several electric vehicles to help gain a better understanding of operating an effective electric vehicle business fleet for our field engineers. We have also installed electric car charging points at our head office and plan to roll out further charging points across our other office locations.

Scope 2 Emissions
Arqiva, like many businesses, has taken the opportunity following the pandemic to review ways of working to ensure we have the right office environments for all employees. This has resulted in the sale of one office and consolidation of working areas on larger sites to reduce the need for heating and lighting. These initiatives delivered annual energy savings of over 165,000 kilowatt hours.

Our existing on-site solar generation across four of our sites continues to provide the national grid with clean renewable energy. This year our sites generated over 200,000kWh of power, enough to support over 45 domestic homes in the UK using an average energy profile.

Environmental Enhancement
Energy Use Reduction
The old transmitters at our sites Meldrum, Pontop Pike and Rowridge have all undergone technical refreshes and replaced with new more efficient technology. Transmitters at Washford, Droitwich and Holme Moss have all been re-engineered, allowing them to operate at a reduce power consumption.

The combined impact of all these technology changes has reduced the overall energy consumptions across the six sites by over 1750 Megawatts or 339 tonnes of carbon dioxide.

Biodiversity
Arqiva is committed to enhance and protect our natural environment. Increasing biodiversity, helps to ensure ecosystems are resilient to climate change and also helps control climate change through carbon sequestration.

Our site at Morn Hill, part of the South Downs National Park, provides a good example of where proactive management can both support and enhance biodiversity. The site is managed predominantly using grazing animals and scrub clearance to create ground conditions suitable for a variety of plant and animal species. This year over 750 Brown Argus butterflies were recorded, the highest number since monitoring started in 1991. The site also hosts a stable population of slow worms and common lizard, which is a great reflection of the overall health of the habitat.

Resource Minimisation
Our ambition is to embed the principles of a circular economy into all aspects of our business operations to ensure we are considering both the up and downstream effects of our decision making. This year Arqiva recycled over 100 tonnes of waste, achieving an average recycling rate of 46% across its operations.
Our employee canteens are a great example. We removed all single use plastic and promoted the use of bringing your own drink and food receptacles.

Climate Change
As well as our commitment to reducing our carbon emission and becoming a net zero organisation we also consider the impact of climate change on our business operations.

Climate Change Risk Governance
Arqiva have implemented a Sustainability Committee consisting of member of ExCo and senior leaders across the business. The role of the committee is to ensure that Arqiva meets its environmental sustainability ambitions and commitments.

Output from this committee is fed into the Operational Resilience Committee, a subcommittee of the Board.

Climate Risk Management

Arqiva have a large portfolio of sites. We have taken a risk-based approach and assessed the resilience of sites with greater strategic importance for network resilience.

Our assessment has focused primarily on environmental physical risks and opportunities such as:

- Flooding
- Storms and severe weather
- Rising temperature (for example heat stress on equipment)
- Poor Air Quality
- Wildfires
- Through the risk assessment process the following physical risks have been deemed material and the business impact and subsequent response has been provided

Risk / Opportunity	Potential Impact	Business Response
Wildfires (for example moorland fires)	Wildfires can cause significant damage to Arqiva assets and extreme events could cause catastrophic failure to our sites and services	Full site audit completed on significant assets to assess fire risk. Installation of fire breaks and increased maintenance around perimeter fence and stay wires to reduce risk of adjacent fires impacting Arqiva assets
Increasing external temperature	Unexpected increasing external temperatures can lead to instability in equipment performance leading to service failure.	Trial deployment of remote monitoring temperature and humidity sensors. Operational readiness improved through system monitoring reducing response times to potential system failure. Opportunity to reduce engineer resource through on-site monitoring. Increased productivity and reduction in miles travelled and associated carbon emissions
Storms and Severe weather	Extreme weather events can lead to hazardous conditions accessing site to undertake planned or reactive maintenance.	Operations Centres monitor Meteorological Office Weather Forecasts daily and issue pro-active alerts, which are issued to Field Operations Managers to allow forward planning of engineering resource

As our carbon abatement plans mature and formalise over this forthcoming financial year for our scope 1 and 2 emissions sources so will our level of understanding of the risks associated with our transition to a low carbon economy. This process will identify those risks that are material, allowing them to be considered in the context of the overall strategic direction of the organisation.

Directors Report

Financial Risk Management

The principal risks and uncertainties of the Group and Company have been outlined previously in this report (see pages 41-45). As a result of these, as well as the on-going business activities and strategy of the Company, Arqiva is exposed to a variety of financial risks that include financing risk, purchase price risk, credit risk, liquidity risk, interest rate risk and foreign exchange risk.

The key financial risks affecting Arqiva are set out below, together with a summary of how these risks are managed.

Risk Type	Description of risk / uncertainty	Management of risk / uncertainty
Inflation risk	High inflation risk has an adverse impact on both operating and financing cashflows.	The AGL Group uses derivative contracts to hedge its exposure to adverse impacts to debt as a result of inflation. Inflation-linked swaps convert fixed or floating rate interest costs to RPI-linked costs. A significant proportion of the Company's revenue contracts within core TV and radio products are RPI index linked. Increase in power costs are in part managed via pass-through arrangements to customers.
Financing risk	The AGL Group will need to refinance at least part of our debt as it matures and may need additional financing to cover capital expenditure and certain other expenses to support its growth plans. The Group cannot be certain that such financing will be readily available on attractive or historically comparable terms. Breach of debt covenants and/or a downgrade in our rating could impact the availability of finance or the comparability of terms.	The AGL Group mitigates this risk by the strength of the stable long-term investment grade capital structure in place. Our BBB+/BBB (S&P/Fitch) ratings reflect our strong ability to service and repay debt from our cash flows over a reasonable period of time, maintaining debt with a variety of medium- and long-term maturities, so that over time we do not have a significant concentration of debt due for refinancing in any given year, and aiming to refinance debt well in advance of the maturity date. With regards to covenants the AGL Group maintains financial covenant monitoring and modelling, both retrospectively and prospectively and maintains regular dialogue with credit ratings agencies.
Purchase price risk	Energy is a major component of the Company's cost base and is subject to price volatility.	A proportion of this risk is managed via pass-through arrangements to customers. The Company's residual exposure to fluctuations in the electricity price is managed by forward purchasing the majority of power requirements. Key revenue and cost milestones are set on larger projects to ensure the financial risks of volatile market pricing are mitigated.
Credit risk	The Company is exposed to credit risk on customer receivables.	Credit risk is managed through appropriate credit checking procedures prior to taking on new customers; and higher risk customers paying in advance of services being provided. Performance is closely monitored to ensure agreed service levels are maintained reducing the level of queried payments and mitigating the risk of uncollectible debts.

	The AGL Group is exposed to counterparty risks in its financing operations.	The AGL Group carefully manages the credit risk on liquid funds and derivative financial instruments with balances currently spread across a range of major financial institutions which have satisfactory credit ratings assigned by international credit ratings agencies. 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.
Liquidity risk	Ensuring the Group has sufficient available funds for working capital requirements and planned growth and funding for the Defined Benefit pension scheme.	The Company maintains cash reserves and access to undrawn committed facilities to cover forecast requirements. As at 30 June 2022 the Company had £12.6m cash available. The AGL Group has £66m and £150m undrawn working capital and liquidity facilities respectively available to cover senior interest payment if required. These facilities are held by other group companies in the AGL Group and can be on-lent if required. The Board considers the availability and adequacy of working capital funding requirements in conjunction with forming its long-term financial plan for the business.
Interest rate risk	Exposure to interest rate risk due to borrowing variable rate bank debt.	The AGL Group uses derivative contracts to hedge its exposure to rising interest rates. The Group maintains a hedging policy to manage interest rate risk and to ensure the certainty of future interest cash flows and compliance with debt covenants. The derivative contracts held are fixed rate hedging, split between interest rates and inflation-linked swaps. The Group has, however, elected not to apply hedge accounting meaning gains and losses are recognised through the income statement as fair values fluctuate. Interest rate swaps convert variable rate interest costs to fixed rate interest costs while inflation-linked swaps convert fixed or floating rate interest costs to RPI-linked costs, which fluctuate in line with the RPI index as do a significant proportion of the Group's revenue contracts. Debt and hedging instruments are not held by the Company but by other companies within the AGL Group. Intercompany loan balances held by the Company are at fixed interest rates.
Foreign exchange risk	The Company operates from UK sites and predominantly in the UK market. While some customer and supplier contracts are denominated in other currencies (mainly US Dollars and Euros), the majority of the Company's revenues and costs are sterling based, and accordingly exposure to foreign exchange is limited.	Management regularly monitors the impact of foreign exchange risks and assess the need to put any mitigating financial instruments in place. This risk is not currently considered to be material and no currency financial instruments are held at 30 June 2022.

Internal control over financial reporting

The Board of Directors review the effectiveness of Arqiva's systems of internal control, including risk management systems and financial and operational controls (see page 40).

Audit and Risk Committee

The Audit and Risk Committee includes representation from the Board of Directors. Mike Parton will chair Audit & Risk Committee meetings (or another committee member may be appointed to chair the meetings as required).

The Committee has responsibilities of oversight of risk management procedures, monitoring compliance and regulatory issues (including whistleblowing arrangements) and reviewing the effectiveness of the Arqiva's internal controls and internal audit function.

The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties, and to obtain any external legal or other professional counsel it requires.

Meetings of the Committee are attended, at the invitation of the Chairman of the Committee, by the external auditors, the Chief Executive Officer, the Chief Financial Officer and representatives from the business as required.

Internal Audit

The Audit and Risk Committee is responsible for reviewing the work undertaken by Arqiva's internal audit function, assessing the adequacy of the function's resource and the scope of its procedures. The internal audit function agrees its annual audit plan with the Audit and Risk Committee and regularly reports its findings and recommendations. Arqiva's internal audit plan incorporates an annual rolling review of business activities and incorporates both financial and non-financial controls and procedures.

External Audit

The Audit and Risk Committee is responsible for making recommendations to the Board on the appointment, re-appointment and removal of the Company's external auditors. The Committee makes an assessment of the auditors' independence and objectivity taking into account the relationship with the auditors as a whole, including the provision of any non-audit services.

PricewaterhouseCoopers LLP were re-appointed as external auditors in 2016 following a competitive tender process.

The auditors have provided certain non-audit services, principally in relation to non-audit assurance. The Audit and Risk Committee considers the acceptability of all non-audit services with the auditors in advance of commencement of work to confirm acceptability and ensures that appropriate safeguards of audit independence are established and applied, such as partner rotation.

Remuneration Committee

The Remuneration Committee, chaired by Sally Davis, is established to make recommendations to the Board regarding executive remunerations, including pension rights and to recommend and monitor the level and structure of remuneration for each member of the Executive Committee. Additional oversight is extended to setting and monitoring reward and incentive policies, including the bonus schemes, and reviewing and making recommendations in relation to wider reward policies.

Governance and Nomination Committee

The Governance and Nomination Committee, chaired by Mike Parton, is established to give oversight to the size, structure and composition (including skills, experience, independence, knowledge and diversity) of the Board to ensure that the continued leadership ability is sufficient to allow the business to compete effectively in the market. This also includes oversight of the succession planning for directors (and other senior executives where appropriate).

Operational Resilience Committee

The Operational Resilience Committee, chaired by Mike Darcey, has oversight of the adequacy and effectiveness of the operational resilience strategies and procedures of Arqiva (including principles, policies and practices adopted in complying with all statutory, and sub-statutory, standards and regulatory requirements in respect of safety, health and environment ('SHE') matters affecting the activities of the Company). This includes consideration and risk management of areas of significant and individual cyber security, physical security, business continuity and SHE risk.

Equal Opportunities policy

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with Arqiva continues, and the appropriate training is arranged. It is the policy of Arqiva that the training, career development and promotion of a disabled person, should, as far as possible, be identical to that of a person who does not have a disability. Further information on how Arqiva supports its employees can be found on page 26.

Political Donations

No political donations were made during the year (2021: none).

Charitable donations

The Company has made £0.1m (2021: £0.1m) of charitable donations in the year.

Research and development

Arqiva performs research and development into new products and technology, the costs of which are capitalised where they meet the criteria for capitalisation in accordance with the Company's accounting policy. The research costs expensed in the year were £1.5m (2021: £2.0m). In addition, the Company carries out research and development as part of its contract bid processes and these costs are expensed as part of the bid costs unless the development expenditure can be capitalised. Bid costs expensed during the year totalled £1.4m (2021: £1.3m).

Development costs incurred as part of capital expenditure projects, which support customers contracts, are included with the total project spend within property, plant and equipment. The Company's capital expenditure in the year was £98.5m (2021: £104.4m) and includes capitalised labour of £26.1m (2021: £34.4m). Other development costs are capitalised within intangible assets. In the year new development costs capitalised totalled £1.8m (2021: £0.3m) with amortisation of £2.5m (2021: £1.6m) charged against such capitalised development costs.

Events after the reporting date

On 21 September 2022, a second interim stage payment of £10.0m was received from the insurers in relation to the Bilsdale fire. At 30 June 2022, this represented a contingent asset and has therefore not been recognised in the income statement.

On 23 September 2022, it was announced that the corporation tax rate change from 19% to 25% with effect from 1 April 2023 was to be cancelled. For further detail see notes 12 and 19 of the financial statements.

Dividends and transfers to reserves

The Directors of the Company have not recommended a dividend in the year (2021: nil).

The profit for the year of £246.8m (2021: profit of £165.6m) was transferred to reserves.

Going Concern

The Strategic report includes information on the structure of the business, the business environment, financial review for the year and uncertainties facing the Company. Notes 18 and 20 of the financial statements include information on the Company's cash and borrowings respectively; and financial risk management information presented within this report.

The Company meets our day-to-day working capital and financing requirements through the net cash generated from our operations. The Company 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 any severe but plausible scenarios. The Company has sufficient financial resources which, together with internally generated cash flows, will continue to provide sufficient sources of liquidity to fund our current operations, including our contractual and commercial commitments both in terms of capital programmes and financing as they fall due. For this reason, the Directors are confident that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing this financial information.

Future Developments

The Company plans to continue in its commercial and operational business in accordance with its strategy. Further detail is contained within the Strategic report on page 10.

Ownership and Directors

A description of the ownership of the ultimate parent Group and the Board of Directors holding office during the year and up to the date of signing of the financial statements can be found on page 35.

At 30 June 2022, Mike Parton was the independent Chairman and Katrina Dick was the Company Secretary. Katrina Dick was appointed to this role on 6 April 2022. This role was previously held by Jeremy Mavor who resigned on this date.

For details on the background of the Board of Directors and the Executive Committee please refer to page 35.

Details of the statutory directors of the Company are shown below:

Mike Parton
Mark Braithwaite (resigned 13 May 2022)
Christian Seymour
Peter Adams (resigned 9 December 2021)
Nathan Luckey (appointed 1 July 2021)
Sally Davis
Neil King
Frank Dangeard (resigned 1 July 2021)
Michael Darcey
Paul Donovan
Maximilian Fieguth (resigned 9 December 2021)
Batiste Ogier
Susana Leith-Smith (appointed 13 May 2022)

Directors' Indemnities

The Company has provided an indemnity for its Directors and the Company Secretary, which is a qualifying third-party indemnity 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:

- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and

- the Strategic report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

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.

On behalf of the Board

Mike Parton

Director
17 October 2022

Financial Statements

Financial Statements

Independent auditors' report to the members of Arqiva Limited

Report on the audit of the financial statements

Opinion

In our opinion, Arqiva Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2022 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 2022; the Income Statement, Statement of comprehensive income and Statement of changes of 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

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 2022 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 compliance with the Communications Act 2003, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with UK Tax law and the Companies Act 2006. 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 and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and Directors, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management and considering risk of management bias in their significant accounting estimates as well as reviewing associated financial statement disclosures as disclosed in Note 5 of the financial statements;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or journals posted by unexpected users;
- Reviewing minutes of meetings of those charged with governance;
- As required by ISA (UK) 240, incorporating an element of unpredictability into our audit testing.

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

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.

Nigel Comello (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

17 October 2022

Income Statement

		Year ended 30 June 2022			Year ended 30 June 2021 (Restated)[1]		
	Note	Continuing operations £m	Discontinued operations £m	**Total £m**	Continuing operations £m	Discontinued operations £m	**Total £m**
Revenue[2]	6	523.6	-	523.6	538.4	-	538.4
Cost of sales		(175.1)	-	(175.1)	(200.6)	-	(200.6)
Gross profit		**348.5**	**-**	**348.5**	**337.8**	**-**	**337.8**
Depreciation	15	*(150.6)*	-	*(150.6)*	*(158.8)*	-	*(158.8)*
Amortisation	0	*(13.1)*	-	*(13.1)*	*(9.6)*	-	*(9.6)*
Exceptional operating expenses[3]	*8*	*(19.6)*	-	*(19.6)*	*(23.5)*	*(34.2)*	*(57.7)*
Exceptional loss on disposal of assets	*8*	*(9.5)*	-	*(9.5)*	-	-	-
Other administrative expenses		*(68.1)*	-	*(68.1)*	*(61.9)*	-	*(61.9)*
Impairment of assets		*(0.5)*	-	*(0.5)*	*(21.2)*	-	*(21.2)*
Total operating expenses		**(261.4)**	**-**	**(261.4)**	**(275.0)**	**(34.2)**	**(309.2)**
Other income		5.4	-	5.4	4.7	-	4.7
Exceptional other income	8	5.0	-	5.0	-	-	-
Operating profit	7	**97.5**	**-**	**97.5**	**67.5**	**(34.2)**	**33.3**
Finance income	10	225.0	-	225.0	187.3	-	187.3
Finance costs	11	(29.5)	-	(29.5)	(29.4)	-	(29.4)
Profit before tax		**293.0**	**-**	**293.0**	**225.4**	**(34.2)**	**191.2**
Tax	12	(46.2)	-	-	(25.6)	-	(25.6)
Profit for the year from continuing operations		**246.8**			**199.8**		
Profit for the year from discontinued operations		-			(34.2)		
Profit for the year		**246.8**			**165.6**		

Further comments on Income Statement line items are presented in the notes to the financial statements.

1 Prior year figures have been restated to reflect an adjustment to the tax charge, as well as the associated deferred tax balances. See note 12 for detail.
2 Revenue is stated net of exceptional service credits recognised in the year. See note 8 for detail.
3 Exceptional items are presented to assist with the understanding of the Company's performance. See note 8 for further information.

Statement of comprehensive income

	Note	Year ended 30 June 2022 £m	Year ended 30 June 2021 (Restated)[1] £m
Profit for the year		246.8	165.6
Items that will not be reclassified to profit or loss			
Actuarial gains on pension schemes	25	6.7	26.4
Movement on deferred tax relating to pension schemes		(1.7)	(6.6)
Other comprehensive income for the year		**5.0**	**19.8**
Total comprehensive income		**251.8**	**185.4**

All items of other comprehensive income relate to continuing operations.

1 Prior year figures have been restated to reflect an adjustment to the tax charge, as well as the associated deferred tax balances. See note 12 for detail.

Statement of financial position

	Note	Year ended 30 June 2022 £m	Year ended 30 June 2021 (Restated)[1] £m
Non-current assets			
Goodwill	13	43.5	43.5
Intangible assets	0	35.9	39.8
Property, plant and equipment	15	1,113.7	1,194.9
Deferred tax	244	129.3	104.3
Retirement benefits	255	61.0	47.1
Investments in subsidiaries	16	66.3	66.3
Other receivables	17	3,516.1	2,979.3
		4,965.8	**4,475.2**
Current assets			
Trade and other receivables	17	134.8	159.1
Contract assets	17	10.8	12.6
Cash and cash equivalents	18	12.6	88.6
		158.2	**260.3**
Total assets		**5,124.0**	**4,735.5**
Current liabilities			
Borrowings	20	(16.1)	(18.4)
Trade and other payables	19	(1,564.9)	(1,431.3)
Contract liabilities	19	(85.1)	(75.4)
Provisions	03	(4.0)	(3.3)
		(1,670.1)	(1,528.4)
Net current (liabilities) / assets		**(1,511.9)**	**(1,268.1)**
Non-current liabilities			
Borrowings	20	(63.6)	(81.6)
Contract liabilities	19	(328.1)	(312.5)
Provisions	03	(83.0)	(85.6)
		(474.7)	**(479.7)**
Total Liabilities		**(2,144.8)**	**(2,008.1)**
Net assets		**2,979.2**	**2,727.4**
Equity			
Share capital	266	30.0	30.0
Share premium	277	90.8	90.8
Retained earnings		2,849.5	2,597.7
Other reserve		(4.5)	(4.5)
Capital Reserve		13.4	13.4
Total equity		**2,979.2**	**2,727.4**

The notes on pages 71 to 102 form part of these financial statements.

The financial statements on pages 67 to 102 were approved by the Board of Directors on 17 October 2022 and were signed on its behalf by:

Mike Parton - Director

1 Prior year figures have been restated to reflect an adjustment to the tax charge, as well as the associated deferred tax balances. See note 12 for detail.

Statement of changes in equity

	Share capital £m	Share premium £m	Retained earnings £m	Other reserve £m	Capital reserve £m	Total equity £m
Balance at 1 July 2020	**30.0**	**90.8**	**2,412.3**	**(4.5)**	**13.4**	**2,542.0**
Profit for the year (as reported)	-	-	178.2	-	-	178.2
Prior year restatement	-	-	(12.6)	-	-	(12.6)
Profit for the year (restated) [1]	-	-	165.6	-	-	165.6
Other comprehensive income (Restated)	-	-	19.8	-	-	19.8
Total comprehensive income (Restated)	-	-	185.4	-	-	185.4
Balance at 30 June 2021 (Restated) Error! Bookmark not defined.	**30.0**	**90.8**	**2,597.7**	**(4.5)**	**13.4**	**2,727.4**
Profit for the year	-	-	246.8	-	-	246.8
Other comprehensive income	-	-	5.0	-	-	5.0
Total comprehensive income	-	-	251.8	-	-	251.8
Balance at 30 June 2022	**30.0**	**90.8**	**2,849.5**	**(4.5)**	**13.4**	**2,979.2**

1 Prior year figures have been restated to reflect an adjustment to the tax charge, as well as the associated deferred tax balances. See note 12 for detail.

Notes to the financial statements

1 General Information

Arqiva Limited (the 'Company') is a private Company limited by shares and incorporated in England, United Kingdom ("UK") under the Companies Act under registration number 02487597. 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 8.

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 on a going concern basis under the historical cost convention other than where set out in the accounting policies, 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 following disclosure exemptions, as permitted by paragraph 8 of FRS 101, have been taken in these Company financial statements and notes:

UK-adopted IFRS	Relevant disclosure exemptions
IAS 1 *Presentation of financial statements*	The requirements of paragraph 38; comparative information in respect of: (i) paragraph 79(a)(iv) of IAS 1; (ii) paragraph 73(e) of IAS 16 Property, plant and equipment (iii) paragraph 118(e) of IAS 38 Intangible assets.
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; 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 36 *Impairment of Assets*	The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e).
IFRS 13 *Fair Value Measurement*	The requirements of paragraphs 91 to 99.
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.
IFRS 7 *Financial Instruments: Disclosures*	All disclosure requirements.

3 Adoption of new and revised Standards

New and revised Standards

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

Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 17 (Including the June 2020 amendments to IFRS 17)	Insurance Contracts
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture
Amendments to IAS 1 and IFRS Practice Statements 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

None of the above are expected to have a material impact on the Company.

4 Principal accounting policies

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

Exemption from consolidation

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

These financial statements are separate individual Company financial statements.

Going concern

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 Company 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.

Revenue recognition

Revenue represents the gross inflow of economic benefit for services provided utilising Arqiva's communications infrastructure, completion of significant engineering projects and the sale of communications equipment. Revenue is stated net of value added tax. Revenue is measured at the fair value of the consideration received or receivable.

On inception of a contract, performance obligations are identified for each of the distinct goods or services that have been 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 products 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. Where consideration received in advance is discounted, reflecting a significant financing component, it is reflected within revenue and interest payable and similar charges on a gross basis. 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 when the right to consideration is unconditional. Invoices are issued in line with contract terms.

The Group recognises deferred income within contract liabilities which relates to cash received in relation to future services for TSAs and the utilisation of broadcast sites for telecommunications equipment as a result of the sale of the Telecoms business. The contract liability associated with the utilisation of broadcast sites and equipment is expected to be released over the next 34 years.

The Group does not have any material obligations in respect of returns, refunds or warranties.

The following summarises the performance obligations we have identified, and provides information on the timing of when they are satisfied and the related revenue recognition policy. The revenue expected to be recognised in future periods for contracts in place at 30 June 2022 that contain unsatisfied performance obligations is included in note 5.

Rendering of services

Performance obligations under contracts for the rendering of services, which includes network access rights and licence ownership, 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 over time 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 and radio transmission services, media services, and machine-to-machine connectivity.

For long-term services contracts revenue is recognised on a straight-line basis over the term of the contract. However, if the performance pattern is other than straight line, revenue is recognised as services are provided, usually on an output or network coverage basis. Such revenues include Smart metering network build and service operation.

The Group holds contracts which include a customer's right to receive credits in the event of service loss. Provisions for service credits are recognised through a reduction in revenue which reflects the expected value of any such service credits. The Group only recognises revenue to the extent that it is highly probable that there will not be a material reversal in the future.

Pre-contract costs incurred in the initial set up phase of a contract are deferred. These costs are then recognised in the Income Statement on a straight-line basis over the remaining contractual term, unless the pattern of service delivery indicates a different profile is appropriate. These costs are directly attributable to specific contracts, relate to future activity, will generate future economic benefits and are assessed for recoverability on a regular basis. Costs related to delivering services under long-term contractual arrangements are expensed as incurred.

Delivery of engineering projects

The Company provides support to its customers by undertaking various engineering projects. Contracts for the delivery of engineering projects are split into specific performance obligations. Performance obligations relating to services are satisfied over the time period that services are delivered, performance obligations relating to the provision of assets are satisfied at the point in time that control passes to the customer. Revenue from such projects, which are long-term (greater than 12 months) contractual arrangements, is recognised based on satisfaction of the identified performance obligations using the percentage of completion method. The stage of completion is based on portion of costs incurred as a percentage of total costs. Profit is recognised, if the final outcome can be assessed with reasonable certainty, by including revenue and related costs in the Income Statement as contract activity progresses.

A loss on a fixed price contract is recognised immediately when it becomes probable that the contract cost will exceed the total contract revenue.

Sale of communications equipment

Performance obligations from the sale of communications equipment provided as part of customer contracts are satisfied and revenue is recognised at the point in time that control passes to the customer, which is typically upon delivery and acceptance by the customer. In some cases payment is not received in full at the time of the sale, and a contract asset is recognised for the amount due from the customer that will be recovered over the contract period. Revenue to be recognised is calculated by reference to the relative standalone selling price of the equipment.

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.

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. 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.

Retirement benefits

The Company operates various post-employment schemes, including both defined benefit and defined contribution plans.

Defined contribution schemes

For defined contribution schemes, the amount charged to the Income Statement in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable for the year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

Defined benefit schemes

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and terms to the scheme liabilities.

The Plan closed to future accrual of benefits on 31 January 2016.
Prior to closing the scheme to future accrual, the Group presented current and past service costs within cost of sales and administrative expenses (see note 24) in its consolidated income statement. Curtailments gains and losses are accounted for as a past-service cost.

Net interest expense or income is recognised within finance income (see note 10).

The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit schemes. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the schemes or reductions in future contributions to the schemes.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
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 or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment

Property, plant and equipment are stated at historic purchase cost (which includes costs directly attributable to bringing the assets into working condition), less accumulated depreciation and any provision for impairment. Or, where this is not considered to be the fair value of the assets acquired, an allocated fair value is calculated using alternative valuation methods.

Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. The cost of self-constructed assets includes the cost of materials and direct labour.

Labour costs are capitalised within the cost of an asset to the extent that they are directly attributable to the construction of the asset. The value capitalised captures all elements of employee benefits as defined by IAS 19.

Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Depreciation of these assets commences when the assets are ready for their intended use. Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and assets under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Asset Description	Estimated Useful Life
Freehold buildings	20 - 80 years
Leasehold land and buildings	Length of lease (typically between 20-80 years)
Plant and equipment	
- Communications infrastructure network	8 – 80 years
- Network computer equipment	3 – 20 years
- Motor vehicles	3 – 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Freehold land is not depreciated.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Income Statement.

Intangible assets

Recognition and measurement

Intangible assets are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged to the Income Statement on a straight line basis over the estimated useful life of the asset, on the following bases:

Asset Description	Estimated Useful Life
Licences	Length of the licence period (no more than 20 years)
Software	5 - 10 years

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;

- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Acquired goodwill

The amount initially recognised for acquired goodwill is the historic purchase cost incurred or deemed cost. Subsequently the acquired goodwill is reported at cost less accumulated impairment losses, on the same basis as other intangible assets acquired separately stated at original purchase cost less any provision for impairment. Goodwill is considered to have an indefinite useful life.

De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets

At each reporting period date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the impairment relates to goodwill, in which case it cannot be reversed.

Investments in subsidiaries and joint ventures

Investments in subsidiaries and joint ventures are shown at cost less provision for impairment.

Disposal group held for sale, discontinued operations and gain on disposal of discontinued operations

Disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable within the next 12 months. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets that are carried at fair value.

An impairment loss is recognised for any initial or subsequent write-down of the disposal group to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the disposal group is recognised at the date of derecognition.

Non-current assets that are part of a disposal group are not depreciated or amortised while they are classified

as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.
The assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Income Statement.

A gain or loss on disposal of discontinued operations is recognised within the consolidated income statement representing the consideration received less transaction costs and the carrying value of the disposal group held for sale, and deferred income generated in relation to future services.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Decommissioning provisions are recognised within provisions for liabilities and charges and included within property, plant and equipment, where the costs of dismantling assets are considered material. The amounts recognised within property, plant and equipment are depreciated over the useful economic life of the asset. The provisions are discounted to reflect the time value of money where material.

When the probability that the Company will be required to settle an obligation or a reliable estimate cannot be made of the amount of the obligation the Company discloses a contingent liability in the notes to the financial statements.

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.

In addition to the expected credit loss model, the Company's policy is to also consider specific provisions for trade receivables outstanding for more than 30 days beyond the agreed terms, or where the business environment indicates a specific risk. Management makes an assessment of the level of provision required and adjustments to the calculated level of provision are made accordingly.

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.

Cash and cash equivalents

Cash includes cash at bank and in hand and bank deposits repayable on demand.

Interest

Interest income and expense are accounted for on an accruals basis and comprise amounts receivable and payable on deposits, finance leases and intercompany balances respectively, plus any unwinding of discount on provisions.

Exceptional items

Exceptional items are those that are considered to be one-off, non-recurring in nature or so material that the Directors believe that they require separate disclosure to avoid the distortion of underlying performance. Underlying performance is the reported performance excluding significant one-off and non-recurring events that more fairly represents the on-going trading performance of the business. These items are presented separately on the face of the Income Statement.

Discontinued operations

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Income Statement.

5 Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 4, 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 judgements, 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 judgements, estimates and underlying assumptions are reviewed on an on-going basis. Revisions are recognised in the period in which the estimate is revised.

Critical judgements and key sources of estimation uncertainty in applying the Company's accounting policies

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.

Deferred tax

Critical accounting judgements:

As disclosed in note **Error! Reference source not found.**, the Group has a significant unrecognised deferred tax asset, primarily in respect of deferred interest expenses and tax losses. Judgement is required in determining whether these assets can be accessed considering the restrictions of relevant tax legislation and expectations of future profits within particular group entities.

Only assets that are expected to be available to the Group have been recognised but the judgement relating to these unrecognised assets will remain under review and reassessed as the Group's circumstances and relevant tax legislation evolves.

Provisions and contingent liabilities

Critical accounting judgements:

As disclosed in note 23, the Group's provisions principally relate to obligations arising from contractual obligations, restructuring and property remediation plans and decommissioning obligations.

The identification of such obligations in the context of daily operations which require provisions to be made requires judgement.

Judgement is also required to distinguish between provisions and contingent liabilities. See note 28 for detail.

Impairment of goodwill

Key estimates:

The carrying amount of the Group's goodwill and the Company's investments is reviewed at each statement of financial position date to determine whether there is any indication of impairment, in compliance with the Group's accounting policies. An assessment of impairment is performed each year.

Actuarial assumptions used to determine the carrying amount of the Company's defined benefit plan liabilities

Critical accounting judgements:

The Company's defined benefit plan liabilities are discounted at a rate set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers which are excluded. The Company selects these assumptions in consultation with an external qualified actuary.

Key estimates:

Estimates are used in determining the present value of the scheme liabilities, which depend on such factors as the life expectancy of the members, the salary progression of our current employees and price inflation.

Management has considered the estimated impact of adjusting the assumptions used to determine the present value of the scheme liabilities, which are summarised in note 25.

Important accounting judgements and estimates

Important accounting judgements and estimates are those judgements and estimates which management considers to be important to the understanding of the financial statements but that are not materially significant enough to be deemed critical.

Useful lives for property, plant and equipment and intangibles

Important estimates:

Depreciation or amortisation is charged to the income statement based upon the useful lives selected. This assessment requires estimation of the period over which the Group will derive benefit from these assets.

Management monitor and assess the appropriateness of useful economic lives, such lives may also be impacted by external market changes. In the event that such a change were to result in a revision of useful economic lives this could result in a change to the annual depreciation charge going forwards. In the theoretical scenario whereby medium and long term useful economic lives of property, plant and equipment were to be reduced by one year the estimated impact on the depreciation charge for the year is approximately £14m (2021: approximately £12m), with a reduction in depreciation in later years.

The Group manages its property, plant and equipment on a portfolio basis through a central estates team. This team contains qualified surveyors who have a wealth of experience working for the Group and within the industry as a whole.

The carrying values of intangibles are disclosed in note 15, and those for property, plant and equipment are disclosed in note 16.

Provisions

Important estimates:
Estimates have been made in respect of the probable future obligations of the Group. These estimates are reviewed annually to reflect current economic conditions and strategic plans.
The decommissioning provisions are reviewed annually and are calculated based upon expected costs and past costs incurred on similar sites as determined by site and project management, as well as assessments made by internal experts (see note 22).

Management is also required to make estimates in relation to the discount rates applied in the calculations.

Management has estimated the impact of reducing the decommissioning timetable by one year to be £0.2m (2021: £0.2m) in relation to the unwinding of provision discounting or, if all site decommissioning was recognised in line with potential earlier expiration dates, a sensitivity of up to £10m across the portfolio as a whole. Such movement in any one financial year is not considered likely.

6 Revenue

The Company derives its revenue from the rendering of services, engineering projects and the sale of communications equipment. See note 4 for the accounting policies adopted.

The following revenue was generated by the Company:

	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
Rendering of services	496.7	504.3
Engineering projects	1.6	11.2
Sale of goods	25.3	22.9
Revenue	**523.6**	**538.4**

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:

	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
Contract assets		
Current	10.8	12.6
Contract liabilities		
Current	85.1	75.4
Non-current	328.1	312.5
	413.2	**387.9**

£77.9m of the contract liability recognised at 30 June 2021 was recognised as revenue during the year (2020: £75.5m). Impairment losses of £0.1m were recognised on contract assets during the year (2021: £0.1m).

Other than business-as-usual movements there were no significant changes in contract asset and liability balances during the year.

In addition to the contract balances disclosed above, the Company has also recognised an asset in relation to the prepayment of costs to fulfil a contract. This is presented within other receivables in the Statement of financial position and totalled £0.8m (2021: £1.0m). Amortisation recognised as a cost of providing services during the year were £0.1m (2021: £0.1m).

7 Operating profit

Operating profit is stated after charging / (crediting):

	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
Wages and salaries	84.9	98.9
Social security costs	8.3	9.3
Other pension costs	5.4	6.8
Employee costs	**98.6**	**115.0**
Capitalised staff costs	(25.7)	(33.9)
Income statement expense	**72.9**	**81.1**
Depreciation of property, plant and equipment	150.6	158.8
Amortisation of intangible assets	13.1	9.6
Management recharge to fellow Group company	(16.9)	(16.4)
Impairment of investments	-	21.2
Exceptional operating expenses (See note 8)	19.6	26.6
Exceptional loss on disposal of assets (See note 8)	9.5	-
Exceptional other income (See note 8)	(5.0)	-
Exceptional revenue (See note 8)	8.0	-

The Company has levied a management recharge, in respect of various staff costs and central facilities and support costs, to other trading entities within the Group. The management recharge to the Group companies is included within the Income Statement.

Services provided by the Company's Auditors and network firms

The Company's audit fee for the year was £83,000 (2021: £95,000). Fees paid to the Company's Auditors for services other than the statutory audit of the Company totalled £296,500 (2021; £156,000), comprised of £121,500 (2021: £106,000) for other audit services, £nil (2021: £nil) relating to taxation services and £175,000 (2021: £50,000) for other assurance services. The Company has paid the Company's Auditors £371,000 (2021: £451,000) in relation to the audit of other group companies and these amounts were not recharged.

8 Exceptional items

The Company recognises exceptional items which are considered to be one-off and non-recurring in nature or material items which require disclosure by virtue of their size or incidence for the financial statements to give a true and fair view. Further information is disclosed in note 4.

Profit before tax is stated after charging:

	Year ended 30 June 2022 Continuing operations £m	Year ended 30 June 2022 Discontinued operations £m	**Year ended 30 June 2022 Total £m**	Year ended 30 June 2021 Continuing operations £m	Year ended 30 June 2021 Discontinued operations £m	**Year ended 30 June 2021 Total £m**
Revenue						
Revenue service credits	(8.0)	-	(8.0)	-	-	-
	(8.0)		(8.0)	-	-	-
Operating expenses:						
Reorganisation and severance	(5.4)	-	(5.4)	(21.6)	-	21.6
Corporate finance activities	(4.2)	-	(4.2)	(1.9)	-	1.9
Transaction costs	-	-	-	-	(34.2)	34.2
Restoration costs	(10.0)	-	(10.0)	-	-	-
	(19.6)	-	(19.6)	(25.6)	(34.2)	(57.7)
Loss on disposal of fixed assets	(9.5)	-	(9.5)	-	-	-
Other exceptional items						
Other income	5.0	-	5.0	-	-	-
Total exceptional items	**(32.1)**	-	**(32.1)**	**(23.5)**	**(34.2)**	**(57.7)**

Reorganisation and severance expenses include costs relating to changes in the organisational design and restructuring of the business and delivery of the Group's transformation programme. This is a one-off multi-year transformation programme that will help Arqiva streamline processes, modernise IT systems and achieve significant cost efficiencies and savings. The transformation programme is expected to complete later this calendar year.

Corporate finance activities figures relate to costs and accruals associated with one off projects, and corporate transactions including refinancing activities.

With the exception of the corporate finance activities and transaction costs, the amounts included within exceptional operating expenses above are deductible for the purpose of taxation. The gain on disposal of the discontinued operation is not subject to UK Corporation tax as it is exempt under the Substantial Shareholding Exemption.

Bilsdale – Project Restore

The restoration costs relate to costs incurred to reinstate services present at the Bilsdale transmitter site following a fire which broke out on 10 August 2021 and include £4.8m of community support activities. Engineers have been working on a recovery plan to reinstate services present on the mast. The recovery plan included service recovery with works completed for the improvement of TV coverage from other local not-spot sites, as well as the erection of a temporary mast at the Bilsdale site. To date around 99% of households have been returned to coverage for TV and commercial radio has benefited from improved coverage from what it was before the fire. Further works to complete the enduring solution and re-build is ongoing with works started on the build of a new permanent mast.

Management is still assessing the financial impact of the incident and the assets damaged by the fire, and has engaged with the Group's insurers. Costs recognised are those which have been incurred to date and can be reliably measured, including £8.0m of service credits deducted from revenue during the period.

See note 28 for further details of contingent liabilities and assets in relation to the Bilsdale fire.

The exceptional loss on disposal of assets relates to the impairment and subsequent disposal of assets damaged by the Bilsdale transmitter site fire discussed above.

Exceptional other income relates to a stage payment received from insurance claims related to the Bilsdale transmitter site fire discussed above. This income is subject to UK corporation tax.

The overall financial impact of the fire at Bilsdale for the year is summarised as follows:

	P&L (income) / expense £m	Balance sheet debit / (credit) £m
Internal labour – within other operating expenses	1.3	-
Restoration costs – within exceptional operating expenses	10.0	-
Loss on disposal of fixed assets – within exceptional loss on disposal of assets	9.5	-
Insurance- first stage payment – within exceptional other income	(5.0)	-
Revenue service credits – within exceptional revenue	8.0	-
Capital expenditure	-	14.4
Total	**23.8**	**14.4**

9 Employees and Directors

Employees

The average monthly number of persons (expressed as 'full-time equivalents') employed by the Company during the year was as follows:

	Year ended 30 June 2022 Number	Year ended 30 June 2021 (Re-presented) Number
Media Distribution	32	61
Smart Utilities Networks	19	25
Corporate	306	321
Operations	561	637
Technology & Transformation	350	461
Total employees	**1,268**	**1,505**

Directors

The aggregate of the amounts paid to Directors in respect of their services as a Director of the Company are set out below:

	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
Aggregate remuneration	2.1	2.7
Amounts due under long term incentive plans - accrued	0.8	1.0
Amounts due under long term incentive plans - reversed	-	(0.9)
Amounts due under long term incentive plans - total	0.8	0.1
Termination benefits	0.6	-
Total remuneration	**3.5**	**2.8**

Certain Directors were representatives of the ultimate parent company's shareholders and their individual remuneration reflects the services they provide to the Company and other Group companies.

Highest paid Director

Included in the above is remuneration in respect of the highest paid Director of:

	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
Aggregate remuneration	1.2	1.6
Amounts due under long term incentive plans - accrued	0.6	0.2
Total remuneration	**1.8**	**1.8**

10 Finance income

	Year ended 30 June 2022 Total £m	Year ended 30 June 2021 Total £m
Bank deposits	0.1	0.1
Interest receivable from Group entities	223.2	186.1
Other loans and receivables	1.7	1.1
Total finance income	**225.0**	**187.3**

Other loans and receivables include £1.0m (2021: £0.3m) in relation to net finance income on the defined benefit pension scheme.

11 Finance costs

	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
Bank charges	0.1	0.1
Other loan interest payable	19.4	17.0
Interest on lease obligations	5.8	6.8
Total interest expense	**25.3**	**23.9**
Unwinding of discount on provisions (see note 0)	4.2	5.5
Total finance costs	**29.5**	**29.4**

12 Tax

	Year ended 30 June 2022 £m	Year ended 30 June 2021 (Restated) £m
Current tax:		
UK corporation tax		
- Current year	71.0	54.7
- Prior period adjustment	1.9	4.4
	72.9	**59.1**
Deferred tax:		
Origination and reversal of timing differences	(15.5)	(7.3)
Impact of change in tax rates	(9.2)	(20.9)
Prior period adjustment	(2.0)	(5.3)
	(26.7)	**(33.5)**
Tax charge for the year	**46.2**	**25.6**

UK Corporation tax is calculated at the rate of 19.0% (2021: 19.0%) of the taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge for the year can be reconciled to the profit in the income statement as follows.

	Year ended 30 June 2022 £m	Year ended 30 June 2021 (Restated) £m
Profit before tax	293.4	191.2
Tax at the UK Corporation tax rate of 19.0% (2021: 19.0%)	55.7	36.3
Tax effect of expenses not deductible for tax purposes	(0.2)	11.1
Impact of change in tax rates	(9.2)	(20.9)
Prior period adjustment	(0.1)	(0.9)
Total tax charge for the year	**46.2**	**25.6**
Income tax expense is attributable to:		
Profit from continuing operations	46.2	25.6
Profit from discontinued operations	-	-
Total tax charge for the year	46.2	25.6

The current year UK corporation tax charge (2021: charge) represents the payment made to (2021: payments made to) other Group companies for the provision of tax losses by way of group relief.

The main rate of UK corporation tax was 19.0% during the year. In the Finance Act 2021 it was enacted that the main rate of UK corporation tax would be increased to 25.0% from 1 April 2023. UK deferred tax has been valued at either 19.0% or 25.0% (30 June 2021: 19.0%) depending on the period it is forecast to unwind as this is the rate substantively enacted for these periods.

On 23 September 2022, it was announced that the corporation tax rate change from 19% to 25% with effect from 1 April 2023 was to be cancelled. This was not substantively enacted at the balance sheet date and therefore the impact of this change is not reflected in the measurement of deferred tax. If the rate change had been substantively enacted prior to 30 June 2022, the impact would have been to reduce the deferred tax asset by £30.1m with a corresponding charge to the income statement.

Tax in Statement of Comprehensive Income

There is a tax charge of £1.7m (2021 charge of £6.6m) in respect of the actuarial movement of £6.7m (2021: £26.4m) in the Statement of Comprehensive Income.

Restatement

The restatement of the tax liability in respect of the year ended 30 June 2021 arises due to the amount of interest disallowance in the period in a fellow group company being greater than anticipated under the Corporate Interest Restriction legislation. This arises as a result of the impact of the treatment of the profit on the sale of Arqiva Services Ltd to Cellnex within the Corporate Interest Restriction legislation. Additional capital allowances are claimed in this company reducing the group relief claimed. This results in a reduction in the deferred tax asset recognised of £52.6m with a reduction in the current tax creditor of £40.0m.

13 Goodwill

	£m
Cost	
At 1 July 2021 and 30 June 2022	**43.5**
Carrying amount:	
At 30 June 2022	**43.5**
At 30 June 2021	43.5

Goodwill figure was generated as part of historic business acquisitions made by the Company.

14 Other intangible assets

	Licences	Development costs	Access rights	Software	Assets under the course of construction (AUC)	Total
	£m	£m	£m	£m	£m	£m
Cost						
At 1 July 2021	11.4	19.0	7.0	111.2	-	148.6
Additions	-	1.9	-	-	3.0	4.9
Transfers from AUC (note 15)	-	-	-	4.4	-	4.4
Disposals	-	(3.0)	-	(49.3)	-	(52.3)
At 30 June 2022	**11.4**	**17.9**	**7.0**	**66.3**	**3.0**	**105.6**
Accumulated amortisation and impairment						
At 1 July 2021	6.2	10.4	7.0	85.2	-	108.8
Amortisation	0.9	2.5	-	9.7	-	13.1
Disposals	-	(3.0)	-	(49.2)	-	(52.2)
At 30 June 2022	**7.1**	**9.9**	**7.0**	**45.7**	-	**69.7**
Carrying amount						
At 30 June 2022	**4.3**	**8.0**	-	**20.6**	**3.0**	**35.9**
At 30 June 2021	5.2	8.6	-	26.0	-	39.8

Development costs in respect of products and services that are being developed by the Company are being capitalised in accordance with IAS 38. These are amortised over their expected useful life once the product or service has been commercially launched.

Other intangible assets are recognised at cost and are amortised over their estimated useful lives. Disposals in the year relate to old software replaced as part of the Group's transformation programme.

15 Property, plant and equipment

	Freehold land and buildings £m	Leasehold land and buildings £m	Plant and equipment £m	Assets under the course of construction (AUC) £m	Total £m
Cost					
At 1 July 2021	189.3	148.8	1,803.6	128.5	2,270.2
Additions	2.1	4.7	3.5	78.6	88.9
Completion of AUC	2.3	0.9	90.9	(94.1)	-
Transfers to other intangibles (note 0)	-	-	-	(4.4)	(4.4)
Disposals	(2.5)	(12.8)	(121.6)	-	(136.9)
At 30 June 2022	**191.2**	**141.6**	**1,776.4**	**108.6**	**2,217.8**
Accumulated depreciation and impairment					
At 1 July 2021	34.0	61.9	979.4	-	1,075.3
Depreciation	5.6	10.7	134.3	-	150.6
Disposals	(1.2)	(6.4)	(114.2)	-	(121.8)
At 30 June 2022	**38.4**	**66.2**	**999.5**	**-**	**1,104.1**
Carrying amount					
At 30 June 2022	**152.8**	**75.4**	**776.9**	**108.6**	**1,113.7**
At 30 June 2021	155.3	86.9	824.2	128.5	1,194.9

Freehold land included above but not depreciated amounts to £70.7m (2021: £70.9m).

The Company's current and non-current assets have been pledged as security under the terms of the Group's external debt facilities (see note 288). In addition, the Company's lease obligations (see note 201) are secured by the lessors' title of the leased assets, which have a carrying amount of £4.6m (2021: £5.1m).

The cost of capitalised interest included within property, plant and equipment was £16.6m (2021: £17.1m).

At 30 June 2022, the Company had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £16.6m (2021: £23.1m) – see note 288 for further details.

16 Investments in subsidiaries

	Investments in subsidiaries £m
Cost	
At 1 July 2020 and 30 June 2021	122.5
At 30 June 2022	**122.5**
Provision for impairment	
At 1 July 2020	35.0
Impairment	21.2
30 June 2021	56.2
30 June 2022	**56.2**
Net book value	
At 30 June 2022	**66.3**
At 30 June 2021	66.3

The Directors consider the carrying value of the Company's investments in its subsidiaries and joint ventures on an annual basis, or more frequently should indicators arise, and believe that the carrying values of the investments are supported by the underlying trade and net assets. Impairments recognised in the year relate to investments held by the Company in other Group entities which are now dormant. The impairments were identified following an assessment of recoverability by management when considering future cashflows and the value of assets held in subsidiaries.

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

Company	Country of incorporation	Principal activities	Year end	Percentage of ordinary shares held
ABHL Multiplex Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
Arqiva (Scotland) Limited	United Kingdom	Transmission services	30-Jun	100% (held directly)
Arqiva Communications Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Defined Benefit Pension Plan Trustees Limited	United Kingdom	Pension company	30-Jun	100% (held directly)
Arqiva Inc.	USA	Satellite transmission services	30-Jun	100% (held directly)
Arqiva Limited	Ireland	Transmission services	30-Jun	100% (held directly)
Arqiva Media Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva No. 10 Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
Arqiva No. 11 Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
Arqiva Pte Limited	Singapore	Satellite transmission services	30-Jun	100% (held directly)
Arqiva SAS	France	Satellite transmission services	30-Jun	100% (held directly)
Arqiva SRL	Italy	Satellite transmission services	30-Jun	100% (held directly)
Arqiva Broadcast Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
Arqiva Digital Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
Arqiva Finance Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
Arqiva Mobile Broadcast Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Mobile Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Mobile TV Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Public Safety Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Satellite Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Transmission Limited	United Kingdom	Dormant company	30-Jun	100%
Arqiva Wireless Limited	United Kingdom	Dormant company	30-Jun	100%
Capablue Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
Cast Communications Limited	United Kingdom	Dormant company	30-Jun	100%
Connect TV (Scotland) Limited	United Kingdom	Dormant company	30-Jun	100%
Connect TV Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
Inmedia Communications (Holdings) Limited	United Kingdom	Dormant company	30-Jun	100%
Inmedia Communications Group Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
Inmedia Communications Limited	United Kingdom	Dormant company	30-Jun	100%
J F M G Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
Macropolitan Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
NWP Spectrum Holdings Limited	United Kingdom	Holding company	30-Jun	100%
Scanners (Europe) Limited	United Kingdom	Dormant company	30-Jun	100% (held directly)
Scanners Television Outside Broadcasts Limited	United Kingdom	Dormant company	30-Jun	100%
Selective Media Limited	United Kingdom	Dormant company	30-Jun	100%
Spectrum Interactive (UK) Limited	United Kingdom	Dormant company	30-Jun	100%
Spectrum Interactive GmbH	Germany	Dormant company	30-Jun	100%
Spectrum Interactive Limited	United Kingdom	Holding company	30-Jun	100% (held directly)
Joint ventures				
YouView TV Limited	United Kingdom	Open source IPTV development	31-Mar	14.3%
Sound Digital Limited	United Kingdom	Ownership and operation of UK DAB radio multiplex licence	31-Dec	40.0%
Muxco Limited	United Kingdom	Bidding for UK DAB digital radio multiplex licences	31-Dec	25.0%
UK Digital Radio Limited	United Kingdom	Support delivery of a digital future for radio	31-Mar	10.0%

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

Company	Registered office
Arqiva Inc.	c/o The Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington, DE19801, United States of America.
Arqiva Pte Limited	8 Marina Boulevard #05-02, Marina Bay Financial Centre, 018981, Singapore.
Arqiva SAS	Tour Vendome 204, Rond Point du Pont De Sevres, 92100, Boulogne, France.
Arqiva SRL	c/o Studio Bandini & Associati, Via Calabria 32, Rome, Italy.
Arqiva (Scotland) Limited	c/o Morton Fraser, Quartermile 2, 2 Lister Square, Edinburgh, EH3 9GL, Scotland.
Associate undertakings	
Muxco Limited	Greenworks Dog And Duck Yard, Princeton Street, London, England, WC1R 4BH
UK Digital Radio Limited	15 Alfred Place, London, England, WC1E 7EB

17 Trade and other receivables

	30 June 2022 £m	30 June 2021 £m
Within non-current assets		
Amounts receivable from other Group entities	3,516.1	2,979.3
Within current assets		
Trade receivables	63.9	57.4
Amounts receivable from other Group entities	44.9	75.3
Other receivables	4.3	1.7
Prepayments	21.7	24.7
	134.8	**159.1**
Contract assets – accrued income	**10.8**	**12.6**

Amounts receivable from other Group entities are unsecured and repayable on demand. Within non-current assets, interest has been charged on £3,495.8m at 9.5% (2021: £2,965.3m at 9.5%) in relation to structured loan balances, and £20.3m at 0.0% (2021: £14.0m at 0.0%).

Within current assets, £44.9m has been charged at 0.0% (2021: £61.1m at 0.0%) in relation to trading and working capital loan balances.

Amounts receivable from other Group entities are stated after deducting allowances for impairment of £4.6m (2021: £7.7m).

Trade receivables are stated after provisions for credit loss of £3.6m (2021: £3.5m). Contract assets are stated after provisions for impairment of £0.1m (2021: £0.1m).

18 Cash and cash equivalents

	30 June 2022 £m	30 June 2021 £m
Cash at bank	12.6	88.6
Total cash and cash equivalents	**12.6**	**88.6**

19 Trade and other payables

	30 June 2022 £m	30 June 2021 (Restated)[1] £m
Current:		
Trade payables	38.1	40.7
Amounts payable to other Group entities	1,449.0	1,316.5
Taxation and social security costs	16.3	17.7
Other payables	2.1	2.7
Accruals	59.4	53.7
Total current trade and other payables	**1,564.9**	**1,431.3**
Contract Liabilities – deferred income	**85.1**	**75.4**
Non-current		
Contract Liabilities – deferred income	328.1	312.5

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

20 Borrowings

	30 June 2022 £m	30 June 2021 £m
Within current liabilities:		
Lease liabilities (see note 21)	16.1	18.4
Borrowings due within one year	**16.1**	**18.4**
Within non-current liabilities:		
Loans from other Group entities	5.3	5.3
Lease liabilities (see note 21)	58.3	76.3
Borrowings due after more than one year	**63.6**	**81.6**

All borrowings are sterling denominated.
Loans from other Group entities are unsecured, interest free and repayable in more than five years.

1 Prior year figures have been restated to reflect an adjustment to the tax charge and associated intercompany balances. See note 12 for detail.

21 Leases

Leases as lessee (IFRS 16)

The Company holds lease arrangements primarily relating to land and buildings, circuit contracts and vehicles.

Right-of-use assets

Right-of-use assets related to leased properties and land (other than investment property) are presented as plant and equipment. Plant and equipment leases relate to the use of fibre, other fixed telecommunications lines, and IT equipment.

	Leasehold buildings £m	Plant and equipment £m	Total £m
Balance at 1 July 2020	67.4	31.5	98.9
Depreciation charge for the year	(9.0)	(11.5)	(20.5)
Additions to right-of-use assets	8.1	3.6	11.7
Effect of modification to lease terms	2.3	3.3	5.6
Derecognition of right-of-use assets	(4.1)	(4.5)	(8.6)
Balance at 30 June 2021	**64.7**	**22.4**	**87.1**
Depreciation charge for the year	(9.2)	(10.6)	(19.8)
Additions to right-of-use assets	1.0	0.4	1.4
Effect of modification to lease terms	(1.8)	1.8	-
Derecognition of right-of-use assets	(0.9)	-	(0.9)
Balance at 30 June 2022	**53.8**	**14.0**	**67.8**

Amounts recognised in the Income Statement

Leases under IFRS 16	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
Expense relating to variable lease payments not included in the measurement of lease liabilities	2.7	2.1
Interest on lease liabilities	5.8	6.8

The Company's lease liabilities are disclosed in note 20 Borrowings. The total cash outflow for leases in the year ended 30 June 2022 was £25.4m (2021: £22.6m).

22 Disposal group held for sale and discontinued operations

On 8 July 2020, management completed the sale of the Group's telecoms infrastructure and related assets.

The Telecoms business was classified as held-for-sale and as a discontinued operation for the year ended 30 June 2020.

The results of the discontinued operations for the year ended 30 June 2021 are disclosed in the Income Statement.

23 Provisions

	Onerous contracts	Decommissioning	Restructuring	Remediation and maintenance	Other	Total
	£m	£m	£m	£m	£m	£m
At 1 July 2021	**3.7**	**72.5**	**2.1**	**4.0**	**6.6**	**88.9**
Adjustments through property, plant and equipment	-	1.3	-	-	-	1.3
Income Statement expense	-	1.7	0.2	-	0.6	2.5
Unwind of discount	-	3.8	-	0.2	-	4.0
Utilised	(2.5)	-	(1.2)	-	-	(3.7)
Released to Income Statement	(1.2)	-	-	(1.6)	(3.2)	(6.0)
At 30 June 2022	**-**	**79.3**	**1.1**	**2.6**	**4.0**	**87.0**

Provisions are analysed between current and non-current based on expected utilisation as follows:

	30 June 2022	30 June 2021
	£m	£m
Analysed as:		
Current	4.0	3.3
Non-current	83.0	85.6
	87.0	**88.9**

Provisions are made for decommissioning costs where the Company has an obligation to restore sites and the cost of restoration is not recoverable from third parties.

The decommissioning provisions are reviewed annually and calculated using expected costs as determined by site and project management. The provision is in relation to assets of which the remaining useful economic life ranges up to 20 years, with the majority of the provision relating to TV and Radio products for which there is no material decommissioning expected before 2040.

The restructuring provision relates to the costs of exceptional activities to reorganise the Group.
The remediation provision represents the cost of works identified as being required across a number of the Group's sites and is expected to be utilised over the next one to ten years.

Other provisions represent a variety of smaller items which are expected to be utilised over the next one to ten years.

24 Deferred tax

The balance of deferred tax recognised at 30 June 2022 is £129.3m (2021 Restated: £104.3m). The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets	**Fixed assets temporary differences**	**Other temporary differences**	**Total**
	£m	**£m**	**£m**
At 1 July 2020	**69.1**	**11.4**	**80.5**
Credited to the Income Statement	(4.3)	39.8	35.5
At 30 June 2021 (restated)[1]	**64.8**	**51.2**	**116.0**
Credited to the Income Statement	26.4	2.1	28.5
At 30 June 2022	**91.2**	**53.3**	**144.5**

Deferred tax liabilities	**Pension**	**Total**
	£m	**£m**
At 1 July 2020	3.0	3.0
Charged to the Income Statement	2.1	2.1
Credited to the statement of comprehensive income	6.6	6.6
At 30 June 2021	11.7	11.7
Charged to the Income Statement	1.8	1.8
Credited to the statement of comprehensive income	1.7	1.7
At 30 June 2022	**15.2**	**15.2**

Deferred tax has been measured at the UK corporation tax rate at which it is anticipated to reverse, 19.0% for the period to 31 March 2023 and 25% from 1 April 2023 (2020: 19.0%); these are the rate substantively enacted at the balance sheet date at which the deferred tax is expected to reverse. The corporation tax rate was increased to 25% from 19% effective from 1 April 2023; the deferred tax asset is anticipated to reverse both in the periods prior to and after 1 April 2023 and therefore the deferred tax asset has been recognised at the relevant tax rate. The impact of this rate change on the income statement is shown in note 12.

Deferred tax assets are not recognised unless it is probable that there are sufficient taxable profits against which they will be realised.

The Company continues to recognise the deferred tax asset based on forecast taxable profits that will arise based upon the long-term forecast results prepared for the Company.

Due to the long-term stable nature of the business, with significant long term contracts, the recognised deferred tax asset is not considered to be materially exposed to the performance of the Company based on reasonably possible trading forecasts.

1 Prior year figures have been restated to reflect an adjustment to the tax charge, as well as the associated deferred tax balances. See note 12 for detail.

25 Retirement Benefits

Defined contribution scheme

Arqiva Limited has operated a Defined Contribution Scheme during the year, for those employees who are not members of the Group's Defined Benefit Plan. Contributions payable in respect of this Scheme for the year were £5.4m (2021: £6.8m). The assets of the Scheme are held outside of the Group.

An amount of £0.9m (2021: £1.2m) is included in accruals being the outstanding contributions to the Defined Contribution Scheme.

Defined benefit plan

In the year to 30 June 2022, the Group operated one Defined Benefit Plan, sponsored by Arqiva Limited.

The Defined Benefit Plan is administered by a separate entity that is legally separated from the Group, and therefore the Plan assets are held separately from those of Arqiva Limited.

The Trustees of the Plan are required by law to act in the interests of the Plan and of all relevant stakeholders in the Plan. The Trustees are responsible for the investment policy with regards the assets of the Plan.

The Plan typically exposes the Group to risks such as: investment risk, interest rate risk, longevity risk, and salary risk.

Investment risk	The present value of the defined benefit Plan liability for IAS19 purposes is calculated using a discount rate determined by reference to high quality corporate bond yields, which is different to how the Plan assets are invested. Currently the Plan has a relatively balanced investment in equity securities, debt instruments and real estate. Due to the long-term nature of the Plan liabilities, the trustees of the Plan consider it appropriate that a reasonable portion of the Plan assets should be invested in equity securities to leverage the expected return generated by the Plan assets.
Interest risk	A decrease in the bond interest rate will increase the valuation of the Plan's IAS19 liability but this will be partially offset by an increase in the value of the Plan's corporate bond investments.
Longevity risk	The present value of the defined benefit Plan liability is calculated by reference to a best estimate of the mortality of Plan participants both during and after their retirement. An increase in the life expectancy of the Plan participants will increase the Plan's assessed liability.
Salary risk	The present value of the defined benefit Plan liability is calculated by reference to the future salaries of Plan participants. As such, an increase in the salary of the Plan participants will increase the Plan's liability.

The Plan closed to the future accrual of benefits on 31 January 2016. The weighted average duration of the expected benefit payments from the Plan is around 17 years.

The triennial valuation carried out as at 30 June 2020, whilst unapproved, has been used for the purposes of measuring the plan assets and the present value of the defined benefit liability. This was carried out by an independent firm of consulting actuaries. The present value of the IAS19 defined benefit liability, and the related current service cost and past service cost, have been measured using the projected unit credit method based on roll-forward updates to the latest triennial valuation figures.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	30 June 2022	30 June 2021
Key assumptions		
Discount rate	3.90%	1.9%
Price inflation (RPI)	3.30%	3.1%
Life expectancy of a male / female age 60 (current pensioner)	26.0/28.7yrs	26.2yrs / 28.4yrs
Life expectancy of a male / female age 60 (future pensioner)	27.7/30.4yrs	27.7yrs / 30.0yrs
Other linked assumptions		
Price inflation (CPI)	2.50%	2.3%
Pension increases (RPI with a minimum of 3.0% and maximum of 5.0%)	3.70%	3.6%
Pension increases (RPI with a maximum of 10.0%)	3.30%	3.1%
Salary growth	n/a	n/a

Amounts recognised in the Income Statement in respect of the defined benefit plan were as follows:

	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
Net interest on the defined benefit asset	1.0	0.3
Loss on curtailments	(0.6)	(1.1)
	0.4	**(0.8)**

The net interest item above has been included within finance income (see note 10). The re-measurement of the net defined benefit liability is included in the statement of comprehensive income. The loss on curtailments incurred during the year has been included within exceptional costs (see note 8).

Amounts recognised in the statement of comprehensive income in respect of the defined benefit plan were as follows:

	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
(Loss) / return on Plan assets excluding Interest Income	(53.6)	12.2
Experience (losses) / gains arising on the Plan's liabilities	(7.2)	5.3
Actuarial gains arising from changes in financial assumptions	66.9	8.3
Actuarial gains arising from changes in demographic assumptions	0.6	0.6
	6.7	**26.4**

The amounts included in the statement of financial position arising from the Company's obligations in respect of its defined benefit plan were as follows:

	30 June 2022 £m	30 June 2021 £m
Fair value of Plan assets	245.6	295.9
Present value of defined benefit Plan liabilities	(184.6)	(248.8)
Surplus at 30 June	**61.0**	**47.1**

The Company have considered the impact of IFRIC14 and in line with the Plan's Rules, the Company is able to recognise the Plan's surplus in its entirety.

The reconciliation of the statement of financial position over the year is as follows:

	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
Surplus at 1 July	47.1	16.1
Amount recognised in profit or loss	0.4	(0.8)
Amount recognised in Other Comprehensive Income	6.7	26.4
Company contributions	6.8	5.4
Surplus at 30 June	**61.0**	**47.1**

The present value of the plan liabilities has moved over the year as follows:

	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
1 July	(248.8)	(266.8)
Contributions by employees	-	(0.5)
Interest cost	(4.6)	(3.9)
Benefits paid	9.1	9.3
Experience gains arising on the Plan's liabilities	(7.2)	5.3
Actuarial gains arising from changes in financial assumptions	66.9	8.3
Actuarial gains arising from changes in demographic assumptions	0.6	0.6
Loss on curtailments	(0.6)	(1.1)
30 June	**(184.6)**	**(248.8)**

The fair value of the plan assets has moved over the year as follows:

	Year ended 30 June 2022 £m	Year ended 30 June 2021 £m
1 July	295.9	282.9
Interest income	5.6	4.2
Return on Plan assets excluding interest income	(53.6)	12.2
Contributions by employer	6.8	5.4
Contributions by employees	-	0.5
Benefits paid	(9.1)	(9.3)
30 June	**245.6**	**295.9**

The major categories and fair values of Plan assets at the end of the reporting year for each category are as follows:

	30 June 2022 £m	30 June 2021 £m
Equity instruments	80.6	89.8
Diversified growth funds	19.7	21.2
Corporate bonds	61.4	74.0
Multi asset credit	16.9	20.1
Government bonds	63.3	90.5
Cash and equivalents	3.7	0.3
Total	**245.6**	**295.9**

All of the Plan's equity and debt instruments have quoted prices in active markets.

The Plan includes holdings of gilts and corporate bonds, which are intended to partially hedge the financial risk from liability valuation movements associated with changes in gilt and corporate bond yields. IAS19 liability movements from changes in the discount rate will also be partially hedged by the Plan's corporate bond holding.

No amounts within the fair value of the Plan assets are in respect of the Company's own financial instruments or any property occupied by, or assets used by, the Company.

The triennial valuation carried out as at 30 June 2020, was approved and signed on 27 January 2022, has been used for the purposes of measuring the plan assets and the present value of the defined benefit liability. This was carried out by an independent firm of consulting actuaries. The present value of the IAS19 defined benefit liability, and the related current service cost and past service cost, have been measured using the projected unit credit method based on roll-forward updates to the latest triennial valuation figures. Following completion of the valuation as at 30 June 2020, Arqiva Limited agreed to pay deficit contributions of £5.4m in July 2020, £5.0m in March 2022 and £7.0m in June 2023.

Sensitivity Analysis

The assumptions considered to be the most significant are the discount rate adopted, inflation represented by RPI, and the longevity assumptions.

The sensitivity of the 2022 year end results to changes in the three key assumptions is shown below:

Funding Position	Discount rate decrease of 0.1%	RPI increase of 0.1%	Longevity assumption increase of 1 year
Increase in Plan liabilities	£2.9m	£2.0m	£6.1m

The sensitivity of the 2021 year end results to changes in the three key assumptions is shown below:

Funding Position	Discount rate decrease of 0.1%	RPI increase of 0.1%	Longevity assumption increase of 1 year
Increase in Plan liabilities	£4.5m	£3.1m	£10.5m

This sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

26 Share capital

	30 June 2022 £m	30 June 2021 £m
Authorised, allotted and fully paid:		
30,000,201 (2021: 30,000,201) ordinary shares of £1 each (2021: £1 each)	**30.0**	**30.0**

27 Share premium account

	£m
At 30 June 2021 and 30 June 2022	**90.8**

28 Financial commitments and 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.

Capital commitments

Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as a liability are payable as follows:

	30 June 2022 £m	30 June 2021 £m
Less than one year	9.7	23.1
Within one to five years	6.9	-
Total	**16.6**	**23.1**

There are no capital commitments payable in more than five years.

Contingent assets and liabilities

Bilsdale Tower Fire:
On 10 August 2021 a fire broke out at our Bilsdale transmitter site. Arqiva's engineers have worked on a four-stage recovery plan to reinstate services delivered via this site. Through efforts utilising existing and temporary infrastructure, to date around 99% of households have been returned to a coverage area for TV and commercial radio benefited from improved coverage to what it was before the fire. Arqiva continues to engage with local stakeholders, including viewers, MPs, local government and the media through its 'Bilsdale Mast: Project Restore' programme.

Arqiva has been informed that its insurers have now concluded their investigations. Precise findings have not been publicly shared and Arqiva is unable to comment in detail on these findings while the claims process is ongoing.

These financial statements include losses recognised on disposal of assets damaged or destroyed in the incident and subsequently disposed of, as well as costs incurred in the period, see note 7. Management continues to work with specialist advisors to assess any further potential financial penalties and service credits that may be due to third parties. At the current time it is not possible to determine the expected outcome or quantification of such amounts and therefore the Directors consider this represents a contingent liability. The group holds insurance coverage and management continues to engage with the group's insurers to assess the value of losses and restoration costs.

At the current time such insurance claims are considered contingent assets and are not therefore recognised in the statement of financial position in accordance with accounting standards, with the exception of a first interim stage payment of £5.0m which was received from the Group's insurers in June 2022 which has been recorded as exceptional other income (see note 8).

On 21 September 2022, a second interim stage payment of £10.0m was received from the insurers in relation to the Bilsdale fire. At 30 June 2022, this represented a contingent asset and has therefore not been recognised in the income statement.

29 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.

30 Events after the reporting period

On 21 September 2022, a second interim stage payment of £10.0m was received from the insurers in relation to the Bilsdale fire. At 30 June 2022, this represented a contingent asset and has therefore not been recognised in the income statement.

On 23 September 2022, it was announced that the corporation tax rate change from 19% to 25% with effect from 1 April 2023 will cancelled. For further detail see notes 24 and 12.

31 Controlling parties

The Company's immediate parent undertaking is Arqiva Holdings Limited ('AHL'). The ultimate parent undertaking is 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 Group Parent Limited ('AGPL').

Copies of the AGL and the 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 above AGL.

In June 2022 it was announced that Digital 9 Infrastructure has agreed to purchase Canada Pension Plan Investment Board's (CPPIB) entire 48% stake in AGL. Digital 9 Infrastructure is a dedicated infrastructure investor, headquartered in the UK and with significant experience in the infrastructure industry. It is anticipated that this deal will be completed later in this calendar year. At that point the representatives from CPPIB appointed to the Board of Directors will be replaced by representatives from Digital 9 Infrastructure. This will not change the day-to-day operations of the Group's business.