

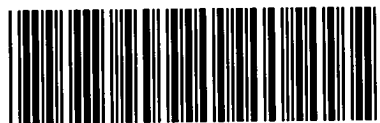
Prefect Holdco Limited

Company registration number: 13048495

Annual Report and Financial Statements

For the year ended 31 March 2023

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Prefect Holdco Limited
For the period ended 31 March 2023

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Prefect Holdco Limited
For the period ended 31 March 2023

Company Information

Company registration number	13048495
Registered office	C/O Universities Superannuation Scheme Limited Royal Liver Building Liverpool L3 1PY United Kingdom
Company secretary	USS Secretarial Services Limited
Directors	Maria G Dellacha Robert N A Hewson Juan A P Tejedor
Independent auditor	Ernst and Young LLP 25 Churchill Place Canary Wharf London E14 5EY United Kingdom

Prefect Holdco Limited
For the period ended 31 March 2023

Strategic Report

The Directors present their Strategic Report, Directors' Report and audited financial statements of Prefect Holdco Limited (the Company) for the year ended 31 March 2023.

Principal activity

The Company was incorporated on 27 November 2020 in England and Wales. The principal activity of the Company is that of an investment holding company.

The Company is owned by Dent Topco Limited (the "Parent Company"). The Parent Company is owned by L5 Investment Holdings LP ("L5 LP") which is wholly owned by Universities Superannuation Scheme Limited (USSL) or (Ultimate Parent Company) acting in its capacity as sole corporate trustee of Universities Superannuation Scheme (the Scheme), a company registered in the United Kingdom.

Business review

The total comprehensive loss for the period was £124.0m (2022: income of £12.4m), as disclosed on page 10.

The net assets of the Company are £11.2m (2022: £129.1m), as disclosed on page 11.

The Company will continue to hold its investment for the foreseeable future.

Principal risks and uncertainties

The Company's operations expose it to a variety of financial risks that includes price risk. The company continues to make strategic financial management decisions in the management of the asset to ensure that it maintains its high quality which will enable the asset to be resilient and reduce price risk.

The principal risk of the Company is the performance of its underlying investment. The Directors monitor this performance through USS Investment Management Limited (USSIM), a wholly owned subsidiary of USSL, which acts as investment manager to USSL, acting in its capacity as sole corporate trustee of the Scheme.

Going concern

In performing their going concern assessment, the Directors have reviewed the principal risks and uncertainties facing the Company. See note 1, Basis of preparation, for further details.

Key performance indicators (KPIs)

Given the straightforward nature of the business, the KPIs of the business are considered to be those disclosed in the review of the business detailed above.

Prefect Holdco Limited
For the period ended 31 March 2023

Strategic Report (continued)

Duty to promote the success of the Company

The reporting thresholds have not been met to include a duty to promote the success of the Company statement as per the Companies Act 2006 s172.

Streamlined Energy and Carbon Reporting

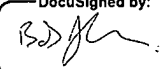
The reporting thresholds to include Streamlined Energy and Carbon Reporting (SECR) are not met and therefore SECR has not been included.

Events after the end of the reporting period

Since the balance sheet date, subsequent drawdowns by G.Network UK Communications Limited on the shareholder bridging loan facility amounted to £25m, which was funded by the Company drawing down £25m against the L5 LP bridging loan facility.

In July 2023, G.Network UK Communications Limited announced the Company is providing up to £150m of investment to accelerate the next phase of growth.

Approved by the Board of Directors and signed on its behalf by:

DocuSigned by:

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Robert N A Hewson
Director
Registered number: 13048495
18 December 2023

Prefect Holdco Limited
For the period ended 31 March 2023

Directors' Report

Directors

The Directors, who held office during the period, and up to the date of this report are listed on page 1.

During the period, USSL made qualifying third-party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and the Republic of Ireland.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Distributions

The Company made £nil (2022: £nil) distributions during the period.

Provision of information to auditor

The Directors confirm that:

- in so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as Directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Prefect Holdco Limited
For the period ended 31 March 2023

Directors' report (continued)

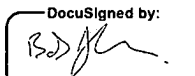
Appointment of auditor

Ernst and Young LLP have been appointed as the auditor of the Company and have expressed their willingness to continue in office as auditor. They will be deemed reappointed as auditor in the absence of an Annual General Meeting.

Items covered in Strategic Report

Further details on the principal activity, on events after the end of the reporting period, future developments and risks are disclosed in the Strategic Report on pages 2 to 3.

Approved by the Board of Directors and signed on its behalf by:

DocuSigned by:

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Robert N A Hewson
Director
Registered number: 13048495
18 December 2023

Prefect Holdco Limited
For the period ended 31 March 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PREFECT HOLDCO LIMITED

Opinion

We have audited the financial statements Prefect Holdco(the "Company") for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 21, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- ▶ give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its loss for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members' with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members' are responsible for the other information contained within the annual report.

Prefect Holdco Limited
For the period ended 31 March 2023

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- ▶ the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- ▶ the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic report or Directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- ▶ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ the financial statements are not in agreement with the accounting records and returns; or
- ▶ certain disclosures of directors' remuneration specified by law are not made; or
- ▶ we have not received all the information and explanations we require for our audit.

Responsibilities of the Directors

As explained more fully in the Statement of directors responsibilities set out on page 4, the Directors is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determines 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 intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Prefect Holdco Limited
For the period ended 31 March 2023

Auditor's 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 auditor's 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 102, the Companies Act);
- We understood how Prefect Holdco is complying with those frameworks by making enquiries of management to understand how the Company maintains and communicates its policies and procedures relating to these areas and corroborated this by reviewing supporting documentation such as board minutes. We assessed the culture and entity level controls framework of the Company to consider if appropriate measures are in place around fraud prevention. Where applicable, we also reviewed correspondence with relevant authorities.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by making enquiries of management to understand where they considered there was a susceptibility to fraud. We considered the key risks impacting the financial statements and documented the controls that the Company has established to address risks identified, risk arising from the potential for management override of controls and the valuation of illiquid assets to be a significant risk. Whilst we have assessed that this override risk is mitigated by the segregation of duties that exists within the Company, we have performed specific procedures to gain assurance that the risk associated is adequately mitigated;
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of management, review of board minutes, journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the Company and focused substantive testing.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Prefect Holdco Limited
For the period ended 31 March 2023

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Ernst & Young LLP

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Constantinos Pavlou (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

19 December 2023

Prefect Holdco Limited
For the period ended 31 March 2023

Statement of Comprehensive Income

			16 months to 31 March
	Note	2023 £'000	2022 £'000
Interest income	3	10,022	-
Interest expense	3	(10,022)	-
Net interest income		-	-
Change in market value of financial instruments held at fair value through profit and loss	7	(251)	-
Change in market value of derivative	9	(12,400)	12,400
Administrative expenses	5	(34)	(41)
Impairment on investments	10	(111,315)	-
(Loss)/profit on ordinary activities before tax		(124,000)	12,359
Tax	6	-	-
(Loss)/profit for the period after tax		(124,000)	12,359

All amounts relate to continuing operations.

There are no recognised gains and losses other than those included in the results above in the current financial year and previous financial period and therefore no statement of other comprehensive income has been presented.

The notes on pages 13 to 25 form part of these financial statements.

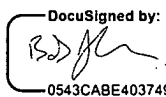
Prefect Holdco Limited
For the period ended 31 March 2023

Statement of Financial Position
As at 31 March 2023

	Note	2023 £'000	2022 £'000
Fixed assets			
Financial instruments held at fair value through profit and loss	7	92,638	-
Financial instruments held at amortised cost	8	70,033	-
Derivative asset	9	-	12,400
Investments in jointly controlled entities	10	23,725	128,894
Total fixed assets		186,396	141,294
Current assets			
Debtors	11	53	53
Current liabilities			
Creditors	12	(12,317)	(116)
Intercompany loan	13	(162,922)	-
Total current liabilities		(175,239)	(116)
Net current liabilities		(175,186)	(63)
Non-current liabilities			
Creditors: due in more than one year	14	-	(12,167)
Net assets		11,210	129,064
Capital and reserves			
Called up share capital	15	122,851	116,705
Other reserves	16	2	2
Profit and loss account		(111,643)	12,357
Total shareholders' funds		11,210	129,063

The notes on pages 13 to 25 form part of these financial statements.

The financial statements on pages 10 to 25 were approved by the Board of Directors on 18 December 2023 and were signed on its behalf by:

DocuSigned by:

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Robert N A Hewson
Director
Registered number: 13048495
18 December 2023

Prefect Holdco Limited
For the period ended 31 March 2023

Statement of Changes in Equity

	Called-up share capital £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
Issue of ordinary A and B shares	116,705	-	-	116,705
Repurchase of ordinary B shares	-	2	(2)	-
Profit for the period	-	-	12,359	12,359
Balance carried forward as at 31 March 2022	116,705	2	12,357	129,064
Issue of ordinary A shares	6,146	-	-	6,146
Loss for the period	-	-	(124,000)	(124,000)
Balance carried forward as at 31 March 2023	122,851	2	(111,643)	11,210

The notes on pages 13 to 25 form part of these financial statements.

Prefect Holdco Limited
For the period ended 31 March 2023

Notes to the financial statements

1. Accounting policies

Prefect Holdco Limited is a private company limited by shares and is incorporated in the United Kingdom. The registered address is disclosed on page 1.

The principal accounting policies are summarised below. They have all been applied consistently throughout the current financial period.

a) Basis of preparation

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, and the Companies Act 2006.

The financial statements have been prepared on the going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets at fair value through profit and loss.

The Company's fundamental objective and purpose is to hold the investment on behalf of the Scheme and therefore the main risk from a going concern perspective relates to the performance of its investment.

In their assessment of going concern, the Directors are closely monitoring the current macroeconomic volatility, which is caused by several factors such as the impact of the war in Ukraine, high inflation and other economic factors which have brought about a period of market uncertainty.

The risks identified are not considered to cast significant doubt on the Company's ability to continue as a going concern.

Furthermore, the Directors have also considered confirmation received from USSL that it intends to continue to provide financial support for the foreseeable future.

Considering all the information available, the Directors conclude that the Company is able to continue as a going concern for a period of 12 months from the date of approval of these financial statements. Accordingly, the Company continues to adopt the going concern basis in preparing the financial statements.

The functional and presentational currency of the Company is pound sterling ("GBP") because that is the currency of the primary economic environment in which the Company operates. Monetary amounts in these financial statements are rounded to the nearest £'000, unless otherwise stated.

The Company does not have any cash or cash equivalents and as such, no statement of cash flows has been presented.

b) Foreign currency

Foreign currency transactions are translated into foreign currency using the spot exchange rate at the dates of transactions.

Prefect Holdco Limited
For the period ended 31 March 2023

Notes to the financial statements (continued)

1. Accounting policies (continued)

b) Foreign currency (continued)

Balances included in the Statement of Financial Position have been converted to pounds sterling at the year-end exchange rate with any changes recognised in the Statement of Comprehensive Income.

c) Income

Interest income is recognised on an accrual basis.

d) Expenses

Expenses are recognised on an accrual basis.

e) Tax

Current tax is measured at the amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date except as otherwise required by FRS 102. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured on a non-discounted basis using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position date that are expected to apply in the periods in which the timing difference is expected to reverse.

A deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it is probable that it will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

f) Investment in jointly controlled entities

A joint venture is a contractual arrangement whereby the Company and other parties undertake an economic activity which is subject to joint control. Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest, are referred to as jointly controlled entities.

The Company applies FRS 102 Section 15 to the jointly controlled entities. The investment in a jointly controlled entities is held at cost less accumulated impairment losses in accordance with Section 15.9(a).

g) Financial instruments

The Company has elected to apply the full provisions of FRS 102 to the financial instruments held within the Company for the recognition and measurement of its financial instruments.

Prefect Holdco Limited
For the period ended 31 March 2023

Notes to the financial statements (continued)

1. Accounting policies (continued)

g) Financial instruments (continued)

The Company applies FRS 102 Section 11 Basic Financial Instruments to the recognition and measurement of its basic financial assets and liabilities. Financial assets and liabilities are considered to meet the definition of basic when they are: an investment in non-derivative instruments which are equity in the hands of the issuer, basic debt instruments and accounts receivable and payable.

The Company applies FRS 102 Section 12 Other Financial Instruments Issues to the recognition and measurement of its non-basic financial assets and liabilities which include an investment in a derivative instrument.

Initial recognition

Basic financial assets and liabilities are initially measured at transaction price including transaction costs, except for those measured as at fair value through profit or loss which are initially measured at fair value, normally transaction price excluding transaction costs. If the arrangement constitutes a financing transaction, the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Derivatives and convertible loan notes are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into. Convertible loan notes are initially recognised at fair value on the date the loan agreement is entered into.

Subsequent measurement

Assets

Derivatives are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate.

Convertible loan notes are subsequently measured at fair value. Changes in the value are recognised in the statement of comprehensive income.

As debtors are due within one year, transaction price is considered to be a close approximation to fair value and therefore they continue to be held at transaction price.

Liabilities

As creditors are due within one year, transaction price is considered to be a close approximation to fair value and therefore they continue to be held at transaction price.

Impairment

A financial asset measured at cost or amortised cost is assessed at each reporting date to determine whether there is objective evidence of impairment. Objective evidence includes observable data that comes to the attention of the Company as a result of a loss event such as significant financial difficulty of the issuer or obligor or a breach of contract, default or delinquency in interest or principal payments, loss of major customer and that loss event had an impact on the estimated future cash flows of that asset(s) that can be estimated reliably.

An impairment loss in respect of a financial asset measured at cost or amortised cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at

Prefect Holdco Limited
For the period ended 31 March 2023

Notes to the financial statements (continued)

1. Accounting policies (continued)

g) Financial instruments (continued)

the asset's original effective interest rate. Impairment losses are recognised immediately in profit or loss. Interest on the impaired asset continues to be recognised.

If an event occurring after the impairment was recognised causes the amount of the impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss immediately. The reversal will not increase the carrying value of the asset to a higher value than would have been previously recognised had the original impairment not been recognised.

Offsetting

Financial assets and liabilities are only offset in the Statement of Financial Position when, and only when, there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition

Assets

Financial assets are derecognised when: (a) the contractual rights to the cash flows from the financial asset expire or are settled; (b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or (c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party.

Liabilities

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

2. Critical judgements

In preparing these financial statements, the Company has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Judgements

Joint control of G.Network UK Communications Limited:

Assessing whether the Company has joint control over G.Network UK Communications Limited requires judgement. The Company currently holds less than 50% of the voting rights but the Subscription and Shareholders' Agreement sets out matters which require joint consent. These matters, which include amending constitutional documents and making material changes to the nature of the business, confer the power to govern the financial and operating policies of G.Network UK Communications Limited. The Company therefore considers that it has joint control over G.Network UK Communications Limited.

Prefect Holdco Limited
For the period ended 31 March 2023

Notes to the financial statements (continued)

3. Net interest income

	2023	2022
	£'000	£'000
Interest income	10,022	-
Interest expense	(10,222)	-
	<u>-</u>	<u>-</u>

Interest income relates to interest on the debt instruments provided to G.Network UK Communications Limited see note 7 and 8.

Interest expense relates to interest on the debt instruments provided by L5 Investment Holdings LP, see note 13.

4. Directors' emoluments and employee information

No remuneration was paid to the Directors during the current financial period. Directors are paid through an affiliated company and costs are not recharged.

The Company had no employees during the current financial period.

5. Administrative expenses

Included within administrative costs are the following:

	2023	2022
	£'000	£'000
Audit Fee	29	30

During the current financial period there have been no fees paid to the Company's auditors for non-audit services. The Company has entered into a Limitation of Liability Agreement with the auditors. The principal terms include a limitation of the auditor's liability to £2m effective for 3 years.

Prefect Holdco Limited
For the period ended 31 March 2023

Notes to the financial statements (continued)

6. Tax

The tax assessed for the period is lower than the standard rate of corporation tax in the UK for the period ended 31 March 2023 of 19% (2022: 19%). The differences are explained below:

	2023 £'000	2022 £'000
(Loss)/profit on ordinary activities before tax	(124,000)	12,359
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	(23,560)	2,348
Effect of:		
Non-deductible changes in market value	2,404	(2,351)
Non-deductible impairment	21,150	-
Deferred taxes on losses not recognised	6	3
Total tax charge for the year	-	-

A deferred tax asset has not been recognised with respect to tax losses in the current period as the Company is not expected to receive taxable income in the foreseeable future. The Company has unused tax losses totalling £75k (2022: £41k).

It was announced in the UK Government's Budget on 3 March 2021 that the main UK corporation tax rate will increase to 25% from 1 April 2023. This change was substantively enacted on 24 May 2021.

7. Financial instruments held at fair value through profit and loss

	2023 £'000	2022 £'000
Additions	85,000	-
Accrued interest	7,889	-
Change in market value	(251)	-
Balance carried forward as at 31 March	92,638	-

In April 2022, an agreement was entered with G.Network UK Communications Limited whereby the Company has provided a convertible shareholder loan of £85,000k, accruing interest at 12% pa. The loan is payable on demand.

Prefect Holdco Limited
For the period ended 31 March 2023

Notes to the financial statements (continued)

8. Financial instruments held as at amortised cost

	2023 £'000	2022 £'000
Additions	67,900	-
Accrued interest	2,133	-
Balance carried forward as at 31 March	70,033	-

In September 2022, an agreement was entered with G.Network UK Communications Limited whereby the Company has provided a shareholder bridging loan facility of £93,000k, accruing interest at 12% pa. The loan is payable on demand.

As at 31 March 2023, £67,900k had been drawn on the shareholder bridging loan facility.

9. Derivative Asset

	2023 £'000	2022 £'000
Opening balance	12,400	-
Changes in market value	(12,400)	12,400
Balance carried forward as at 31 March	-	12,400

The Company embedded derivative with G.Network UK Communication Limited to acquire additional shares on a periodic basis until 2026, has been cancelled in the period.

10. Investments in jointly controlled entities

	2023 £'000	2022 £'000
Opening balance	128,894	-
Additions	6,146	128,894
Impairment	(111,315)	-
Balance carried forward as at 31 March	23,725	128,894

Additions of investment

The Company made capital contribution of £6,146k (2022: £128,894k) to G.Network UK Communication Limited.

Impairment of investment

At each reporting period end, the Company reviews investment in jointly controlled entities for indicators of impairment which includes comparison of the carrying value of the investment to the Company's share of net asset value of the jointly controlled entity. Impairment assessment is performed if there is any indicator of impairments.

An impairment is recognised when the carrying value amount exceeds the recoverable amount for the investment.

Prefect Holdco Limited
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Notes to the financial statements (continued)

10. Investments in jointly controlled entities (continued)

At period end the recoverable value was determined to be £23,725k, resulting in an impairment of £111,315k.

The list of jointly controlled entities is as follows:

Name	Nature of business	Interest
G.Network UK Communications Limited	Holding company	37.1% ordinary shares

11. Debtors

	2023	2022
	£'000	£'000
Amounts due from the Scheme	53	53

Amounts due are interest free and repayable on demand.

12. Creditors: due in less than one year

	2023	2022
	£'000	£'000
Amounts due to the Scheme	76	76
Accruals	74	41
Deferred consideration	12,167	-
	12,317	116

The amounts due to the Scheme are payable on demand and bear no interest charge.

The deferred consideration relates to the purchase of shares which is payable in January 2024, has been reclassified from creditors due in more than one year.

13. Intercompany loans

	2023	2022
	£'000	£'000
Additions	152,900	-
Interest	10,022	-
Balance carried forward as at 31 March	162,922	-

In April 2022, L5 LP provided a bridging loan facility to the Company of £85,000k which has been fully drawn down. Interest accrues at 12% pa.

In September 2022, L5 LP further provided a bridging loan facility to the company of £93,000k of which £67,900k has been drawn down. Interest accrues at 12% pa.

The intercompany loans comprise of loan facilities which are payable on demand.

Prefect Holdco Limited
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Notes to the financial statements (continued)

14. Creditors: due in more than one year

	2023	2022
	£'000	£'000
Deferred consideration	-	12,167

The deferred consideration relates to the purchase of shares in January 2024 has been moved to note 12 - creditors due in less than one year.

15. Called-up share capital

	2023	2022
	£'000	£'000
Allotted and fully paid		
122,799,975 (2022: 116,653,447) Ordinary 'A' shares of £1	122,800	116,653
Allotted and fully paid		
51,000 (2022: 51,000) Ordinary 'B' shares of £1	51	51
	122,851	116,704

During the period, the Company issued new Ordinary A shares 6,146,528 (2022: 116,653,447).

'A' shares and 'B' shares each constitute a separate class of shares.

- A Ordinary shareholders have attached to them full voting and dividend rights.
- B shares are non-voting and have no rights to dividends.

16. Other reserves

	2023	2022
	£'000	£'000
Other reserves	2	2

The Other reserves consists of ordinary B shares repurchased by the Company and held in treasury.

17. Related party transactions

During the period ended 31 March 2023, the following transactions occurred with related parties:

The Scheme:

Nil (2022: £76k) of expenses were settled by the Scheme on behalf of the Company. The amount payable to the Scheme at 31 March 2023 was £76k (2022: £76k), see note 12.

Nil (2022: £53k) was received by the Scheme on behalf of the Company. The amount receivable from the Scheme at 31 March 2023 was £53k (2022: 53k), see note 11.

Dent Topco Limited:

During the year, the Company issued new Ordinary A shares £6,147k (2022 £116,653k) to Dent Topco Limited, see note 15.

Prefect Holdco Limited
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Notes to the financial statements (continued)

17. Related party transactions (continued)

L5 Investment Holdings LP:

During the year, two intercompany loans were provided by L5 Investment Holdings LP with £152,900k drawn, see note 13 for further details.

Investee company:

G.Network UK Communications Limited is considered a related party as the Company is deemed to have joint control by virtue of the rights attributable to its shares. Further details are provided in note 2 above.

£6,147k (2022: £128,894k) of equity investment was made into G.Network UK Communications Limited during the period, see note 10.

£85,000k and £67,900k (2022: £nil) loan facilities were provided to G.Network UK Communications Limited during the period, see note 7 and 8.

M Dellacha and R Hewson are also directors of the investee company.

18. Financial instruments and risk management

The carrying value of the Company's financial assets and liabilities are summarised by category below:

	2023 £'000	2022 £'000
Financial assets		
Financial instruments held at fair value through profit and loss	92,638	-
Financial instruments held at amortised cost	70,033	-
Derivative asset	-	12,400
Debtors	53	53
	<u>162,724</u>	<u>12,453</u>
Financial liabilities		
Creditors	12,317	12,283
Intercompany loan	162,922	-
	<u>175,239</u>	<u>12,283</u>

Prefect Holdco Limited
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Notes to the financial statements (continued)

18. Financial instruments and risk management (continued)

a. Fair value hierarchy

The table below sets out fair value measurements in compliance with FRS 102 (section 12) as the Company holds financial instruments measured at fair value through profit or loss:

		2023	2022
		£'000	£'000
Financial instruments held at fair value through profit and loss	Level 3	92,638	
Derivative asset	Level 3	-	12,400
		92,638	12,400

The fair value of financial instruments has been estimated using the following fair value hierarchy:

- Level 1: The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Valuation using directly or indirectly observable inputs other than those included in level 1. Those with quoted prices for similar instrument in active markets or quoted prices for identical or similar instrument in inactive markets.
- Level 3: Valuation where one or more significant inputs are unobservable market data (in other words, where market data is unavailable).

The valuation policies of the company are explained in note 1.

b. Interest rate risk

Interest rate risk is the risk that changes in interest rates would affect the company's returns. The company's loan notes has a fixed interest component and is not linked to a variable rate. As such, changes to the interest rate do not expose the company to interest rate risk and no sensitivity analysis has been presented.

c. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. As the company has debt instruments, the risk to the company is that the counterparty does not meet these debts as they fall due. The Statement of Financial Position includes debtors and debt instruments which are exposed to credit risk, the maximum exposure of which is disclosed in the Statement of Financial Position

Prefect Holdco Limited
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Notes to the financial statements (continued)

18. Financial instruments and risk management (continued)

d. Liquidity risk

The liquidity risk of the company is the risk that the company does not have sufficient liquid resources to meet its liabilities as they fall due. The company is exposed to liquidity risks since the value of its liabilities are material. Expenses of the company are settled by the Scheme and a confirmation has been received from the Ultimate Parent Company that it intends to continue to provide financial support to the company. A maturity analysis for financial liabilities has been presented below

	2023 £'000	2022 £'000
Maturity analysis		
On demand	<u>163,027</u>	<u>115</u>

e. Currency risk

The principal assets and liabilities of the Company are denominated in GBP, which is the functional currency of the Company; therefore the Company has limited currency risk exposure.

f. Price risk

This is the risk that the fair value of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Price risk arises in relation to underlying direct investment holding. USSIM manages the exposure to overall price movements on behalf of the Company.

g. Climate change risk

The risk of material financial impact from climate change driven by transition risk where asset values are impacted by economic transition in response to climate change and by physical risk of damage to assets from extreme climate and weather events.

This could lead to loss of value of assets from transition to a low-carbon economy or from actual or potential physical damage, especially where we are long-term holders of those assets.

19. Commitment

At 31 March 2023, the Company had unfunded commitments in respect of its underlying investments of £34,165k (2022: £193,312k). This will be funded as and when required over the life of the investments, and the Company has a letter of support from the Ultimate Parent Company, USSL.

Prefect Holdco Limited
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Notes to the financial statements (continued)

20. Events after the end of the reporting period

Since the balance sheet date, subsequent drawdowns by G.Network UK Communications Limited on the shareholder bridging loan facility amounted to £25m, which was funded by the Company drawing down £25m against the L5 LP bridging loan facility.

In July 2023, G.Network UK Communications Limited announced the Company is providing up to £150m of investment to accelerate the next phase of growth.

21. Control

Dent Topco Limited (Dent) is the immediate parent company. Dent is owned by L5 Investment Holdings LP which is wholly owned by USSL acting in its capacity as sole corporate trustee of the Scheme, a company registered in the United Kingdom. The Ultimate Parent Company presents individual financial statements, which are publicly available for review at the registered office of the Ultimate Parent Company, at Royal Liver Building, Liverpool, L3 1PY, United Kingdom.

The Ultimate Parent Company as the corporate trustee of the Scheme owns the share capital of a number of special purpose entities to aid the efficient administration of the Scheme investments. The results of the special purpose entities have not been consolidated into the financial statements of the Ultimate Parent Company because they are considered to be assets of the Scheme. Details of these entities may be obtained by writing to the registered office of the Ultimate Parent Company, at Royal Liver Building, Liverpool, L3 1PY, United Kingdom.