

Bracken Holdings Limited

Bracken Holdings Limited
Annual report and financial statements
for the year ended 31 December 2016

Registered number 06447011

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Bracken Holdings Limited

Annual report and financial statements for the year ended 31 December 2016

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Bracken Holdings Limited

Directors and advisers

Directors

PS Latham
KJ Willey
T Arthur

Company secretary

S Ludlow

Company number

06447011

Registered office

6th Floor
33 Holborn
London
EC1N 2HT

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square South
Orchard Street
Newcastle upon Tyne
NE1 3AZ

Bankers

HSBC plc
31 Holborn
London
EC1N 2HR

Solicitors

Burges Salmon
One Glass Wharf
Bristol
BS2 0ZX

Bracken Holdings Limited

Strategic report for the year ended 31 December 2016

The directors present their strategic report for the company and the group for the year ended 31 December 2016.

Principal activities and business review

In the financial year to 31 December 2016, the group has continued to undertake a trade of lending, as well as constructing and operating solar parks acquired during the previous year. During 2016, the group acquired another site on which it will construct a solar park with the intention to sell the park once constructed. The group has continued to lend to counterparties with a proven track record in the residential property finance sector. In the short to medium term the group expects to achieve moderate organic growth in the sectors it is currently operating in. The focus will continue to be on opportunities with an appropriate level of demand and visibility over income and costs to deploy further capital.

The group intends to issue a limited number of new shares, exclusively to existing shareholders who may wish to increase their current investments. The number of new shares issued is expected to be materially lower than the number of shares bought-back by the group as part of its strategy of carrying out regular share buybacks. As such, the group's share capital is forecast to reduce over time.

The Directors anticipate that through its underlying trading performance the group will continue to achieve shareholder objectives despite the reduction of its share capital over time. This remains the case even in forecasted scenarios where the group's share capital is significantly reduced from the level it is today. Furthermore the Directors are regularly reviewing strategic options for the group as its share capital reduces.

The principal activities of the company are that of a holding company

Principal risks and uncertainties

The group is a short to medium term lender to the residential property market. To the extent that there is deterioration in the level of house prices which affects the properties that the group's loans are secured against, there is a risk that the group would not recoup its full exposure. This is mitigated by the short term nature of the loans and the conservative level of loan to value that the group is prepared to lend at.

The group provides funding for the installation of commercial solar parks through equity and shareholder loans. There is a risk that once operational, the solar park fails to generate sufficient income. This is mitigated by thorough technical diligence prior to the start of construction and by ensuring visibility over the ultimate buyer of the electricity.

Financial key performance indicators

The group focuses on trades where it has a good level of visibility over expected costs and revenues. In its lending activities, it monitors loan to value levels as its key performance indicator. These depend on each loan and in the year ending 31 December 2016 all loan to value ratios were at acceptable levels. In the case of solar parks, the progress of construction is closely monitored to ensure the parks are built on time and obtain accreditation; once operational, performance will be closely monitored in terms of irradiance and performance ratio levels.

Bracken Holdings Limited

Strategic report for the year ended 31 December 2016 (continued)

Objectives and strategies

The directors do not expect any change in the group's activities during the next financial year.

This report was approved by the board on 27th September 2017 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'Tim Arthur', written over a horizontal line.

Tim Arthur
Director

Bracken Holdings Limited

Directors' report for the year ended 31 December 2016

The directors present their report and audited consolidated financial statements for the company and the group for the year ended 31 December 2016.

Results and dividends

The profit for the financial year amounted to £2,679,974 (2015 - profit of £10,255,627).

The directors have not recommended a dividend (2015 - £nil).

Directors

The directors who served during the year and up to the date of signing the financial statements were:

PS Latham

AM Gunther (resigned 17 June 2016)

KJ Willey

T Arthur (appointed 8 October 2016)

Future outlook

The group will continue to operate in line with previous activities with a focus on ongoing improvements to accounting and credit control systems.

Financial risk management

The group's financial risk management seeks to minimise the exposure to price risk, credit risk, liquidity and cash flow risk.

Prices are subject to interest rate risk, primarily in respect of loans issued by the group to individual customers. These are mitigated by monitoring current and forecasted rates against our specific customer requirements.

Customer credit risk is not significant as the group has policies in place to ensure that our customers have an appropriate credit history and are monitored on an ongoing basis.

Liquidity and cash flow risk are managed by ensuring that sufficient cash is available to fund continuing and future operations.

Post balance sheet events

On 5th May 2017, Belenus Energy Limited, a subsidiary of Bracken Holdings Limited sold 100% of its investment in Cloford Common Farm Limited, Pollington Airfield Limited, Ash Row Farm Limited and Peter Hill Solar Limited.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and 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 102, 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 group and company will continue in business.

Bracken Holdings Limited

Directors' report for the year ended 31 December 2016 (continued)

Statement of directors' responsibilities (continued)

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

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

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the board on 27th September 2017 and signed on its behalf.

A handwritten signature in black ink, appearing to be 'Tim Arthur', written over a horizontal line.

Tim Arthur
Director

Bracken Holdings Limited

Independent auditors' report to the members of Bracken Holdings Limited

Report on the financial statements

In our opinion, Bracken Holdings Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2016 and of the group's profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

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

- the Consolidated and company balance sheets as at 31 December 2016;
- the Consolidated statement of comprehensive income for the year then ended;
- the Consolidated statement of cash flows for the year then ended;
- the Consolidated and company statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Other matters on which we are required to report by exception

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

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

We have no exceptions to report arising from this responsibility.

Bracken Holdings Limited

Independent auditors' report to the members of Bracken Holdings Limited (continued)

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

An audit of financial statements involves

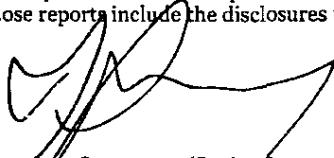
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

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

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

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

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



Jonathan Greenaway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
27th September 2017

Bracken Holdings Limited

Consolidated statement of comprehensive income for the year ended 31 December 2016

	Note	2016 £	2015 £
Turnover	1	9,217,231	6,341,880
Cost of sales		(2,073,551)	(2,327,890)
Gross profit		7,143,680	4,013,990
Administrative expenses	2	(11,094,466)	(454,640)
Operating (loss)/profit	2	(3,950,786)	3,559,350
Income from other fixed asset investments	5	7,248,258	9,355,263
Interest receivable and similar income	6	8,249	61,892
Profit before taxation		3,305,721	12,976,505
Tax on profit	7	(625,747)	(2,720,878)
Profit for the financial year and total comprehensive income		2,679,974	10,255,627
Profit attributable to:			
Non-controlling interests	17	330,521	158,532
Owners of the parent		2,349,453	10,097,095
		2,679,974	10,255,627

All amounts relate to continuing operations.

Bracken Holdings Limited

Consolidated balance sheet as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	8	5,519,127	3,983,663
Tangible assets	9	21,442,933	13,528,389
Investments	10	31,713,954	66,682,664
		58,676,014	84,194,716
Current assets			
Debtors: amounts falling due after more than one year	12	20,276,008	14,200,120
Debtors: amounts falling due within one year	12	56,552,992	44,233,696
Cash at bank and in hand		10,671,060	5,413,478
		87,500,060	63,847,294
Creditors: amounts falling due within one year	13	(14,425,678)	(2,869,050)
Net current assets		73,074,382	60,978,244
Total assets less current liabilities		131,750,396	145,172,960
Provisions for liabilities	14	(264,644)	-
Net assets		131,485,752	145,172,960
Capital and reserves			
Called up share capital	16	10,455,342	11,696,174
Share premium account		98,798,974	110,423,938
Profit and loss account		19,886,397	20,610,129
Total shareholders' funds		129,140,713	142,730,241
Non-controlling interests	17	2,345,039	2,442,719
Capital employed		131,485,752	145,172,960

The financial statements on pages 8 to 37 were approved by the Board of Directors on 27th September 2017 and signed on its behalf by



Tim Arthur
Director
Company number: 06447011

Bracken Holdings Limited

Company balance sheet as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	8	-	-
Investments	10	32,610,430	70,942,231
		32,610,430	70,942,231
Current assets			
Debtors: amounts falling due within one year	12	78,470,036	52,547,677
Cash at bank and in hand		4,160,855	3,714,941
		82,630,891	56,262,618
Creditors: amounts falling due within one year	13	(9,219,196)	(937,463)
Net current assets		73,411,695	55,325,155
Total assets less current liabilities		106,022,125	126,267,386
Net assets		106,022,125	126,267,386
Capital and reserves			
Called up share capital	16	10,455,342	11,696,174
Share premium account		98,798,974	110,423,938
Profit and loss account		(3,232,191)	4,147,274
Total shareholders' funds		106,022,125	126,267,386

The company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the company profit and loss account. The loss for the year dealt with in the financial statements of the company was £4,306,280 (2015: Profit of £5,946,121).

The financial statements on pages 8 to 37 were approved by the Board of Directors on 27th September 2017 and signed on its behalf by



Tim Arthur
Director

Bracken Holdings Limited

Consolidated statement of changes in equity for the year ended 31 December 2016

	Called up share capital £	Share premium account £	Profit and loss account £	Total shareholders' funds £	Non- controlling interest £	Capital employed £
Balance as at 1 January 2015	12,928,727	122,088,903	12,532,057	147,549,687	2,975,685	150,525,372
Profit for the financial year and total comprehensive income	-	-	10,097,095	10,097,095	158,532	10,255,627
Reclassification of minority interest	-	-	574,899	574,899	(574,899)	-
Increase in investment by group	-	-	-	-	(116,599)	(116,599)
Shares cancelled during the year	(1,232,553)	-	-	(1,232,553)	-	(1,232,553)
Utilised on redemption of shares	-	(11,664,965)	-	(11,664,965)	-	(11,664,965)
Distributed on redemption of shares	-	-	(2,593,922)	(2,593,922)	-	(2,593,922)
Balance as at 31 December 2015	11,696,174	110,423,938	20,610,129	142,730,241	2,442,719	145,172,960

Bracken Holdings Limited

Consolidated statement of changes in equity for the year ended 31 December 2016 (continued)

	Called up share capital £	Share premium account £	Profit and loss account £	Total shareholders' funds £	Non- controlling interest £	Capital employed £
Balance as at 1 January 2016	11,696,174	110,423,938	20,610,129	142,730,241	2,442,719	145,172,960
Profit for the financial year and total comprehensive income	-	-	2,349,453	2,349,453	330,521	2,679,974
Reclassification of minority interest	-	-	-	-	-	-
Increase in investment by group	-	-	-	-	(428,201)	(428,201)
Shares cancelled during the year	(1,240,832)	-	-	(1,240,832)	-	(1,240,832)
Utilised on redemption of shares	-	(11,624,964)	-	(11,624,964)	-	(11,624,964)
Distributed on redemption of shares	-	-	(3,073,185)	(3,073,185)	-	(3,073,185)
Balance as at 31 December 2016	10,455,342	98,798,974	19,886,397	129,140,713	2,345,039	131,485,752

Bracken Holdings Limited

Company statement of changes in equity for the year ended 31 December 2016

	Called up share capital £	Share premium account £	Profit and loss account £	Total shareholders' funds £
Balance as at 1 January 2015	12,928,727	122,088,903	795,075	135,812,705
Profit for the financial year and total comprehensive income	-	-	5,946,121	5,946,121
Shares cancelled during the year	(1,232,553)	-	-	(1,232,553)
Utilised on redemption of shares	-	(11,664,965)	-	(11,664,965)
Distributed on redemption of shares	-	-	(2,593,922)	(2,593,922)
Balance as at 31 December 2015	11,696,174	110,423,938	4,147,274	126,267,386
Balance as at 1 January 2016	11,696,174	110,423,938	4,147,274	126,267,386
Loss for the financial year and total comprehensive expense	-	-	(4,306,280)	(4,306,280)
Shares cancelled during the year	(1,240,832)	-	-	(1,240,832)
Utilised on redemption of shares	-	(11,624,964)	-	(11,624,964)
Distributed on redemption of shares	-	-	(3,073,185)	(3,073,185)
Balance as at 31 December 2016	10,455,342	98,798,974	(3,232,191)	106,022,125

Bracken Holdings Limited

Consolidated statement of cash flows for the year ended 31 December 2016

		2016	2015
	Note	£	£
Net cash from operating activities	19	(7,917,850)	18,788,227
Taxation paid		(2,358,103)	(2,150,082)
Net cash (used in)/generated from operating activities		(10,275,953)	16,638,145
Cash flow from investing activities			
Purchase of subsidiary undertakings		(1,879,213)	(3,362,258)
Purchase of tangible fixed assets		(8,873,488)	(13,528,389)
Purchase of unlisted and other investments		(25,509,876)	-
Sale of unlisted and other investments		60,478,586	943,876
Interest received		8,249	61,892
Income from investments		7,248,258	9,355,263
Net cash generated from (used in) investing activities		31,472,516	(6,529,616)
Cash flow from financing activities			
Redemption of ordinary shares		(1,240,832)	(1,232,553)
Premium on purchase of shares		(14,698,149)	(14,258,887)
Net cash used in financing activities		(15,938,981)	(15,491,440)
Net increase/(decrease) in cash and cash equivalents		5,257,582	(5,382,911)
Cash and cash equivalents at 1 January		5,413,478	10,796,389
Cash and cash equivalents at 31 December		10,671,060	5,413,478

Bracken Holdings Limited

Statement of accounting policies

Company information

The company is a private company limited by shares and is incorporated and domiciled in England, United Kingdom. The address of the registered office is 6th Floor, 33 Holborn, London, EC1N 2HT.

Statement of compliance

The Group and individual financial statements of Bracken Holdings Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention on the going concern basis and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below. The company's functional and presentation currency of these financial statements is sterling.

The consolidated financial statements include the results of all subsidiaries owned by Bracken Holdings Limited as listed in note 11 of the annual financial statements. Certain of these subsidiaries, which are listed below, have taken the exemption from an audit for the year ended 31 December 2016 by virtue of s479a of Companies Act 2006. In order to allow these subsidiaries to take the audit exemption, the parent company Bracken Holdings Limited has given a statutory guarantee of all the outstanding liabilities as at 31 December 2016 of the subsidiaries listed below, further details of which are provided in note 18. The subsidiaries which have taken an exemption from an audit for the year ended 31 December 2016 by virtue of s479a Companies Act 2006 are:

Garrison Services Limited
Garrison Wholesale Limited
Whitmore Services Limited
Whitmore Wholesale Limited
Foreman Trading Limited
Kennett Wholesale Limited
Ruddock Wholesale Limited
BridgeCo Limited
Bracken (Aircraft) Limited
Spinney Services Limited
Javelin Wholesale Limited

Basis of consolidation

The financial statements consolidate the financial statements of the company and all of its subsidiary undertakings ('subsidiaries'). The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

Going concern

The directors have at the time of approving the financial statements, a reasonable expectation 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 the financial statements.

Bracken Holdings Limited

Statement of accounting policies (continued)

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, included the company's cash flows;
- (ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures;
- (iii) from disclosing the company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Turnover

Turnover comprises revenue recognised by the group in respect of goods and services supplied during the year, exclusive of value added tax and trade discounts.

Turnover comprises three main classes of business. The Group is primarily a money lending business in the United Kingdom. Turnover represents arrangement fees and loan interest, net of value added tax and is recognised upon delivery of the relevant services. Interest income is recognised over the term of the loan on an accruals basis. Upfront fees charged to customers are non-refundable and, as there are no significant future executory costs, are recognised in turnover upon the signing of the contract. Agency fees are recognised straight line over the length of the contract.

The secondary source of revenue is derived from Belenus Energy Limited's subsidiaries (of which Bracken Holdings is the sole shareholder); solar farms that generate turnover from the sale of electricity that they generate. Any un-invoiced income is accrued in the period in which it is generated.

Another source of revenue is derived from subsidiaries; wholesale traders that generate turnover on completion of a contract for the supply of goods to the customer.

Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the income statement. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Distribution rights	Over 1 year
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Bracken Holdings Limited

Statement of accounting policies (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Computer equipment	Over 3 years
Plant and Machinery	4% and 10% straight line
Long-term leasehold property	4% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction which is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets' original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in statement of comprehensive income.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (iii) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Bracken Holdings Limited

Statement of accounting policies (continued)

Financial instruments (continued)

(ii) Financial Liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group undertakings, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Investments - company

Investment in a subsidiary company is held at cost less accumulated impairment losses.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

Taxation

Tax is recognised in the statement of income and retained earnings, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Bracken Holdings Limited

Statement of accounting policies (continued)

Accrued income

Accrued income is calculated at the rate of interest set out in the loan contracts.

Deferred income

Deferred income is recognised in accordance with the terms set out in the contract, and is recognised in revenue.

Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

Judgements in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the entity's accounting policies

There are no critical judgements in applying the entity's accounting policies.

(b) Critical accounting estimates and assumptions

(i) Debtor impairment

The Group considers whether debtors are impaired on a regular basis throughout the year. Where an indication of impairment is identified the estimation of recoverable value is assessed based on best estimates of future cash flows. Certain assessments contain a number of assumptions which give rise to judgement in determining whether there is a shortfall to the fair value of the loan.

Bracken Holdings Limited

Notes to the financial statements for the year ended 31 December 2016

1 Turnover

An analysis of turnover by class of business is as follows:

	2016	2015
	£	£
Loan interest and arrangement fees	7,149,647	5,565,634
Energy income	1,945,438	-
Wholesaling	122,146	776,246
	9,217,231	6,341,880

All turnover arose within the United Kingdom.

2 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2016	2015
	£	£
Amortisation of intangible fixed assets	343,749	170,447
Depreciation of tangible fixed assets – owned by the group	958,944	-
Inventory recognised as an expense	119,966	727,805
Auditors' remuneration – fees payable in respect of the statutory audit of the company and of the consolidation	49,840	42,625
Auditors' remuneration – non audit services	11,240	10,305
Auditors' remuneration – tax compliance services	25,230	23,348
Auditors' remuneration – tax advisory services	10,640	10,300
Management and arrangement fees	9,143,144	-
Difference on foreign exchange	65,785	22,012

Management and arrangement fees relate to amounts recharged by Octopus Investments ("the Manager") in line with management service agreements. Following historic impairments against loans made by the Group, the Manager agreed not to take service fees from the Group until a certain level of investment performance was met, thereby making the fee contingent on future investment performance. During the year ended 31 December 2016 the investment performance exceeded the benchmark set and therefore the Manager charged £9,143,144 to the Group. Additional deferred fees may be payable in future years to the Manager should performance continue to exceed the benchmark.

Bracken Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

3 Staff costs

Staff costs during the year were as follows:

	2016	2015
	£	£
Group and company		
Wages and salaries	74,128	75,177
Social security costs	4,238	5,006
	78,366	80,183

The average monthly number of employees, including the directors, during the year was as follows:

	2016	2015
	Number	Number
Group and company		
Directors	3	3

4 Directors' remuneration

	2016	2015
	£	£
Aggregate remuneration in respect of services as directors	74,128	75,000

There are no key management personnel other than the directors.

5 Income from other fixed asset investments

	2016	2015
	£	£
Income from partnership interests	7,248,258	9,355,263

6 Interest receivable and similar income

	2016	2015
	£	£
Bank interest received	8,249	61,892

Bracken Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

7 Tax on profit

(a) Tax expense included in statement of comprehensive income

	2016	2015
	£	£
Current tax:		
UK Corporation tax on profit for the year	478,296	2,701,944
Adjustments in respect of prior periods	(120,626)	12,568
Total current tax	357,670	2,714,512
Deferred tax:		
Origination and reversal of timing differences	295,595	-
Adjustments in respect of prior periods	18,296	5,985
Impact of change of tax rate	(45,814)	381
Total deferred tax (see note 14)	268,077	6,366
Tax on profit	625,747	2,720,878

Bracken Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

7 Tax on profit (continued)

(b) Reconciliation of tax charge

The tax assessed for the year is lower (2015: higher) than the standard rate of corporation tax in the UK of 20% (2015 – 20.25%). The differences are explained below:

	2016	2015
	£	£
Profit before taxation	3,305,721	12,976,505
Profit multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	661,144	2,627,742
Effects of:		
Expenses not deductible for tax purposes	158,381	63,939
Utilisation of tax losses	(31,902)	(1,675)
Pre-trading expenditure	-	11,997
Adjustments in respect of prior periods	(102,330)	18,533
Tax rate changes	(59,546)	381
Fixed asset timing differences	-	(39)
Tax charge for the year (note 7(a))	625,747	2,720,878

(c) Tax rate changes

Details of the group's deferred tax assets and liabilities are given in note 14 to the financial statements.

Bracken Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

8 Intangible assets

Group	Distribution rights £	Goodwill £	Total £
Cost			
At 1 January 2016	12,149,982	5,440,447	17,590,429
Additions	-	1,879,213	1,879,213
At 31 December 2016	12,149,982	7,319,660	19,469,642
Accumulated amortisation			
At 1 January 2016	12,149,982	1,456,784	13,606,766
Charge for the year	-	343,749	343,749
At 31 December 2016	12,149,982	1,800,533	13,950,515
Net book value			
At 31 December 2016	-	5,519,127	5,519,127
At 31 December 2015	-	3,983,663	3,983,663

Company	Distribution rights £
Cost	
At 1 January 2016 and 31 December 2016	12,149,982
Accumulated amortisation	
At 1 January 2016 and 31 December 2016	12,149,982
Net book value	
At 31 December 2016	-
At 31 December 2015	-

Bracken Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

9 Tangible assets

Group	Long term leasehold property £	Computer equipment £	Plant and Machinery £	Total £
Cost				
At 1 January 2016	312,540	10,082	13,215,849	13,538,471
Additions	76,142	-	8,797,346	8,873,488
At 31 December 2016	388,682	10,082	22,013,195	22,411,959
Accumulated Depreciation				
At 1 January 2016	-	10,082	-	10,082
Charge for the year	17,153	-	941,791	958,944
At 31 December 2016	17,153	10,082	941,791	969,026
Net book value				
At 31 December 2016	371,529	-	21,071,404	21,442,933
At 31 December 2015	312,540	-	13,215,849	13,528,389

Included within plant and machinery and long term leasehold property as at 31 December 2016 is £17,089,005 relating to Ash Row Farm Limited, Cloford Common Farm Limited, Peter Hill Solar Limited and Pollington Airfield Limited which are assets held for sale.

Bracken Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

10 Investments

Group	Unlisted investments £
Cost or valuation	
At 1 January 2016	66,682,664
Additions	25,509,876
Disposals	(60,478,586)
Net book value	
At 31 December 2016	31,713,954
At 31 December 2015	66,682,664

Unlisted investments comprise the group's holding of the members' capital of Terido LLP, a provider of asset-backed finance. This has not been treated as an associated undertaking and its results have not been consolidated as, in the opinion of the directors, Bracken Holdings Limited is unable to exert significant influence over its activities.

Company	Investments in subsidiary undertakings £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2016	63,823,505	42,758,799	106,582,304
Additions	368,199	13,060,611	13,428,810
Disposals	-	(51,760,611)	(51,760,611)
At 31 December 2016	64,191,704	4,058,799	68,250,503
Accumulated impairment			
At 1 January 2016 and 31 December 2016	35,640,073	-	35,640,073
Net book value			
At 31 December 2016	28,551,631	4,058,799	32,610,430
At 31 December 2015	28,183,432	42,758,799	70,942,231

Bracken Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

11 Subsidiary undertakings

The following were subsidiary undertakings of the company at the year end:

Name	Country of incorporation	Class of shares held	Percentage Shareholding	Nature of business
Garrison Services Limited*	UK	Ordinary	100%	Holding company
Garrison Wholesale Limited ^^	UK	Ordinary	100%	Wholesale trading
Whitmore Services Limited*	UK	Ordinary	100%	Holding company
Whitmore Wholesale Limited ^^	UK	Ordinary	100%	Wholesale trading
Foreman Trading Limited*	UK	Ordinary	90% (2015: 88%)	Wholesale trading
Kennett Wholesale Limited ^^	UK	Ordinary	90% (2015: 88%)	Wholesale trading
Ruddock Wholesale Limited ^^	UK	Ordinary	90% (2015: 88%)	Wholesale trading
BridgeCo Limited*	UK	Ordinary	100%	Finance provider
Bracken (Aircraft) Limited*	UK	Ordinary	100%	Chartering
Spinney Services Limited*	UK	Ordinary	94% (2015: 94%)	Holding company
Javelin Wholesale Limited ^^	UK	Ordinary	94% (2015: 94%)	Wholesale trading
Belenus Energy Limited	UK	Ordinary	100%	Holding company
Ash Row Farm Limited ^	UK	Ordinary	100%	Solar power generation
Averill Farm Limited ^	UK	Ordinary	100%	Solar power generation
Cloford Common Farm Limited ^	UK	Ordinary	100%	Solar power generation
Pollington Airfield Limited ^	UK	Ordinary	100%	Solar power generation
Peter Hill Solar Limited ^	UK	Ordinary	100% (2015:nil)	Solar power generation

^ Indirectly owned

* Subsidiaries exempt from audit by virtue of s479a of the Companies Act 2006.

The registered address for all subsidiary undertakings is 6th Floor 33 Holborn, London, England, EC1N 2HT.

Bracken Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

12 Debtors

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Amounts falling due after more than one year				
Trade debtors	19,798,503	14,097,865	-	-
Prepayments and accrued income	477,505	102,255	-	-
	20,276,008	14,200,120	-	-
Amounts falling due within one year				
Trade debtors	45,505,268	30,149,104	82,673	99,750
Amounts owed by group undertakings	-	-	75,184,526	47,142,765
Other debtors	18,826	1,672,877	-	-
Corporation tax	1,203,267	-	1,492,335	-
Deferred tax asset (note 14)	-	3,433	3,242	3,433
Prepayments and accrued income	9,825,631	12,408,282	1,707,260	5,301,729
	56,552,992	44,233,696	78,470,036	52,547,677

Trade debtors are stated after provisions for impairment of £5,547,090 (2015: £5,553,867).

Included in group trade debtors are amounts owed by companies that have entered administration. The group has credit insurance policies in place that cover its exposure to these debtors. Debtors of £4.4m (2015: £4.8m) remain in negotiation at the date of these financial statements and the directors consider this debtor to be recoverable.

Amounts owed by group undertakings include an unsecured shareholder loan to Belenus Energy Limited with an interest rate of 6.70%, no fixed date of repayment and is repayable on demand. At 31 December 2016 the amount repayable to the company was £27,500,303 (2015: £12,917,123). Other amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Bracken Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

12 Debtors (continued)

Included within Debtors: amounts falling due within one year as at 31 December 2016 are the following amounts relating to Ash Row Farm Limited, Cloford Common Farm Limited, Peter Hill Solar Limited and Pollington Airfield Limited which are assets held for sale:

	2016
	£
Trade debtors	25,866
Prepayments and accrued income	741,279
	767,145

13 Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	2,245,484	1,042,508	2	-
Amounts owed to group undertakings	-	-	502	-
Corporation tax	-	847,139	-	823,280
Other creditors	2,150,508	201,799	9,145	11,516
Accruals and deferred income	10,029,686	777,604	9,209,547	102,667
	14,425,678	2,869,050	9,219,196	937,463

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Included within amounts falling due within one year as at 31 December 2016 are the following amounts relating to Ash Row Farm Limited, Cloford Common Farm Limited, Peter Hill Solar Limited and Pollington Airfield Limited which are liabilities held for sale:

	2016
	£
Trade creditors	12,011
Other creditors	1,690,296
Accruals and deferred income	516,718
	2,219,025

Bracken Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

14 Provision for liabilities

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Deferred taxation				
At 1 January	(3,433)	(9,799)	(3,433)	(9,799)
Adjustments in respect of prior years	18,296	5,985	-	5,985
Released during the year	249,781	381	191	381
At 31 December	264,644	(3,433)	(3,242)	(3,433)

The deferred tax provision is made up as follows:

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Timing differences on fixed assets	267,888	-	-	-
Short term timing differences	(3,244)	(3,433)	(3,242)	(3,433)
	264,644	(3,433)	(3,242)	(3,433)

In accordance with the requirements of FRS 102, due to uncertainties over the timing and nature of profits against which it will reverse, no deferred tax asset has been recognised at 31 December 2016 in relation to the losses carried forward in certain group companies. Details of the unprovided deferred tax assets are stated below, calculated at the rate of Corporation Tax in the UK substantively enacted at the balance sheet date, of 17% (2015 - 20%):

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Tax losses carried forward	594,117	632,618	-	-

Bracken Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

15 Financial instruments

The group has the following financial instruments:

	2016	Group 2015	2016	Company 2015
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	65,322,597	45,919,846	75,267,199	47,242,515
Equity instruments measured at cost less impairment	31,713,954	66,682,664	4,058,799	42,758,799
Carrying amount of financial liabilities				
Measured at amortised cost	4,395,442	1,244,307	9,649	11,516

Bracken Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

16 Called up share capital

Group and Company	2016	2015
Allotted, called-up and fully paid	£	£
74,840,244 (2015 - 85,092,138) Ordinary shares of £0.10 each	7,484,024	8,509,213
29,713,178 (2015 - 31,869,605) A Ordinary shares of £0.10 each	2,971,318	3,186,961
	10,455,342	11,696,174

The company issued no Ordinary shares during the current or prior year.

The company reduced its share capital as permitted under section 642 of the Companies Act 2006 by cancelling and extinguishing 10,251,894 (2015 - 9,940,426) Ordinary shares of £0.10 each and 2,156,427 (2015 - 2,385,099) A Ordinary shares of £0.10 each. The company also cancelled the corresponding component of its share premium reserve. The movements on share capital during the year were as follows:

	Ordinary shares £	A Ordinary shares £	Total £
At 1 January 2015	9,503,256	3,425,471	12,928,727
Cancelled during year	(994,043)	(238,510)	(1,232,553)
At 31 December 2015	8,509,213	3,186,961	11,696,174
Cancelled during year	(1,025,189)	(215,643)	(1,240,832)
At 31 December 2016	7,484,024	2,971,318	10,455,342

As part of the process of cancelling and extinguishing the Ordinary shares, an amount of £15,938,981 (2015 - £15,491,440) was returned to the holders of those shares. The payment was constituted as follows:

	2016 £	2015 £
Ordinary share capital cancelled	1,240,832	1,232,553
Premium on-cancelled shares	11,624,964	11,664,965
Distribution from profit and loss account	3,073,185	2,593,922
	15,938,981	15,491,440

Bracken Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

17 Non-controlling interests

	Foreman Trading Limited £	Spinney Services Limited £	Total £
At 1 January 2016	2,225,822	216,897	2,442,719
Share of profit/(loss) after tax	364,402	(33,881)	330,521
Increase in investment by group	(407,367)	(20,834)	(428,201)
At 31 December 2016	2,182,857	162,182	2,345,039

The increase in investment represents the acquisition during the year of 2.0% and 0.6% of the ordinary share capital of Foreman Trading Limited and Spinney Services Limited, respectively.

18 Contingencies

Contingent liabilities

Under section 479C of the Companies Act 2006, the parent company Bracken Holdings Limited has guaranteed all outstanding liabilities to which the subsidiaries taking the audit exemption listed on page 27 were subject at the end of 31 December 2016 until they are satisfied in full. These liabilities total £51,714,389 (2015: £39,172,929), including intercompany loans of £47,329,357 (2015: £38,265,610). Such guarantees are enforceable against Bracken Holdings Limited by any person to whom any such liability is due.

Bracken Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

19 Notes to the cash flow statement

	2016	2015
	£	£
Profit for the financial year attributable to owners of the parent	2,349,453	10,097,095
Adjustments for:		
Non-controlling interests	330,521	158,532
Tax on profit on ordinary activities	625,747	2,720,878
Interest receivable and similar income	(8,249)	(61,892)
Income from other fixed asset investments	(7,248,258)	(9,355,263)
Operating (loss)/profit	(3,950,786)	3,559,350
Amortisation of intangible fixed assets	343,749	170,447
Depreciation of tangible fixed assets	958,944	-
Decrease in stocks	-	591,692
(Increase)/decrease in debtors	(17,673,524)	14,277,563
Increase in creditors	12,403,767	189,175
Net cash (used in)/from operating activities	(7,917,850)	18,788,227

Bracken Holdings Limited

Notes to the financial statements for the year ended 31 December 2016 (continued)

20 Related party transactions

Transactions with undertakings in which the Group has a participating interest:

	Sales		Purchases		Debtors		Creditors	
	2016	2015	2016	2015	2016	2015	2016	2015
	£	£	£	£	£	£	£	£
Foreman Trading Limited	-	-	-	-	27,576	6,966,104	-	-
Kennett Wholesale Limited	-	-	-	-	-	-	68	-
Spinney Services Limited	-	-	-	-	1,602,877	1,655,877	-	-

The amounts shown below represent amounts borrowed from the Group by entities that have key management personnel in common with the Group. All the following amounts are included within trade debtors:

	Amounts included in trade debtors as at 31 December 2016	Interest receivable in the year ended 31 December 2016	Amounts included in trade debtors as at 31 December 2015	Interest receivable in the year ended 31 December 2015
	£	£	£	£
Apedemak Limited	-	-	-	252,409
Donoma Power Limited	-	-	-	1,251

The amounts shown below represent amounts due to the group from entities that have key management personnel in common with the group, and are included within (creditors)/debtors:

	2016	2015
	£	£
Octopus Investments Limited	(9,170,304)	25,168
Fern Trading Limited	9,270	61,066
Terido LLP	3,456,549	7,454,148
JAC Rights Management LLP	45,000	90,000
Lightsource Renewable Energy Limited	-	(148,998)
Mill Hill Farm Solar Limited	-	229,703
Rednel Limited	(61,318)	(7,500)

The JAC Rights Management LLP debtor is stated net of provision of £135,000 (2015: £90,000).