



Bracken Topco Limited
Annual Report and Financial Statements
For the period from 4 May 2016 to 30 June 2017

Company Registration No. 10162752



Bracken Topco Limited

Annual Report and financial statements for the period 4 May 2016 to 30 June 2017

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	4
Statement of directors' responsibilities	5
Independent auditor's report	6
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Notes to the financial statements	11

Officers and professional advisers

Directors

HN Moser (appointed on 4 May 2016)
GD Beckett (appointed on 4 May 2016)

Company secretary

GD Beckett (appointed on 4 May 2016)

Registered office

Lake View
Lakeside
Cheadle
Cheshire
SK8 3GW

Auditor

Deloitte LLP
Statutory Auditor
2 Hardman Street
Manchester
M3 3HF

Principal banker

The Royal Bank of Scotland PLC
135 Bishopsgate
London
EC2M 3UR

Strategic report

The directors present their annual report and the audited financial statements for the period from 4 May 2016 to 30 June 2017.

Business review

Business model and strategy

Bracken Topco Limited (the Company) was incorporated on 4 May 2016, remaining dormant until 2 November 2016 when, as part of the Exit Transactions (described below) it became a wholly owned direct subsidiary of Redhill Famco Limited. The principal activity of the Company is that of immediate parent holding company of Bracken Midco1 PLC.

The directors do not expect any significant change to the activities of the Company.

The Exit Transactions

During the period the majority shareholders of Together Financial Services Limited indirectly acquired the equity interest of the minority shareholders, (the Exit Transactions). The related transactions resulted in a series of holding companies, including Bracken Topco Limited, being incorporated above Together Financial Services Limited and its subsidiaries ('the Together Group'), the ultimate parent being Redhill Famco Limited, which in turn forms the Redhill Group.

Results

As shown in the Company's statement of comprehensive income on page 8, the Company made a loss after tax of £1.2m.

Financial position

As shown in the Company's statement of financial position on page 9, the Company has a net asset position of £37.8m at 30 June 2017.

Liquidity

To support the Exit Transactions, £100.0m of deferred loan notes were issued by the Company.

Macroeconomic conditions

The Company is impacted by general business and economic conditions in the United Kingdom.

In November 2017, the Bank of England's Monetary Policy Committee ('MPC') agreed to increase the Bank Base Rate from 0.25% to 0.5%, citing above-target inflation and unemployment rates that are at a 42-year low. The MPC also highlighted that the impact of Brexit had led to a fall in sterling and increased prices on imports. While conditions on the whole have continued to improve, inflation is now expected to fall and growth has remained below long-term averages for the UK and the economic picture is mixed.

As the UK government continues with detailed Brexit negotiations it is possible there will be increased market volatility in response to developments. Overall we believe it is still not possible to foresee the implications of Brexit with any certainty until the negotiations are much nearer completion.

Regulatory and legal considerations

The Company's operations are affected by a number of laws and regulations. The Company has to comply with the relevant UK and EU regulations including anti-money laundering regulations and the Data Protection Act 1998, the latter being replaced by the EU General Data Protection Regulation from May 2018.

Strategic report (continued)

Principal risks and uncertainties

Credit risk

Credit risk is the risk arising as result of default by counterparties due to failure to honour obligations when they fall due.

The Company's only material credit risk relates to its intercompany loans and the ability of its subsidiary, Bracken Midco1 PLC, to meet any contractual obligations. Such risk is mitigated as both the Company and its subsidiary are under common control.

Liquidity and funding risk

Liquidity risk is the risk that the Company is unable to meet its current and future financial obligations as they fall due, or can do so only at excessive cost.

Market risk

Market risk is the risk arising from adverse movements in market values, including movements in interest rates.

The Company does not carry out proprietary trading or hold positions in assets or equity which are actively traded, nor does it engage in any treasury trading operations. It also has no foreign currency exposure.

Operational risk

Operational risk is the risk of loss resulting from inadequate of failed internal process, people and systems or from external events.

The Company uses a system of internal controls to mitigate these risks, including policies and procedures to manage specific risks.

Approved on behalf of the Directors
and signed on behalf of the Board



GD Beckett
Chief Financial Officer
31 January 2018

Directors' report

The directors present their annual report and the audited financial statements for the period from 4 May 2016 to 30 June 2017.

Directors

The directors of the Company are set out on page 1.

Environment

As the Company operates as a holding company, its actions do not have a significant environmental impact. However, the Company does recognise the importance of the environment, and acts to minimise its impact on the environment wherever it can, including recycling and reducing energy consumption.

Statement of going concern

As set out in the statement of directors' responsibilities, the directors are required to prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors of the Company have considered the Company's forecast funding and liquidity positions in order to confirm that the preparation of the Company's financial statements on a going-concern basis is appropriate.

On this basis, the directors have a reasonable expectation that the Company will have sufficient liquidity to ensure that it will continue in operational existence for the foreseeable future. Accordingly the directors of the Company have adopted the going-concern basis in preparing financial statements.

Principal risks and uncertainties

A description of the principal risks and uncertainties facing the Company is contained in the Strategic Report.

Dividend

The directors do not recommend the payment of a dividend.

Audit information

In the case of each of the persons who are directors of the Company at the date when this report is approved:

- as far as each of the directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each of the directors has taken all the steps that he ought to have taken as a director to make himself aware of any audit information and to establish that the Company's auditor is aware of that information.

This statement is given and should be interpreted in accordance with the provisions of S418(2) of the Companies Act 2006.

Auditor

Deloitte LLP has expressed its willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

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



GD Beckett
Chief Financial Officer
31 January 2018

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 *Reduced Disclosure Framework*. 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report

Independent auditor's report to the members of Bracken Topco Limited

Report on the audit of the financial statements

We have audited the financial statements of Bracken Topco Limited for the period ended 30 June 2017 which comprise statement of comprehensive income, statement of financial position and statement of changes in equity and the related Notes 1 to 14. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of loss for the period 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.

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 period 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.

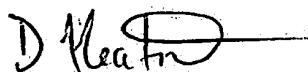
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report and the directors' report.

Independent auditor's report (continued)

Matters on which we are required to report by exception

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.



David Heaton (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Manchester
1 February 2018

Statement of comprehensive income

For the period from 4 May 2016 to 30 June 2017

Unless otherwise indicated, all amounts are stated in £000

Income statement	Note	Period from 4 May 2016 to 30 June 2017
Interest receivable and similar income	4	4,367.1
Interest payable and similar charges	5	(5,556.6)
Net interest loss		(1,189.5)
Administrative expenses	6	(5.0)
Loss before taxation		(1,194.5)
Income tax	7	-
Loss after taxation		(1,194.5)

The results for period relate entirely to continuing operations. There is no other comprehensive income in the period.

Statement of financial position

As at 30 June 2017

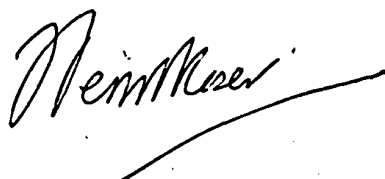
Unless otherwise indicated, all amounts are stated in £000

	Note	2017
Assets		
Cash and cash equivalents		49.4
Other assets	8	65,825.5
Investments	9	81,573.1
Total assets		147,448.0
Liabilities		
Borrowings	10	104,037.2
Other liabilities	11	5,578.0
Total liabilities		109,615.2
Equity		
Share capital	12	50.0
Share premium account		54.9
Subordinated shareholder funding reserve		38,589.2
Retained losses		(861.3)
Total equity		37,832.8
Total equity and liabilities		147,448.0

These financial statements were approved by the Board of Directors on 31 January 2018.

Company Registration No. 10162752

Signed on behalf of the Board of Directors



HN Moser
Director



GD Beckett
Director

Statement of changes in equity

Period from 4 May 2016 to 30 June 2017

Unless otherwise indicated, all amounts are stated in £000

	Share capital	Share premium	Subordinated shareholder funding reserve	Retained losses	Total
On incorporation	-	-	-	-	-
Issuance of share capital	50.0	54.9	-	-	104.9
Capital contribution	-	-	38,922.4	-	38,922.4
Loss for the period	-	-	-	(1,194.5)	(1,194.5)
Transfer between reserves	-	-	(333.2)	333.2	-
At end of the period	50.0	54.9	38,589.2	(861.3)	37,832.8

Notes to the financial statements

1. Reporting entity and general information

Bracken Topco Limited is incorporated and domiciled in the UK. The registered address of the Company is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW. The Company is limited by shares.

2. Significant accounting policies

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

Basis of preparation

This is the Company's first set of financial statements. The financial statements have been prepared in accordance with Financial Reporting Standard 101, *Reduced Disclosure Framework* (FRS 101). This applies the recognition and measurement requirements of International Financial Reporting Standards (IFRS) but provides certain exemptions from the disclosure requirements of IFRS.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the individual accounting policies.

The Company has taken advantage of the disclosure exemptions under FRS 101 in relation to presentation, including presentation of a cash flow statement, standards not yet effective and related party transactions.

Going concern

The directors have assessed, in the light of current and anticipated economic conditions, the Company's ability to continue as a going concern. The directors confirm they are satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the going-concern basis for preparing accounts.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income. Tax is calculated at rates which have been substantively enacted.

Current tax is the expected tax payable on the taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other periods and items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of the assets and liabilities in the financial statements and the corresponding amounts used for taxation purposes, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable timing differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible timing differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Company intends to settle its current tax assets and liabilities on a net basis.

Notes to the financial statements (continued)

2. Significant accounting policies (continued)

Investments

Investments are stated at cost less provision for impairment.

Financial assets & liabilities

Financial assets

The majority of the Company's financial assets are amounts owed by the Company's subsidiary, Bracken Midco1 Limited that are held at amortised cost. All financial assets are initially recorded at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest rate method, less impairment losses. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset have expired or where substantially all the risks and rewards of ownership have been transferred.

Financial liabilities

The Company's financial liabilities are designated as financial liabilities held at amortised cost and largely consist of borrowings and amounts owed to Group undertakings. A financial liability is measured initially at a fair value less the transaction costs that are directly attributable to its issue. Interest and fees payable on the borrowings are recognised in the income statement over the term of the instruments using the effective interest rate method.

Financial liabilities are derecognised when their contractual obligations are discharged, cancelled or have expired.

3. Critical accounting estimates and judgements

The Company has to make judgements in applying its accounting policies which affect the amounts recognised in the financial statements. In addition, estimates and assumptions are made that could affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. The most significant areas where judgements and estimates are made are:

Intercompany receivables

The Company provided interest-free funds to its subsidiary, consisting of £100.0m, maturing in 2022, and £43.0m maturing in 2036. As a consequence of discounting the expected future cash flows, the 2022 loan has been discounted at the time of initial recognition by £43.0m and the 2036 loan by £38.5m. The discounts to the nominal amounts represent economic benefits contributed to the subsidiary, and so in the Company accounts the reductions in the loan amounts have been treated as increases in the investment in the subsidiary. The subsequent amortisation of the fair value adjustments to the loans is recognised in the income statement as interest income. The current carrying value of these instruments can be seen in Note 8.

Intercompany payables

The Company received interest-free funds from its parent, consisting of £43.0m maturing in 2036. As a consequence of discounting the expected future cash flows, the loan has been discounted at the time of initial recognition by £38.9m. The discount to the nominal amount represents an economic benefit contributed to the Company by its parent, and so in the Company accounts the reduction in the loan amount has been treated as an additional non-distributable capital contribution by the parent. The amortisation of the fair-value discount is recognised in the income statement as an interest expense on the intercompany payable and transferred to the related non-distributable reserve. The current carrying value of the instrument can be seen in Note 10.

Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £000

4. Interest receivable and similar income

Period from 4
May 2016 to 30
June 2017

Amortisation of the fair value adjustments to amounts owed by subsidiary	4,367.1
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5. Interest payable and similar charges

Period from 4
May 2016 to 30
June 2017

On borrowings	5,223.4
Amortisation of fair value adjustments to borrowings	333.2
	5,556.6

6. Administrative expenses

Period from 4
May 2016 to 30
June 2017

Administrative costs	5.0
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The audit fee which is borne by a subsidiary company, Blemain Finance Limited, in respect of the Company for the period is £1,500.

The Company had no employees and paid no directors' emoluments during the period.

7. Income tax

There was no tax charge to the income statement for the period. The amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

Period from 4
May 2016 to 30
June 2017

Loss before tax for the period	1,194.5
Tax on loss at standard UK corporation tax rate of 19.75%	(236.0)
Effects of:	
Group relief	236.0
Tax charge for the period	-

Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £000

8. Other assets

	2017
Amounts owed by subsidiary undertaking, Bracken Midco1 PLC	65,825.5

9. Investments

The Company held the following direct investment in subsidiary undertakings:

	2017
At beginning of period	-
Additions	81,573.1
At end of period	81,573.1

The fixed asset investment comprises ordinary shares in the following subsidiary undertaking:

	Country of registration	Interest in voting rights	Principal activity
Bracken Midco1 PLC	England and Wales	100%	Financial services holding company

Bracken Midco1 PLC is incorporated in Great Britain and operates throughout the United Kingdom. Its registered address is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW.

10. Borrowings

	2017
Deferred loan notes	99,683.1
Debt issue costs	(32.7)
Amounts owed to parent company, Redhill Famco Limited	4,386.8
	104,037.2

As part of the Exit Transactions described in the Strategic Report, the Company received funding of £100.0m deferred loan notes from the vendors of the former minority shareholding in Together Financial Services Limited. The notes mature in 2022 and the Company has the option to redeem them at par at any time from August 2017 up to the final maturity date. The notes are 'payment in kind' notes, such that the Company has the option, which it has exercised, to defer payment of annual interest until termination. The annual interest is 0% in the first year rising in increments to 12.5% in the second, and increases in 5 % increments in each of the following years to a maximum of 25%. The difference between the nominal value of £100.0m and the initial fair value of £93.1m has been credited to deferred income, £1.4m of which had amortised by the year end. The remainder of the deferral will be released over the life of the loan.

Also as part of the Exit Transactions, the Company was provided with an interest-free subordinated shareholder loan of £43.0m from its parent company, Redhill Famco Limited. The loan has a maturity date of 2 November 2036. The difference between the nominal value of £43.0m and the initial fair value of £4.1m represents a non-distributable capital contribution of £38.9m, £0.3m of which had amortised by the year end. The remainder of the reserve will be released over the life of the loan.

11. Other liabilities

	2017
Accruals and deferred income	5,578.0

Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £000

12. Share capital

All amounts are stated in pounds.

Issued, allotted and fully paid	2017
5,000,000 ordinary shares of £0.01 each	50,000

The Company issued shares of £49,900 on incorporation. Under the Exit Transactions described in the Strategic Report, the Company issued a further £100 of share capital to acquire the £55,000 share capital of Bracken Midco 1 PLC, resulting in a balance on the share premium account of £54,900.

13. Financial instruments and fair values

All the Company's financial assets and liabilities are held at amortised cost. The carrying value is a reasonable approximation of fair value for cash and cash equivalents. For amounts owed by its subsidiary undertaking and for borrowings, fair value is calculated based upon the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

The following tables analyse the fair value of amounts owed by its subsidiary undertaking and of borrowings into different levels according to the degree to which the fair values are based on observable inputs:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Measurements derived from observable data, such as market prices or rates;

Level 3: Measurements rely on significant inputs not based on observable market data

	Level 1	Level 2	Level 3	Fair value	Carrying value
Financial assets					
Other assets			64,490.9	64,490.9	65,825.5
Financial liabilities					
Borrowings	-	-	102,909.4	102,909.4	104,037.2

14. Ultimate parent company

The Company is a subsidiary undertaking of Redhill Famco Limited, a company incorporated in Great Britain and registered in England and Wales.

The smallest and largest group of which the Company is a member, and for which group financial statements are drawn up, is that headed by Redhill Famco Limited. The registered office of Redhill Famco Limited is Lake View, Lakeside, Cheadle, Cheshire, United Kingdom, SK8 3GW, from where consolidated financial statements can be obtained.