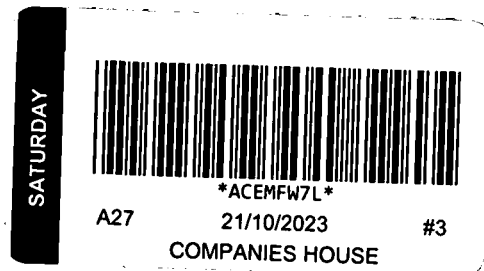




Bracken Midco2 Limited
Annual Report and Financial Statements
For the year ended 30 June 2023



Contents	Page
Officers and professional advisers	1
Strategic report	
Business review	2
Section 172 statement	3
Principal risks and uncertainties	4
Directors' report	5
Statement of directors' responsibilities	7
Independent auditor's report	8
Statement of comprehensive income	11
Statement of financial position	12
Statement of changes in equity	13
Notes to the financial statements	14

Officers and professional advisers

Directors

HN Moser
GD Beckett

Company secretary

GD Beckett

Registered office

Lake View
Lakeside
Cheadle
Cheshire
SK8 3GW

Auditor

Ernst & Young LLP
2 St Peter's Square
Manchester
M2 3DF

Strategic report

The directors present their annual report and the audited financial statements for the year ended 30 June 2023.

Business review

Business model and strategy

The principal activity of Bracken Midco2 Limited ('the Company') is that of the holding company of Together Financial Services Limited (TFSL). The Company is a wholly owned subsidiary of Bracken Midco1 PLC, which is a member of the Redhill Group (Redhill Famco Limited and its subsidiaries).

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

The economic environment

The UK's macroeconomic environment during the period has been characterised by high inflation and subdued economic growth, with energy, fuel and food being key drivers of inflation. As a result, the Bank of England has taken the decision at multiple points throughout the year to increase the Bank Rate, which has an impact on the price of borrowing for both businesses and consumers, with the Bank Rate rising from 1.25% at the beginning of the year to 5.00% at June 2023, with further increases after the year end. Despite interest rate increases, inflation has remained at high levels, with CPI at 7.9% at June 2023, although lower than the peak of 11.1% in October 2022, and with inflation lowering since the year end.

Throughout the ongoing cost of living crisis, unemployment has remained at relatively low levels, although has increased to 4.2% for June 2023 (June 2022: 3.9%). In the same period, real wages have fallen which has increased pressure on households across the country. The UK's growth has also remained at continued low levels in the year, with market consensus that growth will remain stagnant at best over the short term.

While increasing interest rates may put pressure on borrowers, the Together Group (TFSL and its subsidiaries) is committed to good customer outcomes and is well placed to help see its customers through potential instability. The nature of the portfolio, which is characterised by low loan-to-value (LTV) ratios, protects the Together Group during periods of macroeconomic downturns by reducing potential exposure to negative equity and shortfalls in the value of security compared with the loans. The Company's and the Together Group's approach to managing risks is explained in the Principal risks and uncertainties within this Annual Report and Financial Statements.

Results and dividends

As shown in the Company's statement of comprehensive income, the Company made a profit before tax of £69.6m (2022: £28.9m). The Company's subsidiary, Together Financial Services Limited, paid two dividends to the Company during the year totaling £82.5m (2022: £48.8m).

As the Company is an intermediate holding company within the Redhill Group, its business model is to receive dividends from TFSL and make dividend payments to its parent, Bracken Midco1 PLC. The Company largely derives its distributable reserves, represented by retained earnings in the financial statements, from dividends received from its subsidiary over which it has control. During the year, the Company received dividends of £82.5m.

The Board reviews the level of the Company's distributable reserves bi-annually, to align with the proposed dividend payment dates, and aims to maintain distributable reserves that allow for the payment of dividends to its parent in conformity with company law. The Company's ability to make dividend payments is therefore dependent on its distributable reserves, and hence the receipt of dividends from Together Financial Services Limited.

During the year, the Company purchased D shares in its subsidiary, TFSL, from a Director of the Company, and along with other shares purchased, increased its investment in this subsidiary by £17.3m to £725.6m (2022: £708.3m).

Financial position

As shown in the Company's statement of financial position, total equity has increased to £565.3m (2022: £561.0m).

Strategic report (continued)

Business review (continued)

Regulatory and legal considerations

The Company's operations are affected by a number of laws and regulations. The Company also has to comply with the relevant UK and EU regulations including anti-money laundering regulations and the General Data Protection Regulation.

Section 172 statement

<p>Section 172 of the Companies Act 2006 describes and defines the legal requirement for a director to promote the success of the company. A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. Section 172 (s.172) requires that directors, in doing so, have regard (amongst other matters) to:</p> <ul style="list-style-type: none">a) the likely consequences of any decision in the long termb) the interests of the company's employeesc) the need to foster the company's business relationships with suppliers, customers and othersd) the impact of the company's operations on the community and the environmente) the desirability of the company maintaining a reputation for high standards of business conduct, andf) the need to act fairly between members of the company <p>The details below sets out how the Board has complied with s.172. Many of the requirements are integral to the way that the Company operates within the Redhill Group. The Company is a holding company of Together Financial Services Limited ('TFSL') which operates as the Together Group. Where appropriate, references have been provided in this report to the TFSL annual report where more information can be found and which does not form part of this report.</p>	
S.172 requirement to have regard to:	How the Board has fulfilled its s.172 duties
(a) the likely consequences of any decision in the long term	<ul style="list-style-type: none">The Board meets to consider its statutory, financial, legal, governance and oversight obligations in the context of protecting the long-term value of the business within the Redhill Group. Further information on the Company's activity can be found in the Strategic report.The overall governance and risk management frameworks are structured to enable the directors of all entities within the Redhill Group to have the necessary tools to make the key principal decisions crucial for creating long-term value. Further information can be found in the TFSL annual report.The Board has approved the going concern basis of accounting for the year ending 30 June 2023. The Statement of Going Concern can be found in the Directors' report.
(b) the interests of the company's employees	<ul style="list-style-type: none">The Company has no employees and undertakes all its statutory, financial, legal, governance and oversight responsibilities via employees of TFSL. Further details on the TFSL Group's employees can be found throughout the TFSL Annual Report and Accounts.
(c) the need to foster the company's business relationships with suppliers, customers and others	<ul style="list-style-type: none">Maintaining positive stakeholder relationships is crucial to the Redhill Group's long-term sustainability. Further information can be found within the Stakeholder Engagement Report in the TFSL Annual Report and Accounts.
(d) the impact of the company's operations on the community and the environment	<ul style="list-style-type: none">The Group continues to support charitable and community organisations whilst working to reduce its environmental footprint. This is done through its four pillars of supporting local communities, supporting charities, providing training and mentoring for young people and working to protect the environment. Further information on these programmes can be found within the Sustainability Report in the TFSL Annual Report and Accounts.
(e) the desirability of the company maintaining a reputation for high standards of business conduct, and	<ul style="list-style-type: none">Policies and procedures are in place throughout the Redhill Group to facilitate high standards of governance and compliance in line with best practice and legal and regulatory expectations for all Redhill Group companies.
(f) the need to act fairly between members of the company	<ul style="list-style-type: none">The Company is an intermediate holding company within the Redhill Group, which is wholly controlled by Henry Moser who is a member of the Board.The overarching Governance arrangements within the Group are regularly reviewed to ensure they continue to meet the requirements of all the Redhill Group entities and their respective stakeholders.

Strategic report (continued)

Corporate Governance

The Company is wholly owned by Bracken Midcol Limited, whose ultimate parent undertaking is Redhill Famco Limited. The Company's Board provides leadership and oversight in line with legal and regulatory provisions. The Board has the responsibility for oversight of the risks set out in the Principal risks and uncertainties section below.

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 loan and the ability of its subsidiary, TFSL, to meet its contractual obligations. The risk is mitigated by the underlying capital resources of the Together Group, and the prudent LTV of its lending. As the Company has ultimate control of TFSL, the risk is further mitigated as the Company has direct control of its subsidiary.

Liquidity and funding risk

Liquidity risk is the risk that the Company is unable to access sufficiently liquid resources to meet its financial obligations as they fall due.

Funding risk is the risk of being unable to access funding markets or to only be able to do so at an excessive cost. This includes the risk of reduced funding options due to adverse conditions in the wholesale funding market, potentially caused by political and economic uncertainty, leading to the inability to secure additional funding for new business, or refinance existing facilities at an acceptable cost.

The Company has intercompany borrowings with its parent company, Bracken Midcol PLC. The Companies have common ownership as part of the Redhill Group, and therefore the liquidity risk is deemed to be low.

Market risk

Market risk is the risk arising from the Company's exposure to movements in market values, including movements in interest rates.

The Company has no significant interest-rate risk as it has no material variable-rate financial assets or liabilities.

Operational risk

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

The Company's only activities are the dividends received from its subsidiary and the payment of dividends, as well as the purchase of shares in the year, which mean that its exposure to operational risk is not significant.

Climate risk

The focus on climate change, and its potential to impact on financial performance and risk management, has continued throughout the year. This risk is expected to be more pronounced in the long term, with the potential for increasing risk in the short to medium-term as the UK transitions to lower carbon activities.

The risks relating to climate change are wide ranging, and the potential impact is currently uncertain. The Together Group's risk profile relating to climate change includes physical risks, for example that the impact of extreme weather events may reduce the value of securities against mortgages within the portfolio, and transition risks, such as increased regulation.

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



Gary Beckett
Director
19 October 2023

Directors' report

Directors' report

The directors present their report for the year ended 30 June 2023. Certain information required to be included in a directors' report can be found in the other sections of the annual report, as referenced below and in each of the sections that follow. All of the information presented in these sections is incorporated by reference into this Directors' report and is deemed to form part of this report.

- The Company's strategy, business model and likely future developments can be found within the Strategic report.
- The Company's principal risks and risk management processes are set out in the Strategic report.
- The Group's Governance arrangements can be found within the Strategic report.
- Events taking place after the balance sheet are disclosed in note 14 to the financial statements.

Directors

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

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Environment

The Company recognises the importance of protecting the environment and acts to reduce its impact by recycling and reducing energy consumption. During the year, the Company has continued to work towards its climate-related objectives as set out in its sustainability strategy, which is detailed further within the Sustainability Report in TFSL's Annual Report and Accounts.

Statement of going concern

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

In order to fund the payment of dividends, the Company is reliant on the receipt of dividends from Together Financial Services Limited (TFSL). However, neither the receipt of dividends from TFSL, nor the payment of dividends to the company's parent, is contractual, and therefore failure to declare and pay a dividend does not impact the Going Concern assessment for the Company.

The Company is in receipt of funding from its immediate parent, Bracken Midco1 PLC. This includes loans of £100m and £212.4m, both maturing in May 2030. The Company and Bracken Midco1 PLC are under common control, with the intercompany loans providing funding to Together Financial Services Limited.

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 a period up to 19 October 2024, which is 12 months from the date of approval of the accounts, and will continue to be able to meet its liabilities as they fall due. Accordingly the directors of the Company have adopted the going concern basis in preparing the financial statements.

Principal risks and uncertainties

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

Dividends

The Company has paid dividends of £65.3m during the year (2022: £48.8m).

Following the year end, in October 2023, a further dividend of £32.8m was paid to the Company's parent company, Bracken Midco1 PLC. In the same month, the Company received a dividend of £32.8m from its subsidiary undertaking, Together Financial Services Limited.

Directors' report (continued)

Directors' report (continued)

Audit information

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

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 s.418 (2) of the Companies Act 2006.

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



Gary Beckett
Director
19 October 2023

Statement of directors' responsibilities

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 102 *The Financial Reporting Standard applicable in the UK and 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 year. 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 FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland has 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.

Independent auditor's report to the members of Bracken Midco2 Limited

Opinion

We have audited the financial statements of Bracken Midco2 Limited (the 'Company') for the year ended 30 June 2023 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes 1 to 14, 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 UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 30 June 2023 and of its profit 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. 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 directors' 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 the period ending 19 October 2024, which is twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors 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 directors are responsible for the other information contained within the annual report.

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.

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 directors' report have been prepared in accordance with applicable legal requirements.

Independent auditor's report to the members of Bracken Midco2 Limited (continued)

Matters on which we are required to report by exception

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 material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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 directors

As explained more fully in the statement of directors' responsibilities set out on page 7, the directors are 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 determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, and UK Tax Legislation.
- We understood how the Company is complying with those frameworks by making enquiries of management, internal audit, those charged with governance, and reviewing relevant committee minutes and board reports. We enquired as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company has established to address risks identified by the Company, or that otherwise seek to prevent, deter or detect fraud. We identified the greatest potential for fraud through inappropriate journal postings and the risk of fraud in revenue recognition in relation to the measurement of interest income from the intercompany loan asset.
- 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 and internal audit for their awareness of any known instances of non-compliance or suspected non-compliance with laws and regulations, reviewing key policies and correspondence exchanged with regulators. We performed journal entry testing, with a focus on post-closing adjustments and those considered to be at a heightened risk of fraud based on our understanding of the business and incorporated unpredictability into the nature, timing, and extent of our testing, and recalculated interest income from the intercompany loan asset.
- The Company operates in the financial services industry, which is a highly regulated environment. As such, the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities.

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.

Independent auditor's report to the members of Bracken Midco2 Limited (continued)

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

Ernst & Young LLP

Richard Vessey (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester
19 October 2023

Statement of comprehensive income
Year ended 30 June 2023
Unless otherwise indicated, all amounts are stated in £m

Income statement	Note	2023	2022
Interest receivable and similar income	4	2.2	2.1
Interest payable and similar charges	5	(15.1)	(22.0)
Net interest payable		(12.9)	(19.9)
Dividend income from subsidiary		82.5	48.8
Operating income		69.6	28.9
Administrative expenses	6	–	–
Profit before taxation		69.6	28.9
Taxation	7	–	–
Profit after taxation		69.6	28.9

The results for the year and preceding year relate entirely to continuing operations. There is no other comprehensive income in either year.

Statement of financial position

As at 30 June 2023

Unless otherwise indicated, all amounts are stated in £m

	Note	2023	2022
Assets			
Cash and cash equivalents		0.1	0.1
Amounts owed by subsidiary undertaking	8	33.6	31.4
Investments	9	725.6	708.3
Total assets		759.3	739.8
Liabilities			
Borrowings	10	194.0	178.8
Total liabilities		194.0	178.8
Equity			
Share capital	11	-	-
Share premium account		373.1	373.1
Non-distributable reserve		161.4	176.5
Retained earnings		30.8	11.4
Total equity		565.3	561.0
Total equity and liabilities		759.3	739.8


These financial statements were approved and authorised for issue by the Board of Directors on 19 October 2023.

Company Registration No. 10162775

Signed on behalf of the Board of Directors



HN Moser
Director



GD Beckett
Director

Statement of changes in equity

Year ended 30 June 2023

Unless otherwise indicated, all amounts are stated in £m

2023	Called-up share capital	Share premium	Non-distributable reserve	Retained earnings	Total
At beginning of the year	-	373.1	176.5	11.4	561.0
Retained profit for the year	-	-	-	69.6	69.6
Transfer between reserves	-	-	(15.1)	15.1	-
Dividend	-	-	-	(65.3)	(65.3)
At end of the year	-	373.1	161.4	30.8	565.3

2022	Called-up share capital	Share premium	Non-distributable reserve	Retained earnings	Total
At beginning of the year	-	373.1	58.3	9.3	440.7
Retained profit for the year	-	-	-	28.9	28.9
Transfer between reserves	-	-	(22.0)	22.0	-
Net capital contribution on modification of subordinated debt	-	-	140.2	-	140.2
Dividend	-	-	-	(48.8)	(48.8)
At end of the year	-	373.1	176.5	11.4	561.0

In addition to the non-distributable reserve, the share premium reserve is also non-distributable.

Notes to the financial statements

Unless otherwise indicated, all amounts are stated in £m

1. Reporting entity and general information

Bracken Midco2 Limited is incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The registered address of the Company is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW. The Company is a private company and is limited by shares. The principal activity of the Company is that of an intermediate holding company.

2. Significant accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of presentation of a cash flow statement. The Company raises funding via a loan from its parent company Bracken Midco1 PLC and funds its subsidiary TFSL, and is therefore not regarded as a financial institution. As such, the Company has taken advantage of the disclosure exemptions available in respect of financial instruments.

The Company's ultimate parent undertaking, Redhill Famco Limited, includes the Company in its consolidated financial statements and therefore the Company is exempt from the obligation to prepare and deliver consolidated accounts. The consolidated financial statements of Redhill Famco Limited may be obtained from Lake View, Lakeside, Cheadle, Cheshire SK8 3GW.

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, or in note 3 to the financial statements.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Going concern

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

In order to fund the payment of dividends, the Company is reliant on the receipt of dividends from Together Financial Services Limited (TFSL). However, neither the receipt of dividends from TFSL, nor the payment of dividends to the company's parent, is contractual, and therefore failure to declare and pay a dividend does not impact the Going Concern assessment for the Company.

The Company is in receipt of funding from its immediate parent, Bracken Midco1 PLC. This includes loans of £100m and £212.4m, both maturing in 2030. The Company and Bracken Midco1 PLC are under common control, with the intercompany loans existing to provide funding to the Together Financial Services Group.

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 a period up to 19 October 2024, which is 12 months from the date of approval of the accounts, and will continue to be able to meet its liabilities as they fall due. Accordingly the directors of the Company have adopted the going concern basis in preparing the financial statements.

Dividend income

Dividend income is recognised in the statement of comprehensive income when the Company's right to receive payment is established.

Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £m

2. Significant accounting policies (continued)

Interest income and expense

Interest income and expense are recognised in the statement of comprehensive income for all financial instruments measured at amortised cost using the effective interest method. The effective interest method calculates the amortised cost of a financial asset or a financial liability and allocates the interest income or interest expense over the expected life of the instrument. The effective interest rate is the rate that, at inception of the instrument, discounts its estimated future cash payments or receipts to the net carrying amount of the financial instrument. When calculating the effective interest rate, the Company takes into account all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees, transaction costs and other premiums or discounts that relate to the origination of the instrument.

Taxation

Tax on the profit or loss for the period comprises current 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 by the reporting date.

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

Cash and cash equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents comprise highly liquid investments which are convertible into cash with an insignificant risk of changes in value with a maturity of three months or less at the date of acquisition, including short-term highly liquid debt securities.

Investments

Investments are stated at cost less provision for impairment.

Financial assets

The majority of the Company's financial assets are amounts owed by the Company's subsidiary, TFSL that are held at amortised cost. All of the Company's financial assets are initially recognised at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest 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 consist of amounts owed to the parent company Bracken Midco1 PLC and are measured at amortised cost. All of the Company's financial liabilities are recognised initially at fair value, less any directly attributable transaction costs. 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.

Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £m

3. Critical accounting judgements and key sources of estimation uncertainty

In preparing these financial statements, the Company's management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the amounts reported for the Company's performance and financial position. Where possible, estimates and associated assumptions are based on historical experience, objective information, or other relevant factors and are reviewed at each reporting date. Actual results may differ from these estimates, and revisions to estimates are recognised prospectively.

Critical judgements in applying the Company's accounting policies

Impairment of financial assets

The Company regularly assesses whether there is evidence that financial assets are impaired. The financial assets of the Company consist of term loans to its subsidiary, TFSL. The Together Group, which is directly owned by the Company, has continued to report substantial, increasing profits, and discretionary dividends have been received to enable the payment of dividends to the parent Bracken Midco1 PLC. The directors consider that no impairment provision is required.

Key sources of estimation uncertainty

Intercompany loans

The Company has received interest-free loans from its parent and provided interest-free loans to its subsidiary. The loans are financial instruments initially recognised at their fair values. As the instruments are interest-free rather than at market rates, their original fair values differed from their nominal amounts. Their fair values were estimated by discounting the expected future cash flows at a market rate of interest. As market rates are not observable for these loans the discount rates were derived by management by reference to other arm's length transactions with investors and making allowance for the tenor, seniority and payment terms of the loans.

Intercompany receivables

The Company provided interest-free loans to its subsidiary consisting of £25.1m, due to mature in 2027, and £43.0m maturing in 2036. To determine the fair value of the loans at initial recognition, £25.1m was discounted at a rate of 6.00% and £43.0m was discounted at a rate of 8.75%. 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 investments in the subsidiary. The current carrying value of these instruments is disclosed in note 8.

Intercompany payables

The Company is in receipt of three fixed-term interest-free loans from its parent, for £100m, £212.4m and £43.0m. The loans were stated at fair value on initial recognition by discounting the loans at 7.75%, 8.0% and 9.0% respectively. The discounts to the nominal amounts represent economic benefits contributed to the Company by its parent, and so in the Company accounts the initial reductions in the carrying value of the loans were treated as non-distributable capital contributions by the parent. The subsequent unwind of the fair-value discount is recognised in the income statement as an interest expense on the intercompany payable, and a corresponding amount is transferred from the related non-distributable reserve to retained earnings.

The loans for £100m and £212.4m had original maturities in 2022. Both were refinanced in the prior year and now mature in 2030. Each was discounted to fair value on refinancing at 8.375%, resulting in a net increase in the non-distributable reserve of £140.2m in FY22. The loan for £43.0m continues to have a maturity date of 2036.

The current carrying value of these instruments is disclosed in note 10 and amortisation of the fair value adjustments in note 5.

Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £m

4. Interest receivable and similar income

	2023	2022
Amortisation of the fair value adjustments to amounts owed by subsidiary	2.2	2.1

5. Interest payable and similar charges

	2023	2022
Amortisation of the fair value adjustments to amounts owed to parent company	15.1	22.0

6. Administrative expenses

The audit fee which is borne by Together Financial Services Limited in respect of the Company for the year is £8,000 (2022: £6,000).

The Company had no employees and the apportionment of directors' emoluments to the Company is £nil.

7. Taxation

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

	2023	2022
Profit before tax for the year	69.6	28.9
Tax on profit at standard UK corporation tax rate of 20.50% (2022: 19.0%)	14.3	5.5
Effects of:		
Income not taxable	(16.9)	(9.3)
Group relief*	2.6	3.8
Tax charge for the year	-	-

* The group referred to is a tax group headed by Redhill Famco Limited, the ultimate parent company of Bracken Midco2 Limited.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021.

8. Amounts owed by subsidiary undertaking

	2023	2022
Amounts owed by subsidiary undertaking, TFSL	33.6	31.4

Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £m

9. Investments

The Company held the following direct investment in subsidiary undertakings:

	2023	2022
At beginning of year	708.3	708.3
Purchase of shares	17.3	-
At end of year	725.6	708.3

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

	Country of registration	Voting shares ownership	Principal activity
Together Financial Services Limited	England and Wales	100%	Financiers

Together Financial Services Limited is incorporated in Great Britain and operates in the United Kingdom. Its registered address is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW.

10. Borrowings

	2023	2022
Amounts owed to parent company, Bracken Midco1 PLC	194.0	178.8

11. Share capital

All amounts are stated in pounds

Authorised, issued, allotted and fully paid	2023	2022
1,000,000 ordinary shares of £0.01 each	10,000	10,000

12. Related party transactions

Relationships

The Company has the following related parties.

a) Controlling party

The ultimate parent company is Redhill Famco Limited, a company controlled by HN Moser, a director of the Company.

b) Parent company

The Company transacts with its immediate parent company Bracken Midco1 PLC, a company indirectly owned by HN Moser.

c) Subsidiary company

The Company transacts with its subsidiary company Together Financial Services Limited.

d) Key management personnel

The Company's only key management personnel are its directors. During the year the Company purchased D shares in Together Financial Services from a director of the Company for £7.3m.

Balances outstanding with related parties are shown in notes 8, 9 and 10.

Notes to the financial statements (continued)

Unless otherwise indicated, all amounts are stated in £m

13. Ultimate parent company

The Company is a subsidiary undertaking of Bracken Midcol PLC, 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 (Company's ultimate parent undertaking). The registered office of Redhill Famco Limited is Lake View, Lakeside, Cheadle, Cheshire, United Kingdom, SK8 3GW, and this company is privately owned and limited by shares.

14. Events after the reporting date

Following the year end, in October 2023, a further dividend of £32.8m was paid to the Company's parent company, Bracken Midcol PLC. In the same month, the Company received a dividend of £32.8m from its subsidiary undertaking, Together Financial Services Limited.