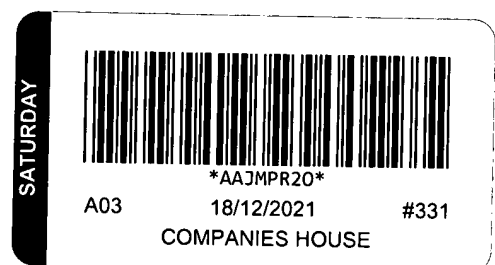




Bracken Midco2 Limited
Annual Report and Financial Statements
For the year ended 30 June 2021

Company Registration No. 10162775



Bracken Midco2 Limited
Annual report and financial statements for the year ended 30 June 2021

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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 2021.

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 ultimately a wholly owned subsidiary of Redhill Group (Redhill Famco Limited and its subsidiaries). The directors do not expect any significant change to the activities of the Company.

Covid-19 and the macroeconomic environment

The Company by virtue of its ownership of the Together Group (TFSL and its subsidiaries) is impacted by general business and economic conditions in the United Kingdom. The Together Group's principal activity continues to be the provision of mortgage finance secured on property and land within the United Kingdom.

The last year saw a series of changes and reversals of lockdown restrictions in response to the changing infection rate for the coronavirus, with the UK government only finally able to allow successive relaxations from the spring of 2021 onwards. Economic activity as measured by GDP reflected this, with a second fall in the first quarter of the 2021 calendar year before improving in line with the subsequent easing of lockdown restrictions.

Following the year end, annual inflation as measured by CPI has continued to rise, reaching 4.2% by the end of October. Bank of England Bank Base Rate remains at 0.1%; with many commentators now expecting an increase to address rising inflation, but others consider this is of limited value insofar as the inflation increase is driven by global supply-side issues. In the quarter to September 2021 unemployment fell slightly to 4.5%, and it now appears that a labour shortage may mitigate any future increases in unemployment following the ending of the government's furlough scheme. House price inflation has continued, being 9.9% for the year ended October 2021 according to the Nationwide and 8.1% according to the Halifax, but is generally expected to moderate now that the government's stamp-duty relief has ended. Monthly GDP for September 2021 was still 0.6% below pre-pandemic levels, and the recovery following the final easing of lockdown restrictions in the summer now seems to have slowed, partly due to the supply issues.

There remains a high level of uncertainty over the economic outlook. The supply-side issues were not widely foreseen and have led to some downgrading in many commentators' forecasts. The uncertainties noted in the 2021 annual report regarding the UK's trading and cooperation relationship with the EU continue. Although rates of infection remain persistent, the Covid-19 vaccination programme appears to have been very successful in reducing the rates of hospitalisation or death, and economic demand has recovered strongly. Note 8 to the interim financial statements sets out the macroeconomic assumptions the Group has made in calculating expected credit losses (ECLs) at the reporting date.

The Group's credit risk is particularly affected by economic activity (as measured by GDP), unemployment, Bank of England Bank Rate and movements in house prices. The Group sets assumptions about the future projected values of these economic variables for the purposes of estimating expected credit losses (ECLs).

The Together Group benefits from all its lending being secured on property and/or land within the UK with prudent average loan-to-value ratios. Management believes these factors provide the Group with resilience in difficult times, and so is cautiously optimistic about the future.

Results and dividends

As shown in the Company's statement of comprehensive income, the profit before tax was £31.8m (2020: £2.6m loss before tax). The Company's subsidiary, Together Financial Services Limited, paid two dividends to the Company during the year totaling £52.7m (2020: £15.6m).

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.

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.

Financial position

As shown in the Company's statement of financial position, total equity has decreased to £440.7m (2020: £460.6m) reflecting the unwind of the non-distributable reserve.

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, the General Data Protection Regulation, and both the EU Securitisation Regulations and UK Securitisation Regulations.

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 conductf) 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 as an intermediate holding company within the Redhill Group and as the immediate parent of Together Financial Services Limited ("TFSL") which operates as the Together Group. Where appropriate, references have been provided to this report and Redhill FamCo Limited ("Redhill") and TFSL annual reports 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 the 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 2021. 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 colleagues of TFSL. Further details can be found in the TFSL annual report. |
| (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 on stakeholder engagement can be found in the TFSL annual report. |
| (d) the impact of the Company's operations on the community and the environment | <ul style="list-style-type: none">Support for charities and community projects continues within TFSL's six pillars of Charity, Community, Environment, Enterprise, Mentoring and Creativity. More information on this work can be found in the TFSL annual report. |
| (e) the desirability of the Company maintaining a reputation for high standards of business conduct | <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 its ultimate parent undertaking, 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 wholly owns 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 makes dividend payments to its parent, for which it is reliant on receiving dividends from its subsidiary TFSL. Such risk is mitigated as the Company has direct control of its subsidiary and the underlying Together Group remained highly profitable, despite the ongoing impact of the Covid-19 pandemic.

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, which mean that its exposure to operational risk is not significant.

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



Gary Beckett
Director
23 November 2021

Directors' report

Directors' report

The directors present their report for the year ended 30 June 2021. 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 accounts.

Directors

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

Directors' indemnities

There is no third-party indemnity provision for the benefit of the Company's directors at the date of this report.

Environment

As the Company operates in the financial services sector as an intermediate holding company and has no physical presence, its actions do not have a significant environmental impact.

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 payment 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 Midco 1 Plc. This includes loans of £100m and £212.4m, both maturing in November 2022, which is within the period assessed for determining the appropriateness of the application of the Going Concern basis of preparation of these financial statements. The Company and Bracken Midco 1 Plc are under common control, with the intercompany loans existing to provide funding to the Together Financial Services Group.

The Company and Bracken Midco 1 are proactively undertaking activity to amend the terms of the loans to increase the remaining term of the loans by amending the maturity date. Given the purpose of the loan relationships, and given the Company and its parent are under common control, the directors do not consider there to be any material uncertainty in relation to the Going Concern basis of accounting, relating to the ability to successfully amend the terms of the loans. In addition, Redhill Famco Limited, the company's ultimate parent, has confirmed its intention to provide support to the company if required for at least 12 months from the signing of these financial statements,

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 of 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 £52.7m during the year (2020: £15.6m). The directors do not recommend a final dividend.

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
23 November 2021

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

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 2021 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 2021 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 a period of 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 there is 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 (continued)

Report on the audit of the financial statements (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 directors' responsibilities statement 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.

Our approach was as follows:

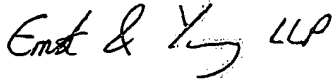
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006 and UK Tax Legislation.
- We understood how the Company is complying with those frameworks by making enquiries of management, internal audit, legal counsel, 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.
- 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 journals indicating unusual transactions based on our understanding of the business, incorporated unpredictability into the nature, timing, and extent of our testing, and challenged assumptions and judgements used by management in key areas of estimation.

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 (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.

Handwritten signature of Ernst & Young LLP in black ink.

Stephen Littler (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester
23 November 2021

Statement of comprehensive income
Year ended 30 June 2021
Unless otherwise indicated, all amounts are stated in £m

| Income statement | Note | 2021 | 2020 |
|--|------|---------------|---------------|
| Interest receivable and similar income | 4 | 1.0 | 2.1 |
| Interest payable and similar charges | 5 | (21.9) | (20.3) |
| Net interest payable | | (20.9) | (18.2) |
| Dividend income from subsidiary | | 52.7 | 15.6 |
| Operating income/(expense) | | 31.8 | (2.6) |
| Administrative expenses | 6 | - | - |
| Profit/(loss) before taxation | | 31.8 | (2.6) |
| Income tax | 7 | - | - |
| Profit/(loss) after taxation | | 31.8 | (2.6) |

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 2021

Unless otherwise indicated, all amounts are stated in £m

| | Note | 2021 | 2020 |
|-------------------------------------|------|--------------|--------------|
| Assets | | | |
| Cash and cash equivalents | | 0.1 | 0.1 |
| Other assets | 8 | 29.3 | 28.4 |
| Investments | 9 | 708.3 | 707.3 |
| Total assets | | 737.7 | 735.8 |
| Liabilities | | | |
| Borrowings | 10 | 297.0 | 275.2 |
| Total liabilities | | 297.0 | 275.2 |
| Equity | | | |
| Share capital | 11 | - | - |
| Share premium account | | 373.1 | 373.1 |
| Non-distributable reserve | | 58.3 | 80.1 |
| Retained earnings | | 9.3 | 7.4 |
| Total equity | | 440.7 | 460.6 |
| Total equity and liabilities | | 737.7 | 735.8 |

These financial statements were approved and authorised for issue by the Board of Directors on 23 November 2021

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 2021

Unless otherwise indicated, all amounts are stated in £m

| 2021 | Called-up share capital | Share premium | Non- distributable reserve | Retained earnings | Total |
|------------------------------|--|--------------------------|---|------------------------------|--------------|
| At beginning of the year | - | 373.1 | 80.1 | 7.4 | 460.6 |
| Retained profit for the year | - | - | - | 31.8 | 31.8 |
| Transfer between reserves | - | - | (21.8) | 21.8 | - |
| Investment in subsidiary | - | - | - | 1.0 | 1.0 |
| Dividend | - | - | - | (52.7) | (52.7) |
| At end of the year | - | 373.1 | 58.3 | 9.3 | 440.7 |

| 2020 | Called-up share capital | Share premium | Non- distributable reserve | Retained earnings | Total |
|---------------------------|--|--------------------------|---|------------------------------|--------------|
| At beginning of period | - | 373.1 | 100.4 | 5.3 | 478.8 |
| Loss for the year | - | - | - | (2.6) | (2.6) |
| Transfer between reserves | - | - | (20.3) | 20.3 | - |
| Dividend | - | - | - | (15.6) | (15.6) |
| At end of the year | - | 373.1 | 80.1 | 7.4 | 460.6 |

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

The directors have assessed, in the light of current and anticipated economic conditions, the Company's ability to continue as a going concern.

In order to fund the payment of dividends, the Company is reliant on the receipt of dividends from Together Financial Services Limited (TFSL), neither of these 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 Midco 1 Plc. This includes loans of £100m and £212.4m, both maturing in November 2022, which is within the period assessed for determining the appropriateness of the application of the Going Concern basis of preparation of these financial statements. The Company and Bracken Midco 1 Plc are under common control, with the intercompany loans existing to provide funding to the Together Financial Services Group.

The Company and Bracken Midco 1 are proactively undertaking activity to amend the terms of the loans to increase the remaining term of the loans by amending the maturity date. Given the purpose of the loan relationships, and given the Company and its parent are under common control, the directors do not consider there to be any material uncertainty in relation to the Going Concern basis of accounting, relating to the ability to successfully amend the terms of the loans. In addition, Redhill Famco Limited, the company's ultimate parent, has confirmed its intention to provide support to the company if required for at least 12 months from the signing of these financial statements,

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 of 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 the necessary 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. 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, previously due to mature in 2026 which is now due to mature in 2027, and £43.0m maturing in 2036. The extension of the maturity resulted in a fair value adjustment, of which further details can be found in note 9. 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 and amortisation of the fair value adjustments in note 4.

Intercompany payables

The Company received interest-free loans from its parent, consisting of loans of £100m and £212.4m, both maturing in 2022, and £43.0m maturing in 2036. To determine the fair value of the loans on initial recognition, the £100m was discounted at a rate of 7.75%, the £212.4m was discounted at a rate of 8.0%, and the £43.0m was discounted at a rate of 9.0%. The discounts to the nominal amounts represent economic benefits contributed to the Company by its parent, and so in the Company accounts the reductions in the loan amounts were treated as additional non-distributable capital contributions by the parent. The unwind of the fair-value discount is recognised in the income statement as an interest expense on the intercompany payable and transferred from the related non-distributable reserve. 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

| | 2021 | 2020 |
|--|------|------|
| Amortisation of the fair value adjustments to amounts owed by subsidiary | 1.0 | 2.1 |

5. Interest payable and similar charges

| | 2021 | 2020 |
|--|------|------|
| Amortisation of the fair value adjustments to amounts owed to parent company | 21.9 | 20.3 |

6. Administrative expenses

The audit fee which is borne by an indirect subsidiary company, Blemain Finance Limited, and Together Financial Services Limited in respect of the Company for the year is £5,200 (2020: £5,000).

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

7. Income tax

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:

| | 2021 | 2020 |
|---|--------|-------|
| Profit/(loss) before tax for the year | 31.8 | (2.6) |
| Tax on profit/(loss) at standard UK corporation tax rate of 19.0% (2020: 19.0%) | 6.0 | (0.5) |
| Effects of: | | |
| Income not taxable | (10.0) | (3.0) |
| Group relief* | 4.0 | 3.5 |
| 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.

8. Other assets

| | 2021 | 2020 |
|--|------|------|
| Amounts owed by subsidiary undertaking, TFSL | 29.3 | 28.4 |

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:

| | 2020 | 2020 |
|-----------------------|--------------|--------------|
| At beginning of year | 707.3 | 706.5 |
| Fair value adjustment | 1.0 | 0.8 |
| At end of year | 708.3 | 707.3 |

The Group extended the maturity of its subordinated shareholder loans of £25.1m, previously due to mature in 2026, to mature in 2027. The loans continue to be interest free, and the extension of the maturity resulted in a fair value adjustment of £1.0m.

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

| | Country of registration | Shares and voting rights | 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

| | 2021 | 2020 |
|--|-------|-------|
| Amounts owed to parent company, Bracken Midco1 PLC | 297.0 | 275.2 |

11. Share capital

All amounts are stated in pounds

| Authorised, issued, allotted and fully paid | 2021 | 2020 |
|---|--------|--------|
| 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 owned by the HN Moser.

c) Subsidiary company

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

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 Midco1 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

In October 2021, an interim dividend of £27,632,734 was paid on the B shares of TFSL which are 100% owned by the Company. On receipt of the interim dividend, the Company in turn declared an interim dividend of £27,650,000 to its parent Bracken Midco1 Plc.