Bracken Midco1 PLC
Annual Report and Financial Statements
For the year ended 30 June 2021

Company Registration No. 10219097

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Officers and professional advisers

Directors

GD Beckett
HN Moser

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

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 Midco1 PLC ('the Company') is that of an issuer of loan notes ('the Notes') which are listed on the Official List of Euronext Dublin (formerly Irish Stock Exchange), and holding company of Bracken Midco2 Limited, which is in turn is the holding company of Together Financial Services Limited (TFSL). The Company is a wholly owned subsidiary of Bracken Topco Limited, which in turn is 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.

Macroeconomic environment and coronavirus pandemic

The Company, by virtue of being the issuer of the Notes and indirect owner 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. Subject to possible disruption from new variants of the virus, current expectations are for UK economic growth to continue, buoyed by an improving global position, and fueled particularly by the US fiscal stimulus.

After the first lockdown, house-price inflation surged until summer 2021, and most expectations are that this may now stabilise or even begin to contract with the final withdrawal of the temporary stamp duty, universal credit and furlough reliefs at the end of September 2021. The termination of the latter relief may lead to a rise in unemployment, which at 4.5% has held up better than many predicted. Inflation generally, as measured by CPI, has risen to now stand at 2.5% at the end of June 2021, partly due to the recovery in oil prices. The Bank of England has held Base Rate at 0.1% since the first lockdown, however it is possible that this will increase towards the end of the year due to ongoing inflationary pressures.

The continued period of recovery since spring 2021 has led to a somewhat greater degree of consensus among economists as to the eventual economic impact of the pandemic than was the case last year. Additionally, the terms of the UK's trading and co-operation with the EU have now been agreed, though they appear subject to some review, and of course to continuing development for those aspects not covered by the agreement.

This year saw the Together Group continue to focus on supporting customers. This included granting mortgage-payment deferrals to certain borrowers in some cases going beyond the criteria set by the government. This scheme closed to new applicants on 31 March 2021.

Having paused new lending in response to the pandemic, the Together Group has taken the opportunity to progress the transformation of its operational procedures to ensure its service remains competitive.

The Together Group cautiously resumed lending in July 2020, using criteria appropriate to the evolving economic and market conditions, focusing particularly on bridging and buy-to-let lending and has increased lending in a controlled manner throughout the year.

The Together Group's ongoing strategy of prudent loan-to-value (LTV) lending provides significant mitigation from such uncertain economic times further supporting its strong financial position. The Company's and Together's Group's approach to managing risks is explained in the Principal risks and uncertainties section below.]

Results

As shown in the Company's statement of comprehensive income on page 12, the Company made a profit before tax of £37.1m (2020: £3.0m loss before tax).

During the year, the Company received a dividend of £52.7m (2020: £15.6m).

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.

Business review (continued)

Financial position

As shown in the Company's statement of financial position on page 13 the Company has equity of £56.5m at 30 June 2021 (2020: £39.4m).

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 regulations including anti-money laundering regulations and the UK General Data Protection Regulation.

Section 172 statement

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:

a) the likely consequences of any decision in the long term
b) the interests of the company's employees
c) the need to foster the company's business relationships with suppliers, customers and others
d) the impact of the company's operations on the community and the environment
e) the desirability of the company maintaining a reputation for high standards of business conduct, and
f) the need to act fairly between members of the company

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 Redhill Group is the ultimate parent 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.

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	• 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 2021. The Statement of Going Concern can be found in the Directors' report.
(b) the interests of the company's employees	• 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	• Maintaining positive stakeholder relationships is crucial to the Redhill Group's long-term sustainability. Further information on the stakeholder engagement can be found in the TFSL annual report.
(d) the impact of the company's operations on the community and the environment	• 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, and	• 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	• 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.

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 from the possibility of default by counterparties due to failure to honour obligations when they fall due.

The Company's only material credit risk relates to its intercompany loans and the ability of its subsidiary, Bracken Midco2 Limited, to meet any contractual obligations. Bracken Midco2 Limited wholly owns the Together Group; the Company's credit risk is therefore mitigated by the underlying capital resources of the Together Group and the prudent LTV of its lending. Such 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 financial resources to meet the Company's 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 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 or refinance existing facilities.

Subject to certain conditions the Company has contractual obligations to cash service the interest on the PIK toggle notes. The Company is reliant on receiving dividends from its subsidiary, Bracken Midco2 Limited, to fulfil its contractual obligations. In turn Bracken Midco2 Limited 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 challenges of the Covid-19 pandemic.

Market risk

Market risk is the risk arising from adverse 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 receiving of cash flows from its subsidiary, ongoing payments made to service the Notes, and any 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
27 October 2021

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 date are disclosed in note 16 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 its directors at the date of this report.

Dividend

After the balance sheet date, in October 2021, the company received a dividend of £27,650,000 from its subsidiary, Bracken Midco2 Limited ('Midco2'). On receipt of the interim dividend, the company declared an interim dividend of £9,999,000 to its parent company, Bracken Topco Limited. No further dividends are proposed.

Environment

As the Company operates in the financial services sector as a Note issuer, 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 cash service the payment of interest due on the Notes as may be, subject to certain conditions, contractually required, the Company is reliant on receiving dividends from its subsidiary, Bracken Midco2 Limited. In turn Bracken Midco2 Limited is reliant on receiving dividends from its subsidiary TFSL. The payment of dividends from TFSL is subject to the Together Group having sufficient distributable reserves. The directors of the Company have therefore considered the Company's and the Together Group's forecast funding and liquidity positions, and sensitivity analysis which has been performed to assess the risk of the funding and liquidity positions materially changing over the Going Concern period, in order to confirm that the preparation of the Company's financial statements on a going concern basis is appropriate.

On this basis, the directors have a reasonable expectation that the Company will have sufficient liquidity to ensure that it will continue in operational existence for 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.

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
27 October 2021

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company financial position and financial performance;
- state whether applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Independent auditor's report to the members of Bracken Midco1 PLC

Opinion

We have audited the financial statements of Bracken Midco1 PLC (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 17 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 101 "Reduced Disclosure Framework" (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 as applied to listed entities 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. Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining an understanding of management's going concern assessment process, reviewing the going concern assessment including verifying the accuracy and reasonableness of management's analysis and key assumptions, and making inquiries of management.
- Obtaining and reviewing legal documentation relating to the Company and the issuance of the loan notes to understand the risks arising and their impact on the going concern assumption.
- Performing an assessment of the sources of funding for the Company to satisfy its debt obligations, including considering the ability of the Company to call upon funds from its subsidiary in the form of dividends over the going concern period.
- Considering whether there were any events subsequent to the balance sheet date which could have a bearing on the going concern conclusion.
- Reviewing the going concern disclosures included in the Annual Report and Financial Statements in order to assess whether the disclosures were appropriate and in conformity with the accounting standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the 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.

Overview of our audit approach

Key audit matters	• Measurement of interest income from the intercompany asset • Recoverability of the intercompany loan
Materiality	• Overall materiality of £4.5m which represents 1% of total assets.

Report on the audit of the financial statements (continued)

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to those charged with governance
Measurement of Interest Income from the Intercompany Asset: £21.9m (30 June 2020: £20.3m) *Refer to Note 4 of the Financial Statements (Page 18)* The Company generates interest income through an intercompany loan through the amortisation of the fair value adjustment recognised on the inception of the loan, as it is non-interest-bearing. The interest income is the main source of income for the Company and, as such, poses an inherent risk of fraud in revenue recognition.	We understood and evaluated the design effectiveness of controls over the amortisation of the fair value adjustment of the intercompany loan. We obtained evidence to support the effective interest rate used in the calculation and performed an independent recalculation of the amortisation. We have obtained and reviewed all manual journal entries recorded with respect of interest income and considered these for accuracy and validity.	We communicated that the measurement of interest income from the intercompany loan was not materially misstated.
Recoverability of the Intercompany Loan: £297.1m (2020: £275.2m) *Refer to Note 3 (page 17) and Note 9 of the Financial Statements (page 18)* Bracken Midco1 PLC holds a non-interest-bearing intercompany loan asset with a subsidiary undertaking. There is a risk that the loan asset should be impaired as the value is dependent on the performance of the underlying counterparty.	We obtained underlying supporting documentation to establish the valuation and existence of the loan. We challenged the judgements used within management's impairment assessment and, where relevant, obtained evidence as to their reasonableness. We reperformed management's ECL calculation and independently completed a sensitivity analysis to ascertain the materiality of any potential provision. We considered the borrower's ability to repay the intercompany loan through an assessment of their financial position.	We communicated that the intercompany loan balance was not materially misstated.

In the prior year, our auditor's report also included a key audit matter in relation to the "Impact of Covid-19". In the current year, Covid-19 no longer poses the same uncertainty as it did in the infancy of the pandemic, so we have been able to capture the risk within our audit procedures, including around going concern, and we do not deem it to be a key audit matter.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be £4.5 million (2020: £4.2m), which is 1% of total assets (2020: 1% of total assets). We believe that total assets is the primary focus of the users of the financial statements given the nature of the Company as a funding vehicle that is not profit-orientated.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2020: 50%) of our planning materiality, namely £3.375m (2020: £2.1m). We have set performance materiality at this percentage based upon our recent experience of auditing the Company, from which we concluded that there is a lower expectation of undetected misstatement due to the effective control environment.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed that we would report to those charged with governance all uncorrected audit differences in excess of £225k (2020: £211k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

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.

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 6, 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 material misstatements in respect of irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

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

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 United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006, Financial Conduct Authority rules and regulations, Euronext Dublin Listing Rules, and UK Tax Legislation.
- We understood how the Company is complying with those frameworks by making enquiries of management and 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 interest income from the intercompany asset.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquires 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 performed substantive testing in response to the risk of fraud in revenue recognition, as detailed in the key audit matters section above.
- 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.

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

Stephen Littler (Senior statutory auditor)

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

Manchester
27 October 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	21.9	20.3
Interest payable and similar charges	5	(37.5)	(38.9)
Net interest payable		**(15.6)**	**(18.6)**
Dividend income	6	52.7	15.6
Operating income/(expense)		**37.1**	**(3.0)**
Administrative expenses	7	-	-
Profit/(loss) before taxation		**37.1**	**(3.0)**
Income tax	8	-	-
Profit/(loss) after taxation		**37.1**	**(3.0)**

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		0.5	0.5
Amounts owed by subsidiary undertaking	9	297.1	275.2
Investments	10	147.5	147.5
Total assets		**445.1**	**423.2**
Liabilities			
Borrowings	11	375.2	372.8
Other liabilities	12	13.4	11.0
Total liabilities		**388.6**	**383.8**
Equity			
Share capital	13	0.1	0.1
Share premium account		-	-
Non-distributable reserves		35.5	36.3
Retained earnings		20.9	3.0
Total equity		**56.5**	**39.4**
Total equity and liabilities		**445.1**	**423.2**

These financial statements were approved and authorised for issue by the Board of Directors on 27 October 2021.

Company Registration No. 10219097

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**	**Non-distributable reserves**	**Retained earnings**	**Total**
At beginning of the year	0.1	36.3	3.0	39.4
Retained profit for the year	-	-	37.1	37.1
Dividend paid	-	-	(20.0)	(20.0)
Transfer between reserves	-	(0.8)	0.8	-
At end of the year	**0.1**	**35.5**	**20.9**	**56.5**

2020	**Called-up share capital**	**Non-distributable reserves**	**Retained earnings**	**Total**
At beginning of the year	0.1	37.0	5.3	42.4
Loss for the financial year	-	-	(3.0)	(3.0)
Transfer between reserves	-	(0.7)	0.7	-
At end of the year	**0.1**	**36.3**	**3.0**	**39.4**

1. Reporting entity and general information

Bracken Midco1 PLC (‘the Company’) 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 public company and is limited by shares. The principal activity of Bracken Midco1 PLC is that of an issuer of loan notes and 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 preceding year.

Basis of preparation

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

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise 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, and in Note 3 to the financial statements.

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. In these financial statements, the Company has taken advantage of the disclosure exemptions under FRS 101 in relation to the presentation of a cash flow statement, disclosures in respect of IFRS 7 and IFRS 13, standards not yet effective and related party transactions.

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 interest due on the Notes, the Company is reliant on receiving dividends from its subsidiary, Bracken Midco2 Limited. In turn Bracken Midco2 Limited is reliant on receiving dividends from its subsidiary TFSL. The payment of dividends from TFSL is subject to the Together Group having sufficient distributable reserves. The amount due for payment within the next 12 months from the signing of these accounts totals £32.7m.

The directors of the Company have therefore considered the Company’s and the Together Group’s forecast funding and liquidity positions and sensitivity analysis which has been performed to assess the risk of the funding and liquidity positions materially changing over the Going Concern period of 12 months from the date of approval of the accounts, in order to confirm that the preparation of the Company’s financial statements on a going concern basis is appropriate. The Company and Together Group closely monitors and manages its liquidity, funding and capital position and compliance with financial covenants and produces regular forecasts and scenarios.

In the event that the Company were not to receive sufficient dividend income to cash service the interest payments on the PIK toggle notes, and only if subject to certain criteria being met as set our within the terms of the PIK toggle note indenture, the Company could pay in kind through the issuance of further notes.

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.

2. Significant accounting policies (continued)

Operating segments

The Company has listed PIK instruments in issue, and thus whilst in the scope of *IFRS 8 Operating Segments*, the Company only has one segment and accordingly does not disclose segment information in these financial statements.

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. Interest on impaired financial assets is recognised at the original effective interest rate applied to the carrying amount as reduced by an allowance for impairment.

Dividend income

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

Taxation

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

Current tax is the expected tax payable on the taxable profit for the 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, Bracken Midco2 Limited that are held at amortised cost. All of the Company's financial assets are initially recognised at fair value plus any directly attributable transactions costs. All of the Company's financial assets are classified as measured at amortised cost, being the gross carrying amount less expected impairment allowance, using the effective interest rate method. 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 largely consist of external borrowings and amounts owed to Bracken Topco Limited. They are all classified as measured at amortised cost for both the current and prior period. 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. An exchange of financial liabilities with substantially different terms or a substantial modification to the terms of an existing financial liability is treated as an extinguishment of the original liability and the recognition of a new one. It is assumed that terms are substantially different if the discounted present value of the cash flows under the new terms is at least 10% different from the discounted present value of the remaining cash flows of the original liability. All gains or losses on non-substantial modifications, calculated as a change in the net present value of future cash flows, will be recognised immediately in the income statement. The Company may also consider qualitative factors in determining whether a modification is substantial.

2. Significant accounting policies (continued)

Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation as a result of a past event, which is reliably measurable and where it is probable that the Company will be required to settle that obligation. Where matters are less certain, such as when it is possible an obligation exists, or where the outflow of economic resources is possible but not probable, then a contingent liability is disclosed. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

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, Bracken Midco2 Limited. The Together Group, which is directly owned by Bracken Midco2 Limited, has continued to report substantial profits and has paid dividends to its parent which have allowed the latter in turn to make dividend payments to the Company for it to cash service the interest on its PIK toggle notes where deemed appropriate and/or required. The directors consider that there has been no significant increase in the credit risk of the loans to its subsidiary and accordingly any ECL for the loans, which should be calculated on a 12-month basis, is immaterial.

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 related 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 £100.0m and £212.4m, both maturing in 2022, and £43.0m maturing in 2036. To determine the fair value of the loans at initial recognition £100.0m was discounted at a rate of 7.75%, £212.4m was discounted at a rate of 8.0% and £43.0m was discounted at a rate of 9.0%. 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 were treated as investments in the subsidiary. The current carrying value of these instruments is disclosed in Note 10 and amortisation of the fair value adjustments in Note 4.

Intercompany payables

When it was founded the Company received an interest-free loan of £43m from its parent company maturing in 2036. The loan was discounted to its fair value at the time of initial recognition. The discount to the nominal amount represented economic benefits contributed to the Company by its parent and therefore in the Company accounts is treated as a non-distributable capital contribution. 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 11 and amortisation of the fair value adjustments in note 5.

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	**21.9**	**20.3**

5. Interest payable and similar charges

	2021	2020
On borrowings	36.7	38.2
Amortisation of fair value adjustments to amounts owed to parent company	0.8	0.7
	37.5	**38.9**

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.

6. Dividend income

	2021	2020
Dividend income from subsidiary	**52.7**	**15.6**

7. 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 was £8,500 (2020: £7,800).

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

8. 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/(loss) before tax is as follows:

	2021	2020
Profit/(loss) before tax for the year	37.1	(3.0)
Tax on profit/(loss) at standard UK corporation tax rate of 19.00% (2020: 19.00%)	7.0	(0.6)
Effects of:		
Income not taxable	(10.0)	(3.0)
Group relief*	3.0	3.6
Tax charge for the year	-	-

*The group referred to is a tax group headed by Redhill Famco Limited, the ultimate parent company of Bracken Midco1 PLC.

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the Company's future current tax rate accordingly.

9. Amounts owed by subsidiary undertaking

	2021	2020
Amounts owed by subsidiary undertaking	**297.1**	**275.2**

These amounts are owed by the company's immediate subsidiary, Bracken Midco 2 Limited.

Unless otherwise indicated, all amounts are stated in £m

10. Investments

The Company held the following direct investment in subsidiary undertakings:

	2021	2020
At beginning and end of year	**147.5**	**147.5**

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

	Country of registration	Shares and voting rights	Principal activity
Bracken Midco2 Limited	England and Wales	100%	Financial services holding company

Bracken Midco2 Limited is incorporated in Great Britain and operates in the United Kingdom. Its registered address is Lake View, Lakeside, Cheadle, Cheshire, SK8 3GW.

11. Borrowings

	2021	2020
Senior secured notes	368.2	368.2
Debt issue costs	(0.5)	(2.0)
Amounts owed to parent company, Bracken Topco Limited	7.5	6.6
	375.2	**372.8**

All borrowings are due for settlement after 12 months in both the current and preceding year.

When it was founded the Company received an interest-free loan of £43m from its parent company maturing in 2036. The loan was discounted to its fair value at the time of initial recognition. The discount to the nominal amount represented economic benefits contributed to the Company by its parent and therefore in the Company accounts is treated as a non-distributable capital contribution.

12. Other liabilities

	2021	2020
Accruals and deferred income	**13.4**	**11.0**

13. Share capital

All amounts are stated in pounds.

Authorised, issued, allotted and fully paid	2021	2020
5,500,000 ordinary shares of £0.01 each	**55,000**	**55,000**

The dividend paid of £20.0m (2020: £Nil) represents £3.64 per share (2020: £Nil).

14. Contingent liabilities

The Company has fixed and floating charges in respect of £368m Senior PIK Toggle Notes against shares in its subsidiary, Bracken Midco2 Limited, and against amounts owed to the Company by Bracken Midco2 Limited. For a further update, please refer to note 17.

15. Related Parties

Balances outstanding with related parties are shown in notes 9 and 11. The company has utilised the exemption within FRS 101 from disclosing related party transactions occurring during the year.

16. Ultimate parent company

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

The smallest and largest group of which the Company is a member, and for which group financial statements are drawn up, is that headed by Redhill Famco Limited (the 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.

17. 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's subsidiary, Bracken Midco2 Limited ('Midco2'). On receipt of the interim dividend, Midco2 in turn declared an interim dividend of £27,650,000 to the Company, who in turn declared an interim dividend of £9,999,000 to its parent company, Bracken Topco Limited.

Also in October 2021, the Company announced that it intends to offer £380.0m in aggregate principal amount of Senior PIK Toggle Notes due 2027 ('the Notes'). The proceeds from the offering of the Notes are expected to be used (i) to redeem the existing £368.2m aggregate principal amount of the Senior PIK Toggle Notes due 2023, (ii) to pay the optional redemption call premium in respect of the Senior PIK Toggle notes due 2023, (iii) for general corporate purposes and (iv) to pay fees and expenses in connection with the offering.