

ULTIMATE PARENT COMPANY  
FOR BRIDGECO LIMITED  
(06629989)

Bracken Trading Limited

Annual report and financial statements  
for the year ended 31 December 2020

Registered number 12124765



# **Bracken Trading Limited**

## **Annual report and financial statements for the year ended 31 December 2020**

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# **Bracken Trading Limited**

## **Directors and advisers**

### **Directors**

PS Latham  
KJ Willey  
T Arthur

### **Company secretary**

Octopus Company Secretarial Services Limited

### **Company number**

12124765

### **Registered office**

6th Floor  
33 Holborn  
London  
EC1N 2HT

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Level 5 and 6  
Central Square South  
Orchard Street  
Newcastle upon Tyne  
NE1 3AZ  
United Kingdom

### **Bankers**

HSBC plc  
31 Holborn  
London  
EC1N 2HR

# **Bracken Trading Limited**

## **Strategic report for the year ended 31 December 2020**

### **Introduction**

The directors present their strategic report for Bracken Trading Limited ("the company") and its subsidiaries ("the group") for the year ended 31 December 2020.

On 2<sup>nd</sup> December 2020, Bracken Trading Limited re-registered from a public company to a private limited company and changed its name from Bracken Trading Plc to Bracken Trading Limited.

In the financial year to 31 December 2020, the group has continued to undertake a trade of lending, as well as owning and operating two solar farms. The group continues to lend to counterparties with a proven track record in the residential property finance sector. In the short to medium term the group expects to achieve moderate organic growth in the sectors it is currently operating in.

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

Bracken's board has considered the interest of other stakeholders within the Directors report, which will have an impact on the long-term success of the company when performing their duty to promote the success of the company under S172. The Directors view the key stakeholders of the group to be shareholders, suppliers, and borrowers. When making decisions, each Director ensures that he acts in the way he considers, in good faith and would most likely promote the company's success for the benefit of its members as a whole. The Directors make the following considerations when considering promoting the success of the group:

- When making decisions, the Directors give careful consideration to the impact of those decisions on both the group and broader stakeholders. This is achieved by considering any new deals or suppliers on a case by case basis and assessing the impact on the long term objectives of the group, as well as the impact on and reputation of the other party. Through its lending activities, the group ensures it acts fairly and in a transparent manner to resolve any disputes or defaults. In doing so, the Directors also consider the impact on other stakeholders, in particular the shareholders.
- The group has no employees other than Directors of the Company. The group ensures that outsourced activities are properly done with reputable suppliers who meet all the relevant industry and regulatory commitments as well as treating employees fairly. This is stated in agreements with outsourcers and adherence to this is monitored by the group management team.
- The group treats all suppliers and customers fairly, endeavouring to pay invoices within the terms of the contract. Any disputes are resolved promptly with key relationship personnel.
- Through the activities in which the group operates, a positive contribution is made to the environment and economy through generation of renewable energy, helping the UK meet its renewable energy targets, as well as providing finance for the development of property, addressing the needs of the UK housing market.

Business ethics and governance considerations have been discussed within the Directors report. The Directors understand the business and the evolving environment in which we operate and have considered the businesses specific risks and uncertainties within this strategic report.

### **Business review**

Group turnover for the year ended 31 December 2020 decreased to £2,987,136 (2019: £5,835,620), comprising of loan interest and arrangement fees of £1,579,832 (2019: £4,508,084) and energy income of £1,407,304 (2019: £1,327,536). Loan interest and arrangement fees decreased in line with the fall in the average loan book balance on which interest income is generated. Energy income was lower than expected for the period due to underperformance of the assets compared to budget; and this was further compounded by the decreased global energy demand caused by the lockdown response to Covid-19. The group investments increased to £72,644,557 (2019: £64,881,552) due to the group placing its excess cash into Terido LLP (a trading partnership which acts as a lender, of which it is a founding member). The group profit before tax, decreased for the financial year to £4,402,968 (2019: £7,001,642). This decrease was mainly as a result of the group earning lower interest income due to the decreasing loan book.

# Bracken Trading Limited

## Strategic report for the year ended 31 December 2020 (continued)

### Business review (continued)

In addition, income from other fixed asset investments decreased by £103,053 in the current year to £7,178,149 (2019: £7,281,202), due to the performance of the partnership contribution. Overall, the group's performance remained robust during the pandemic.

The group results have not been impacted due to Brexit during the period.

The number of new shares issued during the year of 87,119, was materially lower than the number of shares cancelled by the group, with a total of £691,528 of share capital being cancelled during the year. The directors anticipate that through its underlying trading performance the group will continue to achieve shareholder objectives despite the recent reduction of its share capital. Furthermore, the Directors are regularly reviewing strategic options for the group.

The company reported a loss for the year of £2,559,646 (2019: profit £73,394,100, which included an intercompany dividend received of £73,900,000).

After the year end, it was discovered that an administrative error had occurred as part of a transaction completed in December 2020 to return cash to shareholders wishing to cancel their shares. The error resulted in a distribution occurring that was contrary to the Companies Act 2006, as the Company purported to cancel share premium that did not exist. The Company had sufficient distributable reserves available to return to shareholders, however an alternative distribution method should have been taken. The group engaged legal experts to assist with remediation which will be completed by way of a lawful distribution in December 2021, to achieve the initial commercial intention in full. This resulted in an adjustment to the financial statements, recognising a receivable from related parties of £3,943,049. Refer to note 18, note 22 and note 23 in the Notes to the financial statements.

### Principal and financial risks and uncertainties

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

#### Price risk

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

#### Credit risk

Customer credit risk is mitigated through the group's credit control policies, which are in place to ensure that our customers have an appropriate credit history and are monitored on an ongoing basis.

#### Liquidity and Cash Flow risk

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

The group may enter into hedging transactions in relation to interest rates and power prices for the purposes of efficient portfolio management. Where the group enters into borrowing arrangements with floating rate interest, a swap arrangement is entered into to fix a portion of the interest in order to mitigate against an increase in interest rates. The portion of interest to be fixed is assessed on a case by case basis. Management can elect whether to hedge account for these arrangements on an individual transaction basis, and have elected to apply hedge accounting for interest rate swaps. The group will not enter into derivative transactions for speculative purposes.

Liquidity risk arises on bank loans in place across the group and is managed through careful monitoring of covenants and sensible levels of debt across the group. Borrowing is on a long-term basis, whereas our energy revenue is received throughout the year, as well as interest and redemptions on our short term loan book..

#### Energy market and performance risk

There is a risk that energy-generating assets could fail to achieve forecasted levels of income due to changes in energy prices, unpredictable weather conditions and/or operational availability.

# Bracken Trading Limited

## Strategic report for the year ended 31 December 2020 (continued)

### Principal and financial risks and uncertainties (continued)

#### Energy market and performance risk (continued)

Long-term government backed offtake agreements, such as the Renewable Obligation Certificate scheme, underpin certain revenue streams. Operational strategy and servicing are optimised to maximise the availability of assets.

#### Covid-19

During the year, the global Covid-19 pandemic occurred which was continuing at the year end and to the date of signing the financial statements. In preparing these financial statements, the Directors have considered the impacts of Covid-19 on the group for both the results for the year to 31 December 2020 and for future performance.

The Directors continue to monitor the ongoing situation and its impact on the group. An assessment of the group's ability to continue as a going concern in light of the current situation has been carried out and is detailed in the basis of preparation within the Statement of accounting policies.

#### Brexit

The UK left the EU on 31 January 2020 and the transition period ended on 31 December 2020, in which time the UK and EU negotiated additional arrangements and concluded the "Trade and Cooperation Agreement". The directors have considered the impact on the company regarding the agreed exit terms within the agreement and wider regulatory and legal implications within these statutory financial statements and will continue to do so.

### Financial key performance indicators

The group focuses on trades where it has a good level of visibility over expected costs and revenues. In its lending activities, it monitors loan to value levels as its key performance indicator. These depend on each loan and in the year ended 31 December 2020 all loan to value ratios were at acceptable levels. The LTV for the book as a whole has risen from 64% to 65% from December 2019 to December 2020, still representing a healthy margin to safeguard against potential asset devaluation. In the case of solar farms, performance is closely monitored in terms of irradiance and performance ratio levels.

### Environment, Social and Governance considerations

The Board adopted a formal environmental, social and governance ("ESG") policy on 16 September 2020. The aim of the policy is to consider the underlying ESG risks and opportunities of Bracken's operations, both existing and new.

ESG issues are considered to ensure they are integrated with deployment decisions and during ongoing portfolio monitoring. The Board is comfortable that the current companies in its portfolio are being well managed and present no material ESG risks of concern.

Potential risks span from environmental (e.g. sustainable use of natural resources as well as consideration of possible damage, such as biodiversity), social (e.g. impact of operations on local communities, health & safety for employees and contractors) and governance (e.g. comply with applicable laws, strong risk management frameworks, ethics).

### Objectives and strategies

The directors do not expect any change in the group's operating activities during the next financial year but continue to remain open to opportunities that they believe will enhance group returns.

This report was approved by the board and signed on its behalf by:

  
**Paul Latham**

Director

Date: 30 September 2021

# **Bracken Trading Limited**

## **Directors' report for the year ended 31 December 2020**

The directors present their report and audited consolidated financial statements for the company and the group for the year ended 31 December 2020.

### **Results and dividends**

The group profit for the financial year amounted to £4,324,366 (2019: £5,577,947).

The directors paid an interim preference dividend of £nil (2019: £38). Foreman Trading Limited, a group Company, paid a dividend to investors of £9,967 (2019: £nil). There are no proposed dividends.

### **Directors**

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

PS Latham  
KJ Willey  
T Arthur

### **Matters covered in the Strategic report**

As permitted by S414c (11) of the Companies Act 2006, the directors have elected to disclose information required to be in the Director's report by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Financial statements and Reports) Regulations 2008', in the Strategic report.

### **Post balance sheet events**

Refer to note 22 in the Notes to the financial statements.

### **Climate change and environmental impacts**

Our involvement in renewable energy, as an owner and operator of solar farms, has enabled us to make a positive contribution to the climate change agenda.

### **Employee Information**

The group does not employ any employees, other than the directors of the Company.

### **Business ethics and governance**

The Board is responsible for ensuring that the activities of the group and its various businesses are conducted in compliance with the law and applicable governance and regulatory regimes, and in adherence with prevailing best practice for the relevant industry. This includes reviewing internal controls, ensuring that there is an appropriate balance of skills and experience represented on the Board, and ensuring that the financial statements give a true and fair view of the state of affairs of the group. Further detail can be found in the statement of directors' responsibilities below. In the year to 31 December 2020 no areas of concern have been flagged in this regard.

### **Statement of directors' responsibilities**

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

# Bracken Trading Limited

## Directors' report for the year ended 31 December 2020 (continued)

### Statement of directors' responsibilities (continued)

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

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

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

### Directors' indemnities

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

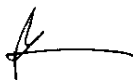
### Disclosure of information to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group and company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:



**Paul Latham**

Director

Date: 30 September 2021



## **Bracken Trading Limited**

# **Independent auditors' report to the members of Bracken Trading Limited**

## **Report on the audit of the financial statements**

### **Opinion**

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

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2020 and of the group's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 December 2020; the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated and company statements of changes in equity for the year then ended; the statement of accounting policies; and the notes to the financial statements.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

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 group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Bracken Trading Limited**

# **Independent auditors' report to the members of Bracken Trading Limited (continued)**

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain *opinions and matters as described below.*

### **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 group's and 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 group or the company or to cease operations, or have no realistic alternative but to do so.

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

## **Auditors' 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 auditors' 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.

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 extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to tax and companies legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or increase the group's profit, or through management bias in manipulation of accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws, regulations and fraud;
- Review of board minutes;
- Review of legal expenditure in the year to identify potential non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to assumptions made in the provision for impairment of debtors, assessing the impairment of goodwill and investments, cash flow hedges and consideration of the impact of COVID-19 on going concern;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

## **Bracken Trading Limited**

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

### **Use of this report**

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

## Other required reporting

### **Companies Act 2006 exception reporting**

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

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Nicholas Cook (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle  
30 September 2021

## Bracken Trading Limited

### Consolidated statement of comprehensive income for the year ended 31 December 2020

		2020	2019
	Note	£	£
Turnover	1	2,987,136	5,835,620
Cost of sales		(274,051)	(1,924,195)
<b>Gross profit</b>		<b>2,713,085</b>	<b>3,911,425</b>
Administrative expenses		(5,209,812)	(4,191,398)
<b>Operating loss</b>	2	<b>(2,496,727)</b>	<b>(279,973)</b>
Income from other fixed asset investments	4	7,178,149	7,281,202
Other interest receivable and similar income	5	-	413
Other interest payable and similar expenses	6	(278,454)	-
<b>Profit before tax</b>		<b>4,402,968</b>	<b>7,001,642</b>
Tax on profit	7	(78,602)	(1,423,695)
<b>Profit for the financial year</b>		<b>4,324,366</b>	<b>5,577,947</b>
<b>Other comprehensive income/(expenses)</b>			
Movements in cash flow hedge reserve		144,200	52,510
<b>Other comprehensive income for the year</b>			
<b>Total comprehensive income for the year</b>		<b>4,468,566</b>	<b>5,630,457</b>
<b>Profit attributable to:</b>			
Minority interests	19	150,559	179,950
Owners of the parent		4,318,007	5,450,507
		<b>4,468,566</b>	<b>5,630,457</b>

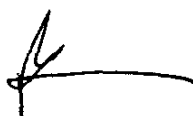
All amounts relate to continuing operations.

# Bracken Trading Limited

## Consolidated balance sheet as at 31 December 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	8	2,100,571	2,269,369
Tangible assets	9	11,267,970	11,929,053
Investments	10	72,644,557	64,881,552
		<b>86,013,098</b>	<b>79,079,974</b>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	12	-	1,523,047
Debtors: amounts falling due within one year	12	21,842,797	29,406,075
Cash at bank and in hand		7,982,128	6,031,660
		<b>29,824,925</b>	<b>36,960,782</b>
<b>Creditors: amounts falling due within one year</b>	13	<b>(4,016,024)</b>	<b>(2,606,537)</b>
<b>Net current assets</b>		<b>25,808,901</b>	<b>34,354,245</b>
<b>Total assets less current liabilities</b>		<b>111,821,999</b>	<b>113,434,219</b>
<b>Creditors: amounts falling due after more than one</b>	14	<b>(10,700,000)</b>	<b>(10,700,000)</b>
<b>Provisions</b>	17	<b>(249,506)</b>	<b>(75,492)</b>
<b>Net assets</b>		<b>100,872,493</b>	<b>102,658,727</b>
<b>Capital and reserves</b>			
Called up share capital	18	7,104,465	7,787,281
Profit and loss account		91,732,096	92,759,689
Cash flow hedge reserve		196,710	52,510
<b>Total shareholders' funds</b>		<b>99,033,271</b>	<b>100,599,480</b>
Minority interests	19	1,839,222	2,059,247
<b>Capital employed</b>		<b>100,872,493</b>	<b>102,658,727</b>

The financial statements on pages 11 to 44 were approved and authorised for issue by the board and were signed on its behalf by:



**Paul Latham**

Director

Date: 30 September 2021

Company number: 12124765

# Bracken Trading Limited

## Company balance sheet as at 31 December 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Investments	10	35,511,299	35,511,299
		<b>35,511,299</b>	<b>35,511,299</b>
<b>Current assets</b>			
Debtors: amounts falling due within one year	12	67,415,904	73,899,062
Cash at bank and in hand		6,544	-
		<b>67,422,448</b>	<b>73,899,062</b>
<b>Creditors: amounts falling due within one year</b>	13	<b>(2,462,281)</b>	<b>(505,000)</b>
<b>Net current assets</b>		<b>64,960,167</b>	<b>73,394,062</b>
<b>Total assets less current liabilities</b>		<b>100,471,466</b>	<b>108,905,361</b>
<b>Net assets</b>		<b>100,471,466</b>	<b>108,905,361</b>
<b>Capital and reserves</b>			
Called up share capital	18	7,104,465	7,787,281
Profit and loss account		65,642,983	73,394,062
Merger reserve		27,724,018	27,724,018
<b>Total shareholders' funds</b>		<b>100,471,466</b>	<b>108,905,361</b>

The company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the company profit and loss account. The loss for the year dealt with in the financial statements of the company was £2,559,646 (2019: Profit £73,394,100, which included an intercompany dividend received of £73,900,000).

The financial statements on pages 11 to 44 were approved and authorised for issue by the board and were signed on its behalf by:



**Paul Latham**  
 Director  
 Date: 30 September 2021  
 Company number: 12124765

## Bracken Trading Limited

### Consolidated statement of changes in equity for the year ended 31 December 2020

	Called up share capital £	Share premium account £	Profit and loss account £	Cash flow hedge reserve	Total shareholders' funds £	Minority interest £	Capital employed £
Balance as at 1 January 2019	8,434,575	55,294,916	40,442,395	-	104,171,886	2,157,662	106,329,548
Total comprehensive income for the financial year	-	-	5,450,507	52,510	5,503,017	179,950	5,682,967
Increase in investment by group	-	-	-	-	-	(278,365)	(278,365)
Shares issued during the period	10,000	-	-	-	10,000	-	10,000
Utilised on redemption of shares	(657,294)	(55,294,916)	46,866,825	-	(9,085,385)	-	(9,085,385)
Dividend paid on preference shares	-	-	(38)	-	(38)	-	(38)
<b>Balance as at 31 December 2019</b>	<b>7,787,281</b>	<b>-</b>	<b>92,759,689</b>	<b>52,510</b>	<b>100,599,480</b>	<b>2,059,247</b>	<b>102,658,727</b>
Total comprehensive income for the financial year	-	-	4,173,807	144,200	4,318,007	150,559	4,468,566
Increase in investment by group	-	-	-	-	-	(370,584)	(370,584)
Shares issued during the period	8,712	118,482	-	-	127,194	-	127,194
Utilised on redemption of shares	(691,528)	(118,482)	(5,191,433)	-	(6,001,443)	-	(6,001,443)
Distribution contrary to the Co Act	-	-	(3,943,049)	-	(3,943,049)	-	(3,943,049)
Debtor recognised from Related Party	-	-	3,943,049	-	3,943,049	-	3,943,049
Dividend paid to Forman Trading Limited investors	-	-	(9,967)	-	(9,967)	-	(9,967)
<b>Balance as at 31 December 2020</b>	<b>7,104,465</b>	<b>-</b>	<b>91,732,096</b>	<b>196,710</b>	<b>99,033,271</b>	<b>1,839,222</b>	<b>100,872,493</b>



## Bracken Trading Limited

### Company statement of changes in equity for the year ended 31 December 2020

	Called up share capital £	Share premium account £	Profit and loss account £	Merger reserve £	Total shareholders' funds £
Balance at incorporation	-	-	-	-	-
Total comprehensive income for the financial period	-	-	73,394,100	-	73,394,100
Shares issued during the period	7,797,281	-	-	101,624,018	109,421,299
Utilised on redemption of shares	(10,000)	-	-	-	(10,000)
Utilisation of merger reserve	-	-	-	(73,900,000)	(73,900,000)
Dividend paid on preference shares	-	-	(38)	-	(38)
<b>Balance as at 31 December 2019</b>	<b>7,787,281</b>	<b>-</b>	<b>73,394,062</b>	<b>27,724,018</b>	<b>108,905,361</b>
Total comprehensive loss for the financial year	-	-	(2,559,646)	-	(2,559,646)
Shares issued during the year	8,712	118,482	-	-	127,194
Utilised on redemption of shares	(691,528)	(118,482)	(5,191,433)	-	(6,001,443)
Distribution contrary to Co Act	-	-	(3,943,049)	-	(3,943,049)
Debtor recognised from Related Party	-	-	3,943,049	-	3,943,049
<b>Balance as at 31 December 2020</b>	<b>7,104,465</b>	<b>-</b>	<b>65,642,983</b>	<b>27,724,018</b>	<b>100,471,466</b>

## Bracken Trading Limited

### Consolidated statement of cash flows for the year ended 31 December 2020

	2020	2019
	£	£
<b>Cash flows from operating activities</b>		
<i>Profit for the financial year attributable to owners of the parent</i>	<b>4,318,007</b>	5,450,507
<b>Adjustments for:</b>		
Tax on profit on ordinary activities	<b>78,602</b>	1,423,695
Interest receivable and similar income	-	(413)
Interest payable	<b>278,454</b>	426,446
<i>Amortisation of intangible fixed assets</i>	<b>168,798</b>	232,734
Depreciation of tangible fixed assets	<b>662,186</b>	499,553
Movement in cash flow hedge	<b>(144,200)</b>	52,510
Decrease in debtors	<b>9,585,894</b>	19,198,374
Increase/ (Decrease) in creditors	<b>2,071,579</b>	(3,238,121)
<i>Minority interests</i>	<b>150,559</b>	179,950
Income from other fixed asset investments	<b>(7,178,149)</b>	(7,281,202)
Tax (paid)/received	<b>(922,049)</b>	(435,849)
<b>Net cash generated from operating activities</b>	<b>9,069,681</b>	16,508,184
<b>Cash flow from investing activities</b>		
Purchase of ordinary shares in minority interests	<b>(370,584)</b>	(278,365)
Purchase of intangible assets	-	(1,605,228)
Purchase of tangible fixed assets	<b>(1,103)</b>	(8,440,390)
Purchase of unlisted and other investments	<b>(19,383,005)</b>	(18,435,119)
<i>Sale of unlisted and other investments</i>	<b>11,620,000</b>	8,000,000
Interest received	-	413
Income from other fixed asset investments	<b>7,178,149</b>	7,281,202
<b>Net cash used in investing activities</b>	<b>(956,543)</b>	(13,477,487)

## Bracken Trading Limited

### Consolidated statement of cash flows for the year ended 31 December 2020 (continued)

	2020	2019
	£	£
<b>Cash flow from financing activities</b>		
Redemption of ordinary shares	(691,528)	(647,294)
Issuance of ordinary shares	8,712	-
Distribution from profit and loss on redemption of shares	(5,191,433)	(8,428,091)
Premium on issuance of shares	118,482	-
Premium on cancellation of shares	(118,482)	-
Bank loan received	-	10,700,000
Interest paid on bank loan	(278,454)	(426,446)
Preference dividend paid	-	(38)
Dividend paid to minority interest	(9,967)	-
<b>Net cash generated (used in)/from financing activities</b>	<b>(6,162,670)</b>	<b>1,198,131</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,950,468</b>	<b>4,228,828</b>
Cash and cash equivalents at the beginning of the year	6,031,660	1,802,832
<b>Cash and cash equivalents at the end of the year</b>	<b>7,982,128</b>	<b>6,031,660</b>

# **Bracken Trading Limited**

## **Statement of accounting policies**

### **Company information**

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

### **Statement of compliance**

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

### **Basis of preparation of financial statements**

*The financial statements have been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below. The company's functional and presentation currency of these financial statements is sterling.*

The consolidated financial statements include the results of all subsidiaries owned by Bracken Trading Limited as listed in note 11 of the annual financial statements. Certain of these subsidiaries, which are listed in note 11, have taken the exemption from an audit for the year ended 31 December 2020 by virtue of s479a of Companies Act 2006. In order to allow these subsidiaries to take the audit exemption, the parent company Bracken Trading Limited has given a statutory guarantee of all the outstanding liabilities as at 31 December 2020 of the subsidiaries listed below, further details of which are provided in note 20.

### **Basis of consolidation**

The consolidated financial statements include the results of Bracken Trading Limited and all its subsidiary undertakings made up to the same accounting date. All intra-group balances, transactions, income and expenses are eliminated in full on consolidation. The results of subsidiary undertakings acquired or disposed of during the period are included or excluded from the profit and loss account from the effective date of acquisition or disposal.

The company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

### **Exemptions for qualifying entities under FRS 102**

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

The company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, included the company's cash flows;

## **Bracken Trading Limited**

### **Statement of accounting policies (continued)**

#### **Exemptions for qualifying entities under FRS 102 (continued)**

The company has taken advantage of the following exemptions (continued):

- (ii) from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures.

#### **Going concern**

The group's and the company's business activities, together with the factors likely to affect its future development, performance and position are set out the Strategic Report on pages 2 to 4. The financial position of the group, its cashflows, liquidity position and borrowing facilities are described in the business review on pages 2 to 3. The principles risks of the group are set out on pages 3 to 4.

The Directors perform an annual going concern review that considers the group's ability to meet its financial obligations as they fall due, for a period of at least twelve months after the date that the financial statements have been signed.

*Due to the Covid-19 pandemic, management have performed an assessment to determine whether there are any material uncertainties arising that could cast significant doubt on the ability of the group to continue as a going concern.*

No significant issues have been noted and as a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

In reaching this conclusion the Directors have reviewed the financial impact of the uncertainty on the group's balance sheet, profit and loss and cashflows with specific consideration given to the following:

- The operating businesses within the Bracken group were largely unaffected by the lockdown with consumer confidence and likely ongoing recession being a greater risk to the future performance of the business. These key assumptions were built into the base case forecast scenario looking forward over the next twelve months, as management expect that there will be continued economic uncertainty as a result of Covid-19 in the short to medium term.
- At the 31 December 2020, the group had available cash of £7,982,128 (2019: £6,031,660). Debt of £10,700,000 (2019: £10,700,000) is due to mature in more than one year. The group's facilities, repayment dates and undrawn amounts are set out in note 14 Creditors: amounts due after more than one year.
- A reverse stress test was performed on the base case forecast to ascertain what scenarios would result in risks to the group's liquidity position. The test showed even in an unlikely scenario of a significant reduction of revenue of 100% the group is able to sustain its current operational costs and meet all liabilities as they fall due for at least a year when utilising the available facilities within the group.

# Bracken Trading Limited

## Statement of accounting policies (continued)

### Going concern (continued)

- The Belenus Energy Limited financing facility contains covenants requiring Belenus Energy Limited to maintain specified financial ratios and comply with certain other financial covenants. These financial covenants are tested semi-annually, and, at the dates of this report, Belenus Energy Limited is in compliance with all its financial covenants. Stress tests on reasonably plausible scenarios such as a significant reduction in Revenue of 9% over time have been used to assess the covenant requirements for the at least the next 12 months from the date of signing the financial statements and all covenants have been forecast to be met in the going concern period.
- Key accounting judgement and estimates have been made with consideration given to the current uncertain economic outlook. Key estimates including impairment of debtors and investment values have been set out on page 25.

Based on the above assessment of the Covid-19 pandemic impact on the financial position, liquidity and financial covenants, the directors have concluded that the group and company have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

### Turnover

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

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

The secondary source of revenue is from the sale of electricity generated by the solar farms that the group owns and operates. Revenue from electricity generation is recognised in the period in which it is generated, and any un-invoiced income is accrued in the period.

### Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Goodwill is amortised over its expected useful life. Where the group is unable to make a reliable estimate of useful life, goodwill is amortised over a period not exceeding 10 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated, using the straight-line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Distribution rights	Over 1 year
---------------------	-------------

# **Bracken Trading Limited**

## **Statement of accounting policies (continued)**

### **Intangible fixed assets and amortisation (continued)**

Amortisation expenses are included in administrative expenses.

Distribution rights relate to planning consent to build a solar farm acquired on acquisition.

Where factors, such as changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances.

The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives. Depreciation commences from the date an asset is brought into service. The estimated useful lives are as follows:

Plant and Machinery	4% and 10% straight line
---------------------	--------------------------

Where factors, such as technological advancement or changes in market price, indicate that residual value or useful life have changed, the residual value, useful life or depreciation rate are amended prospectively to reflect the new circumstances. The assets are reviewed for impairment if the above factors indicate that the carrying amount may be impaired.

### **Investments – Group**

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

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

### **Investments - Company**

The company holds investments in a subsidiary at cost less accumulated impairment losses. If an impairment loss is subsequently reversed, the carrying amount of the investment is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

### **Cash**

Cash includes cash in hand and deposits repayable on demand.

## **Bracken Trading Limited**

### **Statement of accounting policies (continued)**

#### **Leases**

*At inception the group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement and whether the lease should be classified as either a finance lease or an operating lease.*

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

*Finance leases are capitalised at the commencement of the lease at the fair value of the leased asset and depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.*

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

#### **Accrued income**

Accrued income is calculated at the rate of interest set out in the loan contracts. Energy income is accrued over the period in which it has been generated.

#### **Deferred income**

Deferred income is recognised in accordance with the terms set out in the contract and is released to the profit and loss account in the period to which it relates.

#### **Provisions for liabilities**

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated profit and loss account in the year that the group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

#### **Share Capital**

Ordinary shares issued by the group are recognised in equity at the value of the proceeds received, with the excess over nominal value being credited to share premium.

#### **Non-controlling interests**

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.



# **Bracken Trading Limited**

## **Statement of accounting policies (continued)**

### **Hedging**

The group applies hedge accounting for transactions entered to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings. Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity.

Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the profit and loss account.

The gain or loss recognised in other comprehensive income is reclassified to the profit and loss account in accordance with the cash flows of the hedged item. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is de-recognised or the hedging instrument is terminated.

### **Finance costs**

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument and released to the profit and loss account over the term of the debt.

### **Financial instruments**

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

#### **(i) Financial assets**

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

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

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

## **Bracken Trading Limited**

### **Statement of accounting policies (continued)**

#### **Financial instruments (continued)**

##### **(ii) Financial Liabilities**

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

Debt instruments are subsequently carried at amortised cost.

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

#### **Foreign currencies**

##### **(i) Functional and presentation currency**

The group financial statements are presented in pound sterling. The company's functional and presentation currency is pound sterling.

##### **(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance (expense)/ income'. All other foreign exchange gains and losses are presented in the profit and loss account within 'administrative expenses'.

#### **Current and deferred tax**

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

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

# **Bracken Trading Limited**

## **Statement of accounting policies (continued)**

### **Current and deferred tax (continued)**

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

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

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

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are discounted.

### **Key accounting judgements and estimates**

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

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

The key estimates in preparing these financial statements are:

- i) Provisions for impairment of debtors

Debtor balances, including associated accrued income balances, are reviewed for impairment on a quarterly basis. In considering the need for a provision, management determine their best estimate of the expected future cashflows.

As this estimate relies on a certain number of assumptions about future events which may differ from actual outcomes, including the borrower's ability to repay interest and capital due in future periods, this gives rise to judgement as to whether there is a shortfall between the carrying value and the fair value of the debtor balance. See note 12 for the carrying amount of the debtors.

The group assesses all potential liabilities and uncertainties in light of the requirements of FRS 102 Section 21 Provisions and Contingencies. Provisions are recognised when amounts can be reliably estimated, and the likelihood of settlement is probable.

## **Bracken Trading Limited**

### **Statement of accounting policies (continued)**

#### **Key accounting judgements and estimates (continued)**

##### **ii) Impairment of goodwill and investments**

The value of goodwill held by the group and investments in subsidiary undertakings held by the company is reviewed annually for impairment. The recoverability of these balances is considered with reference to the present value of the estimated future cash flows. These calculations use cash flow projections which extend forward forecasted business performance together with assumptions surrounding the expected life of the asset, externally prepared forecasts and valuations, and any adjustments required to the discount rate to take account of business risk. The estimated present value of these future cash flows is sensitive to the discount rate and growth rate used in the calculation, all of which require management's judgement. Testing of the carrying value has been performed during the year, which has involved several scenarios being modelled.

Based on this testing, management believes there is sufficient headroom to support the carrying value of goodwill and investments in subsidiary entities, although it is possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumptions used could require a material adjustment to the carrying amount of assets.

##### **iii) Cash flow hedges**

Cash flow hedges on the group's external borrowings are considered for ineffectiveness by comparing the cumulative change in the fair value of the hedged instrument to the cumulative change in the fair value of hedged item.

##### **iv) Contingent liabilities**

This requires management's estimate of determining if the outflow is probable and if required to settle the restoration obligations, see note 20.

# Bracken Trading Limited

## Notes to the financial statements for the year ended 31 December 2020

### 1 Turnover

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

	2020	2019
	£	£
Loan interest and arrangement fees	1,579,832	4,508,084
Energy income	1,407,304	1,327,536
	2,987,136	5,835,620

All turnover arose within the United Kingdom.

### 2 Operating loss

Operating loss is stated after charging/(crediting):

	2020	2019
	£	£
Amortisation of intangible fixed assets	168,798	232,734
Depreciation of tangible fixed assets – owned by the group	662,186	499,553
Auditors' remuneration – company and the group's consolidated financial statements	53,000	51,705
Auditors' remuneration – audit of the company's subsidiaries	9,000	6,410
Auditors' remuneration – non audit services	5,752	9,615
Auditors' remuneration – tax compliance services	24,425	24,425
Management and arrangement fees	2,345,467	1,545,755
Operating lease rentals	81,045	82,054
Difference on foreign exchange	2,202	(14,020)

## **Bracken Trading Limited**

### **Notes to the financial statements for the year ended 31 December 2020 (continued)**

#### **3 Directors' remuneration**

	2020	2019
	£	£
<b>Group and company</b>		
Wages and salaries	82,500	93,750
Social security costs	4,006	4,230
	86,506	97,980

During the year, no pension contributions were made in respect of the directors (2019: £nil). There are no key management personnel other than the directors (2019: £nil).

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

	2020	2019
	Number	Number
<b>Group and company</b>		
Directors	3	3

#### **4 Income from other fixed asset investments**

	2020	2019
	£	£
Income from partnership interests	7,178,149	7,281,202

#### **5 Other interest receivable and similar income**

	2020	2019
	£	£
Bank interest received	-	413

#### **6 Interest payable and similar expenses**

	2020	2019
	£	£
Interest on bank borrowings	278,454	-
	278,454	-

## Bracken Trading Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 7 Tax on profit

(a) Tax charge/(credit) included in consolidated statement of comprehensive income

	2020	2019
	£	£
<b><i>Current tax:</i></b>		
UK Corporation tax on profit for the year	670,631	1,321,304
Adjustments in respect of prior periods	(732,306)	-
Total current tax	(61,675)	1,321,304
<b><i>Deferred tax:</i></b>		
Origination and reversal of timing differences	33,770	(36,767)
Adjustments in respect of prior periods	87,349	135,288
Impact of change of tax rate	19,158	3,870
Total deferred tax (note 15)	140,277	102,391
<b>Tax per Income statement</b>	<b>78,602</b>	<b>1,423,695</b>
<b><i>Other comprehensive income items</i></b>		
Deferred tax current year charge	24,810	-
Deferred tax - prior year	8,927	-
	<b>33,737</b>	<b>-</b>

## Bracken Trading Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 7 Tax on profit (continued)

##### (b) Reconciliation of tax charge/(credit)

The tax assessed for the year is lower (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020	2019
	£	£
<b>Profit before tax</b>	<b>4,402,968</b>	<b>7,001,642</b>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	<b>836,564</b>	1,330,311
Effects of:		
Expenses not deductible for tax purposes	<b>42,251</b>	156,789
Income not taxable	-	(92,066)
Losses	<b>(135,955)</b>	-
Intercompany debt written-off	<b>45,009</b>	-
Adjustments in respect of prior periods	<b>(644,957)</b>	135,288
Tax rate changes	<b>19,158</b>	3,870
Unrecognised deferred tax	<b>(83,468)</b>	(110,497)
<b>Tax charge for the year (note 7(a))</b>	<b>78,602</b>	<b>1,423,695</b>

##### (c) Factors affecting tax charge for the year

Details of an increase to the UK corporation tax are given in note 22 to the financial statements.



## Bracken Trading Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 8 Intangible assets

<b>Group</b>	<b>Distribution rights £</b>	<b>Goodwill £</b>	<b>Total £</b>
<b>Cost</b>			
<b>At 1 January 2020</b>	12,149,982	4,499,110	16,649,092
Acquisitions	-	-	-
<b>At 31 December 2020</b>	<b>12,149,982</b>	<b>4,499,110</b>	<b>16,649,092</b>
<b>Accumulated amortisation</b>			
At 1 January 2020	12,149,982	2,229,741	14,379,723
Charge for the year	-	168,798	168,798
<b>At 31 December 2020</b>	<b>12,149,982</b>	<b>2,398,539</b>	<b>14,548,521</b>
<b>Net book value</b>			
<b>At 31 December 2020</b>	<b>-</b>	<b>2,100,571</b>	<b>2,100,571</b>
At 31 December 2019	-	2,269,369	2,269,369

The company has no intangible assets to disclose (2019: £nil). The group and company have no intangible assets pledged as securities for liabilities (2019: £nil).

## Bracken Trading Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 9 Tangible assets

<b>Group</b>	<b>Plant and Machinery £</b>
<b>Cost</b>	
At 1 January 2020	12,996,381
Additions	1,103
<b>At 31 December 2020</b>	<b>12,997,484</b>
<b>Accumulated Depreciation</b>	
At 1 January 2020	1,067,328
Charge for the year	662,186
<b>At 31 December 2020</b>	<b>1,729,514</b>
<b>Net book value</b>	
<b>At 31 December 2020</b>	<b>11,267,970</b>
At 31 December 2019	11,929,053

The company has no tangible assets to disclose (2019: £nil). The group and company have no finance leases to disclose (2019: £nil). The group and company have no tangible assets pledged as securities for liabilities (2019: £nil).

## Bracken Trading Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 10 Investments

<b>Group</b>	<b>Unlisted investments £</b>
<b>Cost or valuation</b>	
At 1 January 2020	64,881,552
Additions	19,383,005
Disposals	(11,620,000)
<b>At 31 December 2020</b>	<b>72,644,557</b>
<b>Net book value</b>	
<b>At 31 December 2020</b>	<b>72,644,557</b>
At 31 December 2019	64,881,552

Unlisted investments comprise the group's membership contribution to Terido LLP, a lending business. This has not been treated as an associated undertaking and its results have not been consolidated as, in the opinion of the directors, Bracken Trading Limited is unable to exert significant influence over its activities.

<b>Company</b>	<b>Investments in subsidiary undertakings £</b>
<b>Cost or valuation</b>	
At 31 December 2019	109,411,299
Additions	-
<b>At 31 December 2020</b>	<b>109,411,299</b>
<b>Accumulated impairment</b>	
At 31 December 2019	73,900,000
Impairments	-
<b>At 31 December 2020</b>	<b>73,900,000</b>
<b>Net book value</b>	
<b>At 31 December 2020</b>	<b>35,511,299</b>
At 31 December 2019	35,511,299

## Bracken Trading Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 11 Subsidiary undertakings

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

Name	Country of incorporation	Class of shares held	Percentage Shareholding	Nature of business
Bracken Holdings Limited*	UK	Ordinary	100%	Holding company
Garrison Services Limited*^**	UK	Ordinary	100%	Holding company
Garrison Wholesale Limited *^**	UK	Ordinary	100%	Wholesale trading
Whitmore Services Limited*^**	UK	Ordinary	100%	Holding company
Whitmore Wholesale Limited *^**	UK	Ordinary	100%	Wholesale trading
Foreman Trading Limited*^	UK	Ordinary	95.3%	Wholesale trading
Kennett Wholesale Limited *^**	UK	Ordinary	95.3%	Wholesale trading
Ruddock Wholesale Limited *^**	UK	Ordinary	95.3%	Wholesale trading
BridgeCo Limited*^	UK	Ordinary	100%	Finance provider
Bracken (Aircraft) Limited*^**	UK	Ordinary	100%	Dormant company
Spinney Services Limited*^	UK	Ordinary	95.1%	Holding company
Javelin Wholesale Limited *^	UK	Ordinary	95.1%	Wholesale trading
Belenus Energy Limited^	UK	Ordinary	100%	Holding company
Averill Farm Limited ^	UK	Ordinary	100%	Solar power generation
MTS Spittleborough Solar Limited^	UK	Ordinary	100%	Solar power generation

^ Indirectly owned

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

\*\* This entity was dissolved after 31<sup>st</sup> December 2020

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

## Bracken Trading Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 12 Debtors

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
<b>Amounts falling due after more than one year</b>				
Trade debtors	-	1,513,996	-	-
Prepayments and accrued income	-	9,051	-	-
	-	1,523,047	-	-
<b>Amounts falling due within one year</b>				
Trade debtors	7,296,870	20,935,942	-	-
Other debtors	640,251	549,583	4,046,552	2,617,374
Amounts owed by related party	3,943,049	-	-	-
Prepayments and accrued income	9,304,646	7,920,550	22,003	-
Amounts owed by group undertakings	-	-	63,347,349	71,281,688
Derivative Asset	158,412	-	-	-
Corporation tax	499,569	-	-	-
	21,842,797	29,406,075	67,415,904	73,899,062

Trade debtors are stated after provisions for impairment of £421,985 (2019: £549,116). Accrued income is stated after provisions for impairment of £81,567 (2019: £249,749).

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

## Bracken Trading Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 13 Creditors: amounts falling due within one year

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
<b>Amounts falling due within one year</b>				
Trade creditors	59,042	923,742	902	-
Corporation tax	-	488,078	-	-
Other creditors	889,893	300,184	-	-
Accruals and deferred income	3,067,089	894,533	2,461,379	505,000
	4,016,024	2,606,537	2,462,281	505,000

#### 14 Creditors: amounts falling due after more than one year

	Group	
	2020	2019
	£	£
<b>Amounts falling due after more than one year</b>		
Bank loan	10,700,000	10,700,000
	10,700,000	10,700,000

The bank loan is secured against assets held of Belenus Energy Limited. The repayment date is 31<sup>st</sup> March 2034.

	Interest rate	2020	2019
		£	£
Belenus Energy Limited	6 month LIBOR plus 1.25%	10,700,000	10,700,000
		10,700,000	10,700,000

The company has no creditors falling due after more than one year to disclose (2019: £nil).

## Bracken Trading Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 14 Creditors: amounts falling due after more than one year (continued)

Analysis of changes in net debt:

	As at 1 January 2020	Cashflows	Fair value and exchange movements	As at 31 December 2020
	£	£	£	£
Cash and cash equivalents	6,031,660	1,950,468	-	7,982,128
Bank loans	(10,700,000)	-	-	(10,700,000)
Derivative financial instruments	-	-	158,412	158,412
<b>Total</b>	<b>(4,668,340)</b>	<b>1,950,467</b>	<b>158,412</b>	<b>(2,559,461)</b>

#### 15 Deferred tax

	Group	
	2020	2019
Deferred tax (asset)/liability	£	£
At 1 January	75,492	(26,900)
Adjustments in respect of prior years	87,349	135,288
Deferred tax charge to I/S for the period	52,928	(32,896)
Deferred tax charge to OCI for the period	33,737	-
At 31 December	249,506	75,492

The deferred tax (asset)/liability is made up as follows:

	Group	
	2020	2019
	£	£
Timing differences on fixed assets	215,769	75,492
Non-trading timing differences	33,737	-
	249,506	75,492

The company has no deferred tax to disclose (2019: £nil).

## **Bracken Trading Limited**

### **Notes to the financial statements for the year ended 31 December 2020 (continued)**

#### **15 Deferred tax (continued)**

In accordance with the requirements of FRS 102, due to uncertainties over the timing and nature of profits against which it will reverse, no deferred tax asset has been recognised at 31 December 2020 in relation to the losses carried forward in certain group companies. Details of the unprovided deferred tax assets are stated below, calculated at the rate of Corporation Tax in the UK substantively enacted at the balance sheet date, of 19% (2019: 19%):

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Timing differences	<b>33,132</b>	3,242
Tax losses carried forward	<b>132,413</b>	728,987
	<b>165,545</b>	732,229



## Bracken Trading Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 16 Financial instruments

The group and company have the following financial instruments:

	Group		Company	
	2020	2019	2020	2019
	£	£	£	£
<b>Carrying amount of financial assets</b>				
Debt instruments measured at amortised cost	11,998,653	22,999,521	63,450,851	73,899,062
Equity instruments measured at cost less impairment	72,644,557	64,881,552	35,511,299	35,511,299
Derivative instruments measured at fair value	158,412	-	-	-
<b>Carrying amount of financial liabilities</b>				
Measured at amortised cost	11,648,936	11,923,926	902	-

#### Derivative financial instruments

The group's financial risk management seeks to minimise the exposure to market risk, credit risk, liquidity and cash flow risk, and energy market risk. See the Strategic report on page 3 for the Directors consideration and mitigation strategies for these risks.

The group has exposure to fluctuations in interest rates on its borrowings. Where the group enters into borrowing arrangements with floating rate interest, a swap arrangement is entered into to fix a portion of the interest in order to mitigate against an increase in interest rates. The portion of interest to be fixed is assessed on a case by case basis. Management can elect whether to hedge account for these arrangements on an individual transaction basis and have elected to apply hedge accounting for interest rate swaps. The swaps are based on a principal amount of the loan facility and mature on the same date. On 31<sup>st</sup> December 2020 the outstanding interest rate swaps have a maturity in excess of five years and the fair value is an asset of £158,412 (2019: £nil).

## **Bracken Trading Limited**

### **Notes to the financial statements for the year ended 31 December 2020 (continued)**

#### **17 Provisions for liabilities**

<b>Group</b>	<b>Deferred tax £</b>	<b>Total £</b>
<b>At 1 January 2019</b>	<b>(26,900)</b>	<b>(26,900)</b>
Recognised during the year	102,392	102,392
<b>At 1 January 2020</b>	<b>75,492</b>	<b>75,492</b>
Recognised during the year	174,014	174,014
<b>At 31 December 2020</b>	<b>249,506</b>	<b>249,506</b>

The company had no provisions at 31 December 2020 (2019: £nil).

## Bracken Trading Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 18 Called up share capital

Group	2020	2019
Allotted, called-up and fully paid	£	£
71,044,653 (2019: 77,872,812) Ordinary shares of £0.10 each	7,104,465	7,787,281
	7,104,465	7,787,281

Company	2020	2019
Allotted, called-up and fully paid	£	£
71,044,653 (2019: 77,872,812) Ordinary shares of £0.10 each	7,104,465	7,787,281
	7,104,465	7,787,281

During the year the group and company issued 87,119 (2019: nil) ordinary shares of £0.10 each with an aggregate nominal value of £8,712 (2019: £nil). Total consideration of £127,194 (2019: £nil) was paid for the shares, giving rise to a premium of £118,482 (2019: £nil). During the year the group and company also cancelled 6,915,278 (2019: 4,074,920) ordinary shares, with a nominal value of £691,528 (2019: £407,492). This resulted in a cancellation of premium of £118,482 (2019: £Nil), and distribution from reserves of £5,191,433 (2019: £Nil). During the year, an amount of £3,943,049 was documented with the Registrar of Companies as a distribution of Share Premium, where in fact it should have been a distribution of distributable reserves, this has given rise to a distribution contrary to the Companies Act 2006, and therefore has not been recognised in these financial statements. This resulted in the recognition of a receivable from the beneficiary of £3,943,049 (being the amount paid to the beneficiary as a cash distribution exceeding the share capital) which is expected to be settled via a distribution in December 2021, resulting in a reduction of equity in order to settle the receivable. Refer to note 22 & note 23 in the Notes to the financial statements.

The movements on share capital during the year were as follows:

#### Group

	Ordinary shares	A Ordinary shares	Preference shares	Total
	£	£	£	£
<b>At 1 January 2019</b>	6,018,139	2,416,436	-	8,434,575
Converted due to restructuring	2,176,634	(2,176,634)	-	-
Issued during the year	-	-	10,000	10,000
Cancelled during the year	(407,492)	(239,802)	(10,000)	(657,294)
<b>At 31 December 2019</b>	<b>7,787,281</b>	<b>-</b>	<b>-</b>	<b>7,787,281</b>
Issued during the year	8,712	-	-	8,712
Cancelled during the year	(691,528)	-	-	(691,528)
<b>At 31 December 2020</b>	<b>7,104,465</b>	<b>-</b>	<b>-</b>	<b>7,104,465</b>

## Bracken Trading Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 18 Called up share capital (continued)

##### Company

	Ordinary shares	Preference shares	Total
	£	£	£
<b>At incorporation</b>	-	-	-
Issued during the year	7,787,281	10,000	7,797,281
Cancelled during the year	-	(10,000)	(10,000)
<b>At 31 December 2019</b>	<b>7,787,281</b>	<b>-</b>	<b>7,787,281</b>
Issued during the year	8,712	-	8,712
Cancelled during the year	(691,528)	-	(691,528)
<b>At 31 December 2020</b>	<b>7,104,465</b>	<b>-</b>	<b>7,104,465</b>

As part of the process of cancelling and extinguishing the Ordinary shares, an amount of £5,874,249 (2019: £9,075,385) was returned to the holders of those shares. The payment was constituted as follows:

	2020	2019
	£	£
Ordinary share capital cancelled	<b>682,816</b>	647,294
Premium on cancelled shares	-	8,428,091
Distribution from profit and loss account	<b>5,191,433</b>	-
	<b>5,874,249</b>	9,075,385

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

##### Merger reserve

The merger reserve arises from the difference between the fair value of the shares issued and the book values of the subsidiaries acquired.

##### Cashflow hedge reserve

The cash flow hedge reserve is used to record transactions arising from the group's cash flow hedging arrangements.

## Bracken Trading Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 19 Minority interests

	Foreman Trading Limited	Spinney Services Limited	Total
	£	£	£
At 1 January 2020	1,760,066	299,181	2,059,247
Share of profit after tax	128,720	21,839	150,559
Increase in investment by group	(366,680)	(3,904)	(370,584)
<b>At 31 December 2020</b>	<b>1,522,106</b>	<b>317,116</b>	<b>1,839,222</b>

#### 20 Contingencies

##### Contingent liabilities

Under section 479C of the Companies Act 2006, the parent company Bracken Trading Limited has guaranteed all outstanding liabilities to which the subsidiaries taking the audit exemption listed in note 11 were subject at the end of 31 December 2020 until they are satisfied in full. These liabilities total £67,643,505 (2019: £144,181,370), including intercompany loans of £66,986,577 (2019: £141,959,722). The net balance of these guarantees are enforceable against Bracken Trading Limited by any person to whom any such liability is due.

The Group has a constructive obligation to return the land on which solar sites are built to its original condition, at the end of the lease. The directors believe that given the nature of the assets, the lessor may wish to either take title of the assets for either continued use or to realise value through selling the assets and as such the directors do not believe that an outflow is probable to settle this restoration obligation. The directors will continue to monitor this situation at each balance sheet date.

#### 21 Operating lease commitments

At 31 December the group had total future minimum lease payments under non-cancellable operating leases as follows:

	2020	2019
	£	£
Not later than one year	82,269	81,104
Later than one year and not later than five years	329,076	324,416
Later than five years	1,191,545	1,255,896
	<b>1,602,890</b>	<b>1,661,416</b>

The company has no operating lease commitments to disclose (2019: £nil). The group has no other off-balance sheet arrangements (2019: £nil).

## **Bracken Trading Limited**

### **Notes to the financial statements for the year ended 31 December 2020 (continued)**

#### **22 Post balance sheet events**

In April 2021, an independent valuation of the reserve power sites held in Terido LLP, of which Bracken group is a partner, was performed. No adjustments have been made to the financial statements as a result of this valuation as changes in the outcome arise based on conditions that arose post 31 December 2020.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

Post balance sheet, it was discovered the December 2020 capital reduction constituted a distribution contrary to the Companies Act to related parties, as the Company purported to cancel share premium that did not exist. This resulted in an adjustment to the financial statements, recognising a receivable from related parties of £3,943,049. Related party balances are disclosed in note 23. The group consulted legal experts to remedy the distribution, by way of a distribution to be performed in December 2021, to achieve the initial commercial intention in full.

#### **23 Related party transactions**

Under FRS 102 33.1A disclosures need not be given of transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member. Other than the transactions disclosed below, the company's other related party transactions were with its wholly owned subsidiary members of the group.

During the year, fees of £2,786,835 (2019: £1,545,755) were charged to the group by Octopus Investments Limited, a related party due to its significant influence over the entity. At the year end, an amount of £6,077 (2019: £108,755 owed from) was owed to the group which is included in the trade debtors. A debtor of £562,397 is owed to/from the group due to the December 2020 distribution detailed in note 22.

The group is entitled to a profit share as a result of its membership in Terido LLP, a related party due to key management personnel in common. In 2020 a share of profit equal to £7,178,149 (2019: £7,281,202) has been recognised by the group. At the year end, the group had an interest in the member's capital of £72,644,557 (2019: £64,881,552) and accrued income due of £7,540,332 (2019: £4,773,773). At the year end, an amount of £10,918 (2019: £103,214) was owed from the group to Terido LLP which is included in the trade creditors.

At the year end, an amount of £7,119 (2019: £34,351) was owed from Fern Trading Limited, a related party due to key management personnel in common. This is included in the trade debtors. A debtor of £3,380,652 is owed to/from the group due to the December 2020 distribution detailed in note 22.

#### **24 Ultimate parent company and controlling party**

In the opinion of the directors, there is no ultimate controlling party. Bracken Trading Limited is the only company to consolidate the company's results and those of its subsidiaries.