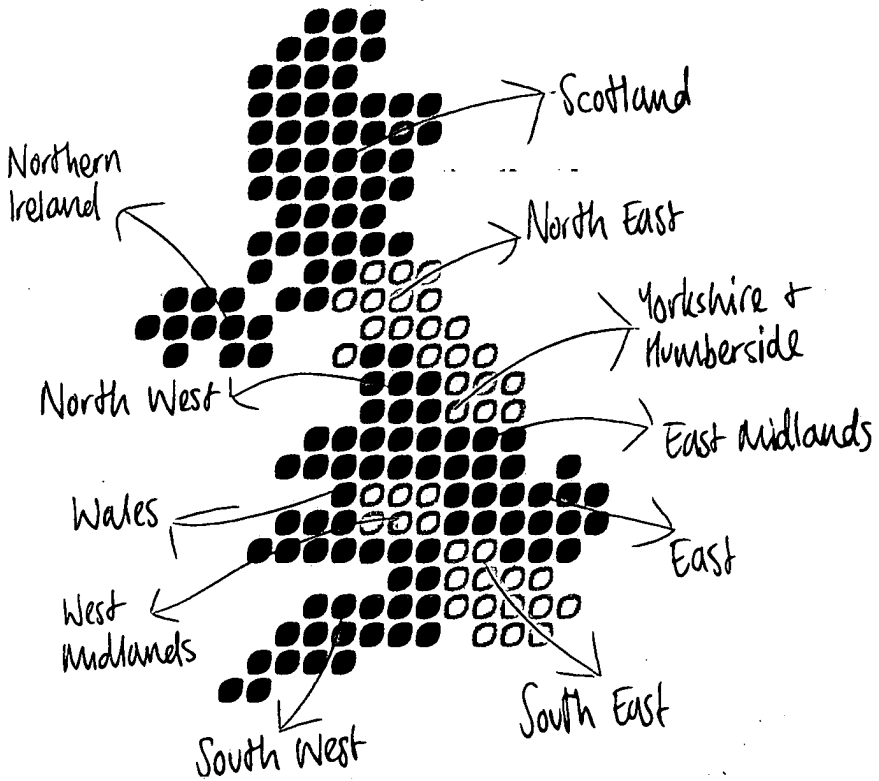
Company registration number: 07620510

Business GrowthFund

BGF Services Ltd

Annual reports and financial statements

For the year ended 31 December 2016



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Company registration number	07620510
Registered Office	13-15 York Buildings London WC2N 6JU
Auditor	KPMG LLP 15 Canada Square London E14 5GL
Banker	Barclays Bank Plc One Churchill Place London E14 5HP

Principal activities and status

The principal activity of the Company is to provide employment services to Business Growth Fund Plc and its subsidiaries ("the Group").

Business review

In 2016 the Group significantly increased its level of investment and consequently increased the size of its portfolio.

This generated a requirement for additional staff to support the growth of the Group, with the number employed by the Company rising to 135 (2015: 121). This increase, combined with the full year impact of the existing staff provided to the Group, resulted in the Company's turnover increasing from £23,967,000 to £26,998,000.

The Group is expected to need additional staff during 2017 as it continues to expand and this will provide some growth for the Company

Principal risks and uncertainties

Turnover is wholly generated from transactions with Business Growth Fund Plc. The management of the business and the execution of the Company's strategy are subject to a number of risks, all of which are closely integrated with those of the Group. Accordingly the principal risks and uncertainties of the Group are discussed below.

The key risks that the Group faces relate to the investment portfolio. Making equity linked investments in small, predominantly unquoted companies, by its nature, carries a higher degree of risk than investments in quoted or listed assets. This risk is managed through the Group's investment and portfolio management processes and is in line with other providers of unquoted equity investment. As the Group expands its investments the directors will mitigate some of this risk by ensuring that it maintains a diverse portfolio across business sectors and geography.

The nature of these investments also gives rise to a liquidity risk as there is not generally a ready market for the sale of the assets. The directors mitigate this risk by ensuring that sufficient cash reserves are maintained to cover any short term liabilities.

The Group operates in a highly regulated market and the Parent Company is authorised by the Financial Conduct Authority to carry out its investment business. The directors have put in place procedures and controls to ensure that this authorisation is maintained.

A more detailed analysis of the risks facing the Group is shown in the financial statements of Business Growth Fund Plc, obtainable from 13-15 York Buildings, London, WC2N 6JU.

Key Performance Indicators

The Company uses both financial and non-financial measures to track progress against its primary objectives of supporting the operations of the Group.

Political and charitable donations

The Company made charitable donations of £1,373 in 2016 (2015: £3,671) as part of its policy to match employee donations up to a maximum of £250 per employee. The Company did not make any contributions to political parties during either the current or the previous year.

This report was approved by the Board of Directors on 12 April 2017 and signed on its behalf by:



Stephen Welton (Chief Executive Officer)

The directors' present their annual strategic report, directors' report and financial statements for the year ended 31 December 2016.

The company has chosen to set out information relating to the business review and future developments, key performance indicators and principle risks and uncertainties, within the Company Strategic Report.

Going Concern

As discussed within note 1(b) to the financial statements, the directors have considered the company's ability to continue as a going concern and have reasonable expectation that the Company will continue as a going concern for at least the next 12 months following approval of this report.

Results and dividends

The Company made a profit after taxation of £1,014,000 (2015: £1,141,000). The directors do not recommend the payment of a dividend for the year (2015: £nil).

Creditor payment policy

The Company's payment policy is to settle supplier invoices in accordance with agreed terms. At 31 December 2016, there were 25 days (2015: 7 days) of purchases in trade creditors.

Directors

The directors who served during the year were:

Stephen Welton
Matthew Reed

The directors have no interest in the shares of the company.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware, and each director has taken all steps that ought to have been taken as director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

This report was approved by the Board of Directors on 12 April 2017 and signed on its behalf by:



Stephen Welton (Chief Executive Officer)

Statement of directors' responsibilities in respect of the strategic report, directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 the Financial Reporting Standard applicable in the UK and Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of BGF Services Ltd

We have audited the financial statements of BGF Services Ltd for the year ended 31 December 2016 set out on pages 8 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *the Financial Reporting Standard applicable in the UK and Ireland.*

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of directors responsibilities 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. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of the company's profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

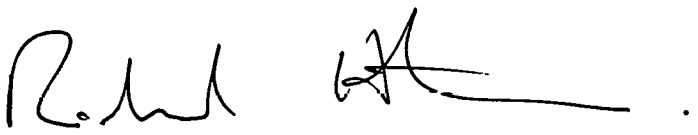
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, 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.



Richard Hinton (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London E14 5GL
Date: 12 April 2017

Profit and loss account

For the year ended 31 December 2016

	Notes	2016 £'000	2015 £'000
Turnover		**26,998**	23,967
Cost of sales	2	**(25,713)**	(22,826)
Profit on ordinary activities before taxation		**1,285**	1,141
Taxation on ordinary activities	4	**(271)**	-
Profit on ordinary activities after taxation		**1,014**	1,141
Total comprehensive income		**1,014**	1,141

All of the above arose from continuing operations.

A statement of total recognised gains and losses has not been prepared as all gains and losses are recognised in the profit and loss account.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above and their historical equivalents.

The notes on pages 11 to 14 form an integral part of these financial statements.

Balance sheet

BGF Services Ltd

As at 31 December 2016

	Notes	2016 £'000	2015 £'000
Current assets			
Debtors	5	**15,039**	12,270
Cash at bank and in hand		**51**	123
		15,090	12,393
Creditors: amounts falling due within one year	6	**(10,339)**	(8,656)
Net current assets		**4,751**	3,737
Net assets		**4,751**	3,737
Capital and reserves			
Share capital	7	**-**	-
Retained earnings	8	**4,751**	3,737
Equity shareholders' funds		**4,751**	3,737

These financial statements were approved by the Board of Directors on 12 April 2017 and were signed on its behalf by:



Stephen Welton (Chief Executive Officer)

Company registration number: 07620510

The notes on pages 11 to 14 form an integral part of these financial statements.

	Profit & Loss Account £'000	**Total equity £'000**
Balance as at 1 January 2016	3,737	**3,737**
Profit for the period	1,014	**1,299**
Balance as at 31 December 2016	4,751	**5,036**

	Profit & Loss Account £'000	**Total equity £'000**
Balance as at 1 January 2015	2,596	**2,596**
Profit for the period	1,141	**1,141**
Balance as at 31 December 2015	3,737	**3,737**

The notes on pages 11 to 14 form an integral part of these financial statements.

1. Accounting policies

a. Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Under FRS 102 paragraph 1.12, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that the parent undertaking, Business Growth Fund Plc, includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of Business Growth Fund Plc, which prepares consolidated financial statements, it has taken advantage of the exemption contained in paragraph 33.1A of FRS 102 and has therefore not separately disclosed transactions or balances with other wholly owned subsidiaries of Business Growth Fund Plc.

b. Going concern

The Company's business activities, together with the factors likely to affect future development, performance and position are set out in the Business Review on page 4. In addition, note 1 to the financial statements includes the Company's objectives and its exposure to credit risk.

The directors have a reasonable expectation that the Company has 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.

c. Turnover

Turnover relates to the provision of services and is recognised on an accruals basis. All turnover is generated in the United Kingdom.

d. Operating expenses

Operating expenses are recorded on an accruals basis.

e. Taxation

Tax on the profit and loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when the Company intends to settle on a net basis and the legal right to offset exists.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax, or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset or liability is recognised in the Company and the corresponding amount that can be deducted or assessed for tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

f. Post retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amount charged to the Profit and Loss account represents the contributions payable to the scheme in respect of the accounting period.

2. Staff costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	2016	2015
Senior management team (including directors)	**11**	13
Investment staff	**86**	75
Support staff	**31**	27
Total	**128**	115

The aggregate payroll costs of these persons were as follows:

	2016 £'000	2015 £'000
Wages & salaries	**20,343**	17,959
Social security costs	**2,890**	2,337
Other pension costs	**1,195**	1,046
Total staff costs	**24,428**	21,342

3. Directors' remuneration

The directors do not receive any remuneration in respect of services rendered for this Company.

4. Taxation

a. Analysis of tax charge in the year

	2016 £'000	2015 £'000
UK corporation tax (note 4(b))	**271**	-

b. Factors affecting the tax charge for the year

	2016 £'000	2015 £'000
Profit on ordinary activities before taxation	**1,285**	1,141
Corporation tax at 20.00% (2015: 20.25%)	**257**	231
Effect of:		
Group relief from parent company	**-**	(259)
Disallowed administrative expenses	**14**	28
Tax charge for the period (note 4(a))	**271**	-

Further reductions to the UK Corporation tax rate were substantively enacted on 26 October 2015 in Finance (No 2) Bill 2015 reducing the main rate to 19% from 1 April 2017 and to 18% from 1 April 2020. On 6 September 2016, a further reduction to 17% from 1 April 2020 was substantively enacted.

5. Debtors

	2016 £'000	2015 £'000
Amounts due from other group companies	**14,913**	12,156
Prepayments & accrued income	**126**	114
Total	**15,039**	12,270

6. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	**114**	30
Taxation & social security	**756**	432
Pensions payable	**1**	99
Accruals & deferred income	**9,468**	8,095
Total	**10,339**	8,656

7. Share capital

	2016 £'000	2015 £'000
100 Ordinary shares of £1 each – allotted, called-up and fully paid	**-**	-

8. Reserves

	Retained Earnings £'000
As at 1 January 2016	**3,737**
Profit on ordinary activities after taxation	**1,014**
As at 31 December 2016	**4,751**

9. Related party transactions

The Company has placed cash deposits with Barclays Bank Plc, which is a member of a group including one of the Group's shareholders. The interest receivable from these deposits was £nil (2015: £nil) during the period. The balance on deposit at the year end was £50,535 (2015: £123,434). All transactions have been made on an arm's length basis.

10. Immediate and ultimate parent undertaking

At 31 December 2016, the Company's immediate and ultimate parent undertaking was Business Growth Fund Plc, a company incorporated in England and Wales. The address of the ultimate parent company, from which copies of the consolidated financial statements can be obtained, is consistent with that of the Company.

11. Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to meet an obligation or commitment that it has entered into with the Company. The Board of Directors' has in place a monitoring procedure in respect of counterparty risk which is reviewed on an on-going basis. The maximum credit risk exposure at the balance sheet date is best represented by the carrying value.

As at 31 December 2016, the Company's credit risk exposure was as follows:

	2016 £'000	2015 £'000
Cash at bank and in hand	**51**	123

All of the cash of the Company is held by Barclays Bank plc. The Board monitor the credit quality and financial position of Barclays regularly and would seek to move the cash holdings if this position deteriorated.

The Company has low credit risk exposure on its receivables balance of £15,039,000 (2015: £12,270,000) as the balance is primarily held with Business Growth Fund Plc, its parent company, and has been received post year end.

12. Subsequent events

There are no subsequent events which the Board considers would have a material impact on the users of the financial statements.