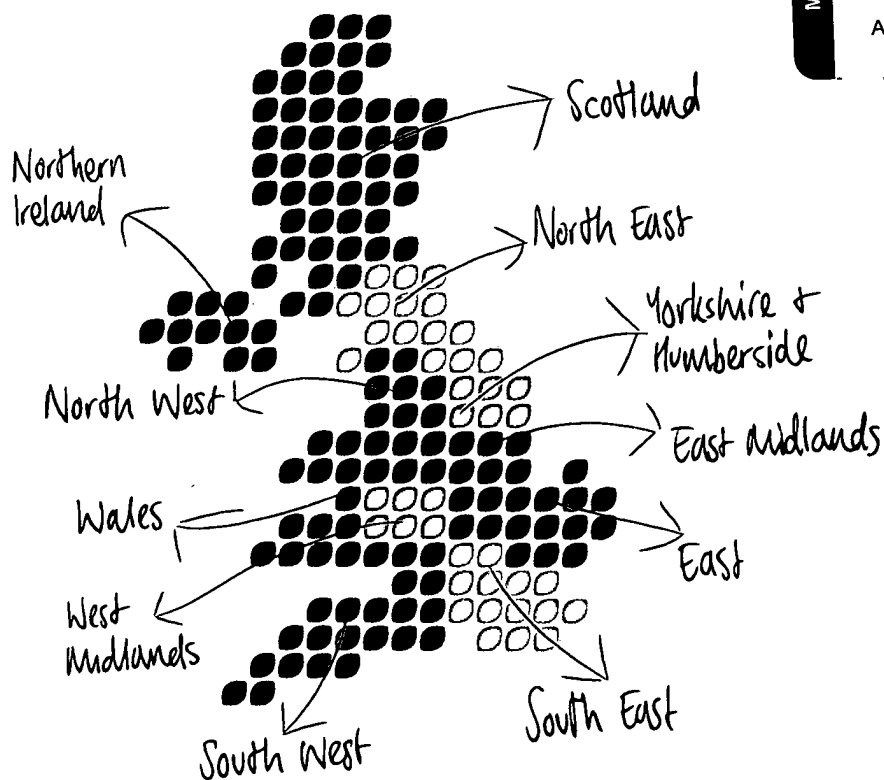




BGF Services Ltd

Annual reports and financial statements

For the year ended 31 December 2014



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Company information

BGF Services Ltd

Company registration number

07620510

Registered Office

21 Palmer Street
London
SW1H 0AD

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 2014 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 107 (2013: 94). This increase, combined with the full year impact of the existing staff provided to the Group, resulted in the Company's turnover increasing from £15,852,000 to £20,267,000.

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.

Political and charitable donations

The Company made charitable donations of £6,276 in 2014 (2013: £1,686) 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 16 April 2015 and signed on its behalf by:



Stephen Welton (Chief Executive Officer)

The directors' present their report and audited financial statements for the year ended 31 December 2014.

Results and dividends

The Company made a profit after taxation of £965,000 (2013: £755,000). The directors do not recommend the payment of a dividend for the year (2013: £nil).

Creditor payment policy

The Company's payment policy is to settle supplier invoices in accordance with agreed terms. At 31 December 2014, there were 34 days (2013: 17 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 auditor

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 16 April 2015 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).

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 the company 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

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 2014 set out on pages 8 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 2014 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 period for which the financial statements are prepared is consistent with the financial statements.

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.



Lord Rockley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
Date: 16 April 2015

Profit and loss account

For the year ended 31 December 2014

BGF Services Ltd

	Notes	2014 £'000	2013 £'000
Turnover		20,267	15,852
Cost of sales	2	(19,302)	(15,097)
Profit on ordinary activities before taxation		965	755
Taxation on ordinary activities	5	-	-
Profit on ordinary activities after taxation		965	755

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.

Reconciliation of movement in shareholders' funds

For the year ended 31 December 2014

	2014 £'000	2013 £'000
Opening shareholders' funds	1,631	876
Profit for the period	965	755
Closing shareholders' funds	2,596	1,631

The notes on pages 10 to 13 form an integral part of these financial statements.

Balance sheet

As at 31 December 2014

BGF Services Ltd

	Notes	2014 £'000	2013 £'000
Current assets			
Debtors	6	10,061	6,955
Cash at bank and in hand		40	27
		10,101	6,982
Creditors: amounts falling due within one year	7	(7,505)	(5,351)
Net current assets		2,596	1,631
Net assets		2,596	1,631
Capital and reserves			
Share capital	8	-	-
Retained earnings	9	2,596	1,631
Equity shareholders' funds		2,596	1,631

These financial statements were approved by the Board of Directors on 16 April 2015 and were signed on its behalf by:



Stephen Welton (Chief Executive Officer)

Company registration number: 07620510

The notes on pages 10 to 13 form an integral part of these financial statements.

Notes to the financial statements

BGF Services Ltd

For the year ended 31 December 2014

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

a. Basis of preparation

These financial statements have been prepared under UK Generally Accepted Accounting Practice (UK GAAP).

Under FRS 1 (revised 1996), 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.

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 12 to the financial statements include 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

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

f. Related party transactions

The Company is exempt from the requirements of Financial Reporting Standard No 8 (Related Party Disclosures) to disclose transactions with other wholly owned group undertakings, as Business Growth Fund Plc includes in its consolidated accounts the financial statements of all other group companies and its financial statements are publically available.

g. 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.

Notes to the financial statements

BGF Services Ltd

For the year ended 31 December 2014

2. Cost of sales

Cost of sales includes the following amounts:

	2014 £'000	2013 £'000
Auditor's remuneration for audit of these financial statements	-	10
Staff costs	18,047	14,097

Auditor's remuneration for the audit of these financial statements is wholly borne by the ultimate parent company, Business Growth Fund Plc.

3. Staff costs

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

	2014	2013
Senior management team	10	10
Investment staff	69	54
Support staff	22	19
Total	101	83

The aggregate payroll costs of these persons were as follows:

	2014 £'000	2013 £'000
Wages & salaries	15,203	11,831
Social security costs	1,966	1,551
Other pension costs	878	715
Total staff costs	18,047	14,097

4. Directors' remuneration

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

Notes to the financial statements

BGF Services Ltd

For the year ended 31 December 2014

5. Taxation

a. Analysis of tax charge in the year

	2014 £'000	2013 £'000
UK corporation tax (note 5(b))	-	-

b. Factors affecting the tax charge for the year

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	965	755
Corporation tax at 21.49% (2013: 23.25%)	207	176
Effect of:		
Group relief from parent company	(230)	(194)
Disallowed administrative expenses	23	18
Tax charge for the period (note 5(a))	-	-

Reductions in the UK corporation tax rate from 24% to 23% (effective 1 April 2013) and to 21% (effective 1 April 2014) were substantively enacted on 3 July 2012 and 2 July 2013 respectively. This resulted in a weighted average rate of 21.49% for the year ended 31 December 2014 (2013: 23.25%). A further reduction to 20% (effective from 1 April 2015) was also substantively enacted on 2 July 2013. This will reduce the company's future current tax rate accordingly.

6. Debtors

	2014 £'000	2013 £'000
Amounts due from other group companies	9,961	6,900
Prepayments & accrued income	100	55
Total	10,061	6,955

7. Creditors: amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	138	57
Taxation & social security	392	333
Pensions payable	78	71
Accruals & deferred income	6,897	4,890
Total	7,505	5,351

Notes to the financial statements

BGF Services Ltd

For the year ended 31 December 2014

8. Share capital

	2014 £'000	2013 £'000
100 Ordinary shares of £1 each – allotted, called-up and fully paid	-	-

9. Reserves

	Retained Earnings £'000
As at 1 January 2014	1,631
Profit on ordinary activities after taxation	965
As at 31 December 2014	2,596

10. 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 (2013: £nil) during the period. The balance on deposit at the year end was £39,949 (2013: £26,769). All transactions have been made on an arm's length basis.

11. Immediate and ultimate parent undertaking

At 31 December 2014, 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.

12. 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 2014, the Company's credit risk exposure was as follows:

	2014 £'000	2013 £'000
Cash at bank and in hand	40	27

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 £10,061,000 (2013: £6,955,000) as the balance is primarily held with Business Growth Fund Plc, its parent company, and has been received post year end.