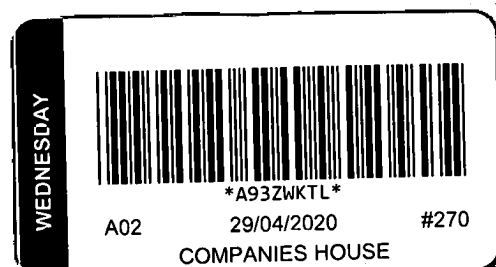


# **Business Growth Fund Limited**

## **Annual reports & financial statements**

**For the year ended:  
31 December 2019**

**BGF** For where you  
want to go



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## Company information

Company registration number  
07514847

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

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# Strategic Report

## Principal activities and status

Business Growth Fund Limited (the "Company") is a wholly owned subsidiary of BGF Group Plc. BGF Group Plc and its wholly owned subsidiaries ("BGF" or "BGF Group") is an investment business that provides growth capital to ambitious entrepreneurs running growing UK companies. The principal activity of the Company is to provide capital to BGF Investments LP and BGF Ventures LP (the "Partnerships") for the Group's investment activity and to manage the corporate activities of the Group.

## Business Review

The Group has continued to expand its investments leading to the Company providing additional capital to the Partnerships.

It expected that additional funding will be required in 2021 although this will reduce in the following years as re-investment of proceeds will provide more of the funding needs of the Group.

In 2018 the Company received £14,169,000 from BGF Investments LP whereas in 2019 this was only £241,000. The nature of returns from the Partnerships means that they will vary significantly from one year to the next and are difficult to predict.

Primarily as a result of the reduction in income from the Partnerships, the Company's loss before taxation increased to £47,577,000 (2018: £35,058,000).

## Principal Risks and Uncertainties

Turnover is wholly generated from transactions with companies in the Group. 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 BGF faces relate to the investment portfolio. Making equity linked investments in small, predominantly unquoted companies, by its nature, carries a higher degree of risk, as well as illiquidity, than investments in quoted or listed assets. This risk is managed through BGF's investment and portfolio management processes and is in line with other providers of unquoted equity investment. As BGF 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 aiming to ensure that sufficient cash reserves are maintained to cover any short-term liabilities.

BGF operates in a highly regulated market and BGF Investment Management Limited, a wholly owned subsidiary of the Group, 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.

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## Strategic Report (continued)

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

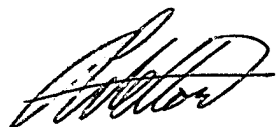
### Key Performance Indicators

The Company uses both financial and non-financial measures to track progress against its primary objectives of supporting the operations of the Group. A more detailed analysis of the key performance indicators used by the Group is shown in the financial statements of BGF Group Plc, obtainable from 13-15 York Buildings, London, WC2N 6JU.

### Political and Charitable Donations

The Company made charitable donations of £49,500 in 2019 (2018: £35,800). 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 2020 and signed on its behalf by:



Stephen Welton (Chief Executive Officer)

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## Directors' Report

The directors present their Directors' Report, Strategic Report and Financial Statements for the year ended 31 December 2019.

The Company has chosen to set out information relating to the business review and future developments, principle risks and uncertainties, political and charitable donations within the Strategic Report on pages 4 to 5.

### Going Concern

The Group's Shareholders have committed a total of £425m, available to be drawn over the year, to fund both the Group's investment and operational requirements, including the operational requirements of the Group's subsidiaries. The Group actively manages its portfolio of investments and related Covid-19 exposure, and the directors have considered various downside scenarios, which alongside the permanent funding committed from its shareholders to the Group enables the Directors to conclude the Company is able to fund its activities for at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Annual reports and financial statements.

### Results and dividends

The Company made a loss after taxation of £46,014,000 (2018: £26,029,000). The directors do not recommend the payment of a dividend for the period (2018: £nil).

### Creditor payment policy

The Company's payment policy is to settle supplier invoices in accordance with agreed terms. At 31 December 2019, the Company had 58 days (2018: 39 days) of purchases held in 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.

### Statement of 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 Auditor is 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 Auditor is aware of that information.

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## Directors' Report (continued)

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the Board of Directors on 16 April 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'S. Welton', with a stylized flourish at the end.

Stephen Welton (Chief Executive Officer)

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## Statement of Directors' Responsibilities

### **Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements**

The directors are responsible for preparing the Strategic Report, the 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 Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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



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# Independent Auditor's Report to the Members of Business Growth Fund Limited

## Opinion

We have audited the financial statements of Business Growth Fund Limited ("the Company") for the year ended 31 December 2019 which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease their operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

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# Independent Auditor's Report to the Members of Business Growth Fund Limited (continued)

## **Strategic report and directors' report**

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports that report for the financial year is consistent with the financial statements; 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**

Under the Companies Act 2006, we are required 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 parent company 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

## **Directors' responsibilities**

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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# Independent Auditor's Report to the Members of Business Growth Fund Limited (continued)

## **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **The purpose of our audit work and to whom we owe our responsibilities**

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.



**Richard Kelly (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL  
24 April 2020

# Profit and Loss Account

For the year end 31 December 2019

	Notes	2019 £'000	2018 £'000
Turnover	2	5,880	19,726
Operating expenses	3,4	(56,794)	(51,992)
<b>Operating loss</b>		<b>(50,914)</b>	<b>(32,266)</b>
Impairment of subsidiary	7	-	(3,042)
Reversal of impairment of subsidiary	7	3,042	-
Interest receivable	5	295	250
<b>Loss on ordinary activities before taxation</b>		<b>(47,577)</b>	<b>(35,058)</b>
Taxation on ordinary activities	6	1,563	9,029
<b>Loss on ordinary activities after taxation</b>		<b>(46,014)</b>	<b>(26,029)</b>
<b>Total comprehensive income</b>		<b>(46,014)</b>	<b>(26,029)</b>

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 or loss on ordinary activities before taxation and the retained profit or loss for the period stated above and their historical equivalents.

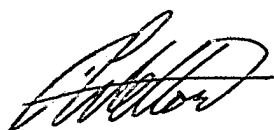
The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Balance Sheet

As at 31 December 2019

	Notes	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Investment in subsidiaries	7	1,352,550	1,197,328
Tangible fixed assets	8	7,103	5,636
		<b>1,359,653</b>	<b>1,202,964</b>
<b>Current assets</b>			
Debtors	9	63,461	33,452
Cash at bank and deposit		53,356	64,781
		<b>116,817</b>	<b>98,233</b>
<b>Creditors: amount falling due within one year</b>	10	<b>(559,276)</b>	<b>(337,908)</b>
<b>Net current liabilities</b>		<b>(442,459)</b>	<b>(239,675)</b>
<b>Total assets less current liabilities</b>		<b>917,194</b>	<b>963,289</b>
Provisions for liabilities and charges	11	(223)	(304)
<b>Net assets</b>		<b>916,971</b>	<b>962,985</b>
<b>Capital and reserves</b>			
Called up share capital	13	1,157,129	1,157,129
Retained earnings	14	(240,158)	(194,144)
<b>Equity shareholders' funds</b>		<b>916,971</b>	<b>962,985</b>

These financial statements were approved by the Board of Directors on 16 April 2020 and were signed on its behalf by:



Stephen Welton (Chief Executive Officer),  
Company registration number: 07514847

## Statement of Changes in Equity

For the year ended 31 December 2019

	Called up Share Capital £'000	Profit & loss account £'000	Total equity £'000
Balance at 1 January 2019	1,157,129	(194,144)	962,985
Loss for the period	-	(46,014)	(46,014)
<b>Balance at 31 December 2019</b>	<b>1,157,129</b>	<b>(240,158)</b>	<b>916,971</b>

For the year ended 31 December 2018

	Called up Share Capital £'000	Profit & loss account £'000	Total equity £'000
Balance at 1 January 2018	1,157,129	(168,115)	989,014
Loss for the period	-	(26,029)	(26,029)
<b>Balance at 31 December 2018</b>	<b>1,157,129</b>	<b>(194,144)</b>	<b>962,985</b>

The notes on pages 15 to 24 form an integral part of these financial statements

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# Notes to the financial statements

For the year ended 31 December 2019

## 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 presentation currency is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group.

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, BGF Group Plc ("the Group"), includes the Company in its own published consolidated financial statements.

As the Company is a wholly owned subsidiary of BGF Group 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 BGF Group Plc.

### b. Going concern

The Group's Shareholders have committed a total of £425m, available to be drawn over the year, to fund both the Group's investment and operational requirements, including the operational requirements of the Group's subsidiaries. The Group actively manages its portfolio of investments and related Covid-19 exposure, and the directors have considered various downside scenarios, which alongside the permanent funding committed from its shareholders to the Group enables the Directors to conclude the Company is able to fund its activities for at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the Annual reports and financial statements.

### c. Turnover

Turnover relates to the provision of services to BGF Group plc and its subsidiaries, together within income received due to the Company's investments in Limited Partnerships.

The revenue relates to services provided in the UK and Ireland and the directors consider that the services provided in different geographical locations do not differ substantially.

### 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.

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# Notes to the financial statements

For the year ended 31 December 2019

## **e. Taxation (continued)**

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. Financial instruments**

### **Trade and other debtors**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost.

### **Trade and other creditors**

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost.

### **Accruals**

Accruals are recognised for expenditure incurred within the year which are anticipated to be settled shortly following the end of the current accounting period.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances.

### **Investments in subsidiaries**

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment.

## **g. Tangible fixed assets and depreciation**

Depreciation is provided by the Company to write off the cost less estimated residual value of tangible fixed assets by instalments on a straight-line basis over their estimated useful economic lives as follows:



# Notes to the financial statements

For the year ended 31 December 2019

## g. Tangible fixed assets and depreciation (continued)

Leasehold improvements	- over the lease term
Office equipment	- over the lease term
Computer equipment	- 3 years

## h. Dilapidations provision

A provision is recognised for the cost of dilapidations which are due to be paid when the property lease ends. These are accrued for on a straight-line basis over the life of the lease.

## 2. Turnover

	2019 £'000	2018 £'000
Group recharges	5,880	19,726
<b>Total</b>	<b>5,880</b>	<b>19,726</b>

## 3. Operating expenses

	2019 £'000	2018 £'000
Premise costs	3,312	2,909
Group recharges	46,392	43,121
Other costs	7,090	5,962
<b>Total</b>	<b>56,794</b>	<b>51,992</b>

Included within other costs is auditor's remuneration of £10,200 (2018: £9,000) for the audit of these financial statements.

## 4. Directors' remuneration

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

## 5. Interest receivable

	2019 £'000	2018 £'000
Interest on bank deposits	275	250
Other interest	20	-
<b>Total interest receivable</b>	<b>295</b>	<b>250</b>

# Notes to the financial statements

For the year ended 31 December 2019

## 6. Taxation

### a. Analysis of tax charge in the period

	2019 £'000	2018 £'000
UK corporation tax (note 7(b))	(2,310)	(544)
Deferred tax prior year adjustment	1,713	(224)
Origination and reversal of timing differences	(939)	(8,252)
Impact of changes in statutory tax rate	(27)	(9)
<b>Tax charge for the period</b>	<b>(1,563)</b>	<b>(9,029)</b>

### b. Factors affecting the tax charge for the period

	2019 £'000	2018 £'000
Loss on ordinary activities before taxation	(47,577)	(35,058)
Corporation tax at 19.00% (2018: 19.00%)	(9,040)	(6,661)
Effect of:		
Non-taxable income	(2,478)	(5,127)
Disallowed administrative expenses	327	249
Depreciation in excess of capital allowances	(213)	(73)
Disallowable investment impairment	-	578
Excess management expenses carried forward	2,532	9,592
Partnership income and gains	10,018	5,603
Substantial shareholding exemption and other reliefs	116	(4,258)
Other permanent differences	(1,263)	97
Adjustments in respect of prior periods	(2,310)	(163)
Losses carried back	-	(381)
<b>Tax charge for the period (note 7(a))</b>	<b>(2,310)</b>	<b>(544)</b>

### c. Deferred tax

	Balance Sheet		Income Statement	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Fixed asset timing differences	(223)	(65)	(158)	(73)
Losses available for offset against future taxable income	12,096	12,685	(589)	8,558
<b>Total deferred tax asset</b>	<b>11,873</b>	<b>12,620</b>	<b>(747)</b>	<b>8,485</b>

Reductions to the UK Corporation tax rate were substantively enacted on 26 October 2015 in Finance (No.2) Bill 2015 reducing the main rate of corporation tax to 19% from 1 April 2017 and 18% from 1 April 2020. On 6 September 2016, a further reduction to 17% from 1 April 2020 was substantively enacted. Following the Budget on 11 March 2020, it is proposed that the corporation tax rate will no longer be reduced from

## Notes to the financial statements

For the year ended 31 December 2019

### 6. Taxation (continued)

19% to 17% from 1 April 2020. However, as this change is yet to be substantively enacted into UK tax law, all deferred tax assets have been recognised at a corporation tax rate of 17%.

### 7. Investment in subsidiaries

	Investment in subsidiaries £'000	Long term loans to subsidiaries £'000	Total investment in subsidiaries £'000
<b>Cost</b>			
As at 1 January 2019	459	1,199,910	1,200,369
Additions	50	374,363	374,413
Disposals/distributions	(58)	(222,174)	(222,232)
<b>As at 31 December 2019</b>	<b>451</b>	<b>1,352,099</b>	<b>1,352,550</b>
<b>Provisions for impairment</b>			
As at 1 January 2019	-	(3,041)	(3,041)
Reversal during the year	-	3,041	3,041
<b>As at 31 December 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>			
As at 1 January 2019	459	1,196,869	1,197,328
<b>As at 31 December 2019</b>	<b>451</b>	<b>1,352,099</b>	<b>1,352,550</b>

An impairment was recognised in 2018 in the investment in BGF Ventures LP, a subsidiary of Business Growth Fund Limited, due to the net asset value of the Partnership being lower than the carrying value. This has subsequently been released in the year due to the net asset value of the Partnership increasing in excess of the carrying value.

## Notes to the financial statements

For the year ended 31 December 2019

### 8. Tangible fixed assets

	Leasehold improvements	Office equipment	Computer equipment	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
As at 1 January 2019	6,364	477	1,113	7,954
Additions	1,231	983	331	2,545
Disposals	(493)	(118)	-	(611)
<b>As at 31 December 2019</b>	<b>7,102</b>	<b>1,342</b>	<b>1,444</b>	<b>9,888</b>
<b>Accumulated depreciation</b>				
As at 1 January 2019	1,207	242	869	2,318
Charge for the period	655	182	171	1,008
Released on disposal	(439)	(102)	-	(541)
<b>As at 31 December 2019</b>	<b>1,423</b>	<b>322</b>	<b>1,040</b>	<b>2,785</b>
<b>Net book value</b>				
As at 1 January 2019	5,157	235	244	5,636
<b>As at 31 December 2019</b>	<b>5,682</b>	<b>1,017</b>	<b>404</b>	<b>7,103</b>

There are no assets held under finance leases.

### 9. Debtors

	2019 £'000	2018 £'000
Trade debtors	1,999	2,011
Other debtors	139	3
Taxation	2,691	-
Prepayments & accrued income	1,058	980
Deferred tax asset	11,873	12,621
Amounts owed by group companies	45,701	17,837
<b>Total</b>	<b>63,461</b>	<b>33,452</b>

# Notes to the financial statements

For the year ended 31 December 2019

## 10. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	1,511	895
Taxation & social security	270	2,568
Amount owed to other group companies	555,325	332,918
Accruals	2,170	1,527
<b>Total</b>	<b>559,276</b>	<b>337,908</b>

## 11. Provisions

	2019 £'000 Dilapidations
Balance at 1 January 2019	304
Provisions made during the year	39
Provisions used during the year	(120)
<b>Balance at 31 December 2019</b>	<b>223</b>

	2018 £'000 Dilapidations
Balance at 1 January 2018	273
Provisions made during the year	58
Provisions used during the year	(27)
<b>Balance at 31 December 2018</b>	<b>304</b>

## 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 of cash held at that date.

The Board considers that the Company has low credit risk exposure on its receivables balance of £63,461,000 (2018: £33,452,000) as the balance is primarily held with Group companies.

# Notes to the financial statements

For the year ended 31 December 2019

## 12. Credit risk (continued)

As at 31 December 2019, the Company's credit risk exposure was as follows:

	2019 £'000	2018 £'000
Cash at bank and in hand	53,356	64,781

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.

## 14. Share capital

	2019 £'000	2018 £'000
<b>Authorised, Allotted, called-up and fully paid</b>		
1,157,129,000 Ordinary shares of £1 each	1,157,129	1,157,129
<b>Total</b>	<b>1,157,129</b>	<b>1,157,129</b>

## 15. Reserves

	Retained earnings £'000
As at 1 January 2019	(194,144)
Loss on ordinary activities for the year (after taxation)	(46,014)
<b>As at 31 December 2019</b>	<b>(240,158)</b>
	Retained earnings £'000
As at 1 January 2018	(168,115)
Loss on ordinary activities for the year (after taxation)	(26,029)
<b>As at 31 December 2018</b>	<b>(194,144)</b>

# Notes to the financial statements

For the year ended 31 December 2019

## 16. Commitments

As at the 31 December 2019, the Company had capital commitments of £741,122 (2018: £1,100,000) in relation to premise fit-out costs.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	<b>Land and buildings</b>	
	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Amounts payable:		
Within one year	<b>1,680</b>	1,637
In two to five years	<b>6,658</b>	6,154
In over five years	<b>5,217</b>	4,528

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

## 17. Related party transactions

The Company has placed cash deposits with Barclays Bank plc, which is a member of a group including one of the Company's shareholders. The interest receivable from these deposits was £275,000 (2018: £250,000) during the period. The balance on deposit at the period end was £53,303,000 (2018: £64,732,000). All transactions have been made on an arm's length basis.

## 18. Immediate and ultimate parent undertaking

At 31 December 2019, the Company's immediate and ultimate parent undertaking was BGF Group Plc, a company incorporated in England and Wales. The financial statements of BGF Group Plc can be obtained from 13-15 York Buildings, London, WC2N 6JU.

## 19. Subsequent events

At the start of 2020, a new coronavirus (COVID-19) was confirmed spread across a considerable number of countries, leading to a significant disruption to businesses and economic activity which has been reflected in recent fluctuations in global stock markets.

The directors consider the emergence and spread of COVID-19 to be a non-adjusting post balance sheet event as the potential impact was not known as at 31 December 2019.

COVID-19 could lead to significantly reduced future revenues and future cash flows in the unquoted companies which we invest in. There could also be an impact on the future revenues and cash flows of the Company. However, given the inherent uncertainties, it is not practicable at this time to determine the future impact of COVID-19 on the Company or to provide a quantitative estimate of this impact.

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## Notes to the financial statements

For the year ended 31 December 2019

### 20. Related undertakings

Subsidiaries are all entities over which the Company has control. Control is defined as the rights to direct relevant activities of an entity so as to obtain benefits from its activities. This generally results from a shareholding of more than 50% of voting rights.

The principal subsidiaries of Business Growth Fund Limited at the end of the year and the percentage of equity capital are set out below.

Company name	Registered office	Holding	Class of share	Number of shares	BGF % of class of shares	Nominal value £
BGF Investments LP	13-15 York Buildings, London, WC2N 6JU	Direct	Ordinary	Partnership Interest	N/A – Partnership Interest	-
BGF Ventures LP	13-15 York Buildings, London, WC2N 6JU	Direct	Ordinary	Partnership Interest	N/A – Partnership Interest	-