

Business Growth Fund Limited

Annual reports & financial statements

For the year ended:
31 December 2018

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

Strategic Report

Principal activities and status

Business Growth Fund Limited (the "Company") is a wholly owned subsidiary of BGF Group Plc. The Company and its wholly owned subsidiaries are collectively referred to as "the Group". 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. With up to £2.5bn of capital, BGF is a significant source of long term funding for smaller British and Irish businesses.

Business Review

The Group has had mixed results during 2018 with revenue profits and realised capital profits being offset by unrealised capital losses. Revenue profits, representing investment income less operating expenses, remained stable during the year at £22m (2017: £22m) and provides security that the Group will continue to operate in the future. Realised capital profits of £34m (2017: £65m) were down on 2017 as a number of significant write offs were recognised in the year. As the portfolio matures, it is anticipated that the number of exits will continue to increase and generate significant proceeds for re-investment. The revaluation of the portfolio at the end of the year showed a significant decrease in value of £115m (2017: increase £26m). This is consistent with the performance of quoted markets and reflects the continued economic uncertainty around Brexit. The long term view remains positive. The Group still expects the portfolio to generate profits in the long term.

Business Model

BGF is designed to help smaller and mid-sized businesses fund investment for growth purposes using long term capital. The key driver of financial performance for BGF itself is being able to make sufficient investments to drive economies of scale, critical for a firm investing up to £10m initially, so that over time the balance sheet is of sufficient size to cover operating costs and investment activity.

The Group will derive returns via two routes - annual returns (primarily interest and dividends) earned during the period for which the investment is held, and capital gains at the time of exit of an investment. Returns depend greatly on the increase in value in the underlying investments based on the successful execution of an agreed growth strategy.

Results

The Group made a loss after taxation of £50,658,000 (2017: profit £105,323,000). The year-end operating loss was £59,953,000 (2017: profit £113,145,000). This consisted of revenue gains of £21,785,000 (2017: £21,915,000), realised capital gains of £33,632,000 (2017: £65,471,000) and unrealised losses of £115,370,000 (2017: gains £25,759,000).

In terms of investment performance, the approach to valuations follows the International Private Equity and Venture Capital Guidelines, whilst reflecting both the immaturity of the portfolio and the relative age of the companies BGF has invested in. BGF aims to offset some of the risk of investing in

Strategic Report (continued)

smaller companies by avoiding higher levels of gearing. The long-term financial results will be driven by the capital appreciation of the underlying investments in the portfolio.

The provisions follow accounting standards of fair value today but do not necessarily reflect BGF's view of the long-term value of investments which BGF typically expects to hold for between 5-10 years. As is common practice with unquoted investments the key metric of financial success is the actual cash realised on each investment relative to its cost, so a precise Multiple of Money can be derived on each investment and then, across a whole portfolio of investments, looked at on an annual vintage basis. As a minority investor working in partnership with management BGF is helping to develop these companies over a longer-term horizon to build greater equity value noting that BGF cannot control exit timing.

Principal Risks and Uncertainties

Turnover is wholly generated from transactions with companies within the BGF Group. The management of the business and the execution of the Group's strategy are subject to a number of risks, all of which are closely integrated with those of the BGF Group. Accordingly, the principal risks and uncertainties of the BGF 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.

A more detailed analysis of the financial risks facing the Group is shown in notes 21 to 23.

Key Performance Indicators

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

Strategic Report (continued)

Political and Charitable Donations

BGF recognises the value of charitable and social contributions both it and its employees can make.

The Group made charitable donations of £35,800 in 2018 (2017: £117,600). BGF 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 2019 and signed on its behalf by:

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

Stephen Welton (Chief Executive Officer)

Directors' Report

The directors present their Directors' Report, Strategic Report and Consolidated Financial Statements for the year ended 31 December 2018.

The Group has chosen to set out information relating to the business review and future developments, key performance indicators, principle risks and uncertainties, political and charitable donations within the Strategic Report on pages 4 to 6.

Going Concern

The Group finished the year with cash balances of £66m and has sufficient funding committed from its shareholders to fund its activities for 2019. The Group and Company have net current liabilities arising from a loan from its immediate and ultimate parent company, BGF Group Plc. BGF Group Plc has confirmed its commitment to support the Company for a minimum of 12 months from the date these accounts are signed.

In light of the Group's financial resources, the Directors believe that the Group is well positioned to successfully manage its business risks within the Group's risk appetite and tolerance despite the continuing uncertain economic outlook, and, after making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Annual reports and financial statements.

Dividends

The directors do not recommend the payment of a dividend for the period (2016: £nil).

Creditor payment policy

The Group's payment policy is to settle supplier invoices in accordance with agreed terms. At 31 December 2018, the Company had 39 days (2017: 55 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 auditors

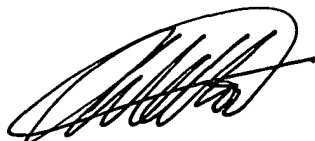
The directors who held office at the date of approval of this Directors' Report confirm that so far as they are aware, there is no relevant audit information of which the Company's Auditor is unaware, and each director has taken all steps that ought to have been taken as director to make themselves aware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

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 2019 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'S. Welton', written in a cursive style.

Stephen Welton (Chief Executive Officer)

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.

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 2018 which comprise the Consolidated Profit and Loss Account, Consolidated and Company Balance Sheet, Consolidated and Company Statement of Changes in Equity, Consolidated Cash Flow Statement 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 Group's and of the Parent Company's affairs as at 31 December 2018 and of the group's 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 Group 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as investments and the recoverability of interest income receivable and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's and the Parent Company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and 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

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

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.

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 9, 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 Group and Parent 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.

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

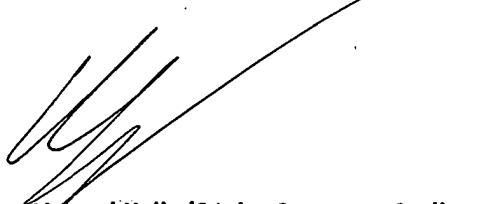
Auditor's responsibilities

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.

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
17 April 2019

Consolidated Profit and Loss Account

For the year end 31 December 2018

	Notes	2018 £'000	2017 £'000
Investment income	2	77,102	63,127
Operating expenses	3,4	(55,317)	(41,212)
Net realised gain	7	33,632	65,471
Net unrealised (loss)/gain	9	(115,370)	25,759
Operating (loss)/gain		(59,953)	113,145
Interest receivable	6	267	115
(Loss)/profit on ordinary activities before taxation		(59,686)	113,260
Taxation on ordinary activities	8	9,028	(7,937)
(Loss)/profit on ordinary activities after taxation		(50,658)	105,323
Total comprehensive income		(50,658)	105,323

All income and expenditure arose from continuing operations. The profit or loss attributable to minority interests in the year is represented by the amounts paid under the LTIP as shown in note 4.

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

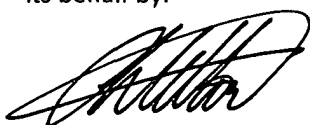
There is no difference between the profit or loss on ordinary activities before taxation and the retained profit or loss for the period stated above and their historical equivalents.

Consolidated and Company Balance Sheet

As at 31 December 2018

	Notes	2018 Consolidated Group £'000	2018 Company £'000	2017 Consolidated Group £'000	2017 Company £'000
Fixed assets					
Investments	9	1,357,835	-	1,212,526	-
Investment in group entities	10	-	1,197,328	-	1,020,861
Tangible fixed assets	11	5,636	5,636	3,055	3,055
		1,363,471	1,202,964	1,215,581	1,023,916
Current assets					
Debtors:	12				
amounts falling due within one year		66,980	33,452	29,293	7,263
amounts falling due after one year		21,184	-	22,312	-
		88,164	33,452	51,605	7,263
Cash at bank and in hand		65,987	64,781	71,812	65,426
		154,151	98,233	123,417	72,689
Creditors:					
amounts falling due within one year	13	(339,593)	(337,908)	(110,352)	(107,318)
Net current (liabilities)/assets		(185,442)	(239,675)	13,065	(34,629)
Total assets less current liabilities		1,178,029	963,289	1,228,646	989,287
Provisions for liabilities and charges	14	(304)	(304)	(273)	(273)
Net assets		1,177,725	962,985	1,228,373	989,014
Capital and reserves					
Called up share capital	15	1,157,129	1,157,129	1,157,129	1,157,129
Retained earnings	17	20,522	(194,144)	71,180	(168,115)
Minority interest	16	74	-	64	-
Equity		1,177,725	962,985	1,228,373	989,014

These financial statements were approved by the Board of Directors on 16 April 2019 and were signed on its behalf by:



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

The notes on pages 18 to 54 form an integral part of these financial statements

Consolidated and Company Statement of Changes in Equity

For the year ended 31 December 2018

Group	Notes	Called up Share Capital £'000	Profit & loss account £'000	Minority interests £'000	Total equity £'000
Balance at 1 January 2018		1,157,129	71,180	64	1,228,373
Loss for the period		-	(50,658)	-	(50,658)
Acquisition of minority interests	17	-	-	10	10
Balance at 31 December 2018		1,157,129	20,522	74	1,177,725

For the year ended 31 December 2017

Group	Notes	Called up Share Capital £'000	Profit & loss account £'000	Minority interests £'000	Total equity £'000
Balance at 1 January 2017		1,083,129	(34,143)	55	1,049,041
Profit for the period		-	105,323	-	105,323
Issue of shares	16	74,000	-	-	74,000
Acquisition of minority interests	17	-	-	9	9
Balance at 31 December 2017		1,157,129	71,180	64	1,228,373

The notes on pages 18 to 54 form an integral part of these financial statements

Consolidated and Company Statement of Changes in Equity (continued)

For the year ended 31 December 2018

Company	Notes	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)
Balance at 31 December 2018		1,157,129	(194,144)	962,985

For the year ended 31 December 2017

Company	Notes	Called up Share Capital £'000	Profit & loss account £'000	Total equity £'000
Balance at 1 January 2017		1,083,129	(127,245)	955,884
Loss for the period		-	(40,870)	(40,870)
Issue of shares	16	74,000	-	74,000
Balance at 31 December 2017		1,157,129	(168,115)	989,014

Consolidated Cash Flow Statement

For the year ended 31 December 2018

	2018 £'000	2017 £'000
Cash flows from operating activities		
Operating (loss)/gain	(59,953)	113,145
<i>Adjustments for:</i>		
Depreciation	648	372
Net unrealised loss/(gain)	115,370	(25,759)
Net realised gain	(33,632)	(65,471)
Increase in debtors	(30,816)	(18,448)
Increase in creditors	30,428	4,299
Increase in accrued income	(8,046)	(4,814)
Net cash from operating activities	13,999	3,324
Cash flows from investing activities		
Purchase of investments*	(437,264)	(311,095)
Disposal of Investments**	213,607	130,537
Purchase of tangible fixed assets	(3,440)	(1,374)
Interest received	263	103
Net cash used in investing activities	(226,834)	(181,829)
Cash flows from financing activities		
Increase in share capital issued	-	74,000
BGF Group	207,000	89,000
Minority interest	10	9
Net cash from financing activities	207,010	163,009
Net increase in cash and cash equivalents	(5,825)	(15,496)
Cash and cash equivalents at 1 January	71,812	87,308
Closing cash position	65,987	71,812

*Purchase of investments includes £525,000 (2017: £733,000) of interest capitalised in the year.

**The disposal of investments figure is net of exit fees incurred of £1,848,000 (2017: £1,681,000).

Notes to the financial statements

For the year ended 31 December 2018

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 accounting policies have been applied consistently to all periods presented in these financial statements.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the Parent Company financial statements have been applied:

- No separate Parent Company Cash Flow Statement with related notes is included; and
- Key management personnel compensation has not been included a second time.

Under Section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account.

As the Company 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 Limited.

b. Going concern

Notwithstanding net current liabilities of £185,442,000 and a loss for the year then ended of £50,658,000, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its immediate parent company to meet its liabilities as they fall due for that period.

Those forecasts are dependent on the Company's immediate parent company, BGF Group Plc and fellow subsidiary company, BGF Investment Management Limited, not seeking repayment of the amounts currently due to them, which at 31 December 2018 amounted to £332,623,000. BGF Group Plc has indicated that it does not intend to seek repayment of these amounts for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Notes to the financial statements

For the year ended 31 December 2018

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

c. Basis of consolidation

The consolidated financial statements include the financial statements of all the Company's direct subsidiaries. Subsidiaries are entities controlled by the Parent Company, directly or indirectly.

The Group has investments which may be regarded as associated undertakings in accordance with FRS102. As these investments are held as part of an investment portfolio they have not been consolidated in the accounts of the Group but have been accounted for at fair value with changes through the profit and loss account.

d. Income

Arrangement fees payable to the Group are recognised in income on completion of the associated investment for services undertaken prior to BGF investment and are not related to the arrangement of a loan note instrument. Annual fees for management of the investments are recognised on an accruals basis.

Income on loan notes and preference shares is calculated using the effective interest method and recognised on an accruals basis. Appropriate provisions are made against this income where the recovery becomes doubtful.

Dividends on equity shares are recognised on the date that the right to receive the income is established.

e. Operating expenses

Operating expenses are recorded on an accruals basis.

f. 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 Group and 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.

Notes to the financial statements

For the year ended 31 December 2018

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 Group and 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.

g. 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.

Withholding tax debtor

Interest income receivable is recognised as accrued. Withholding tax on interest income is recognised within debtors to the extent that it is probable that economic benefits will flow to the Group and can be reliably measured.

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 and deferred income

Accruals are recognised for expenditure incurred within the year which are anticipated to be settled shortly following the end of the current accounting period. Fees invoiced in advance of services provided, are recorded as deferred income and included as part of creditors due within one year.

Accrued interest income

In these financial statements, accrued interest income is recognised within investments or within debtors dependent on when it is anticipated that this is receivable.

Interest anticipated to be received only on exit of an investment is classified within investments due to the long term nature of its recoverability. Otherwise it is included within debtors and split between amounts falling due within one year or after one year dependent on when the interest is anticipated to be received.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances. Amounts held in the Group's lawyers' bank accounts relating to acquisition of investments which were not completed at the year end are included as a component of cash and cash equivalents. As at 31 December 2018 the balance held in lawyers client accounts was £980,000 (2017: £6,258,000).

Notes to the financial statements

For the year ended 31 December 2018

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss. Refer to h. Investments for further detail.

h. Investments

The Group makes and holds investments with a view to earning investment income and realising gains on subsequent disposals. Investments by the Group are typically made through a combination of equity shares and unsecured loan notes.

Recognition

The purchase or sale of investments is recognised at the date of completion.

Measurement

Investments are initially and subsequently measured at fair value.

Investments are valued by applying the International Private Equity and Venture Capital Valuation Guidelines (2015), which have been adopted by the British Private Equity and Venture Capital Association.

They are initially recognised at cost, being the best approximation of fair value. They are subsequently recognised at fair value, determined using one of the following methodologies, with changes in fair value being recognised in the profit and loss account within "net unrealised gain/(loss) on investments".

1. Earnings multiple (based on comparable quoted multiples and significant third party transactions)
2. Price of recent investment;
3. Net assets;
4. Discounted cash flows or earnings from the underlying business; or
5. Closing bid price, in the case of quoted investments for which an active market exists.

Any gain or loss on derecognition is recognised in the profit and loss account within "realised gain/(loss)".

i. Tangible fixed assets and depreciation

Depreciation is provided by the Group 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:

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

j. 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.

Notes to the financial statements

For the year ended 31 December 2018

k. Post-retirement benefits

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group 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.

l. LTIP / Minority interest

The Group operates a long-term incentive plan ("the LTIP"). Under this plan, the Group's investments are held by BGF Investments LP or BGF Ventures LP ("the Partnerships"), which are limited partnerships registered in England & Wales. The Partnerships are part of the Group and are administered by BGF GP Limited as General Partner and managed by BGF Investments Management Limited from 1 October 2017.

Employees of the Group who participate in the LTIP are admitted as limited partners of one of the Partnerships.

All investments made by the Group are allocated to an annual vintage within the LTIP based on the calendar year of the investment. If the realised return on a given vintage exceeds a minimum hurdle rate then the LTIP participants are entitled to a share of those realised returns. This share of returns is shown as an expense in the profit and loss account. An accrual for future payments is made where a vintage has exceeded the minimum hurdle.

As part of the annual performance appraisal and remuneration reviews, employees may be offered a number of points in relation to these vintages in return for the employee making a capital contribution to the LTIP. These points entitle them to a share of the returns allocated to the LTIP and vest over a number of years subject to the participant remaining in employment with the Group. The operation of the LTIP was approved by the Board of Directors and any points allocated to members of the senior management team are reviewed by the Remuneration Committee and the Board of Directors.

The minority interest represents capital contributions made by employees of the Group to BGF Investments LP and BGF Ventures LP in respect of the LTIP.

m. Critical accounting estimates and assumptions

The preparation of Financial Statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The Board considers that the only areas where management make critical estimates and judgements that may have a significant effect on the financial statements are in relation to the valuation of investments at fair value through profit and loss, which is discussed in detail in note 9 and the recognition of a deferred tax asset which is discussed in note 8.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying value of assets and liabilities that are not readily apparent from other

Notes to the financial statements

For the year ended 31 December 2018

sources. Actual results may differ from these estimates and underlying assumptions are reviewed on an ongoing basis.

I. Fair value of investments

As noted in accounting policy 'h', investments are measured at fair value.

The Board considers that the fair value of Investments involves critical accounting estimates and judgements because it is determined by the Directors using valuation methods in accordance with International Private Equity and Venture Capital Valuation Guidelines.

Valuation methods use observable data, to the extent practicable. The determination of what constitutes 'observable' requires significant judgement by the directors. The Group considers observable data to be market data that is readily available, regularly distributed or updated,

reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

However, the Group also relies on significant unobservable inputs. The selection of these unobservable inputs and assumptions require significant judgement by the directors. When applying an Earnings Multiple, the Board uses its best estimate of maintainable earnings; determines the appropriate multiple to use; and discounts are applied to the multiple for marketability, size, quality of earnings and other relevant factors as appropriate. The Ventures investments generally do not have sufficient earnings to be valued on this basis. In this case, they are valued using a recent round of financing (including the initial investment by the Partnership) as the basis for the enterprise value. The enterprise value is then adjusted to reflect progress against key milestones in the development of the investment.

Furthermore, changes in these inputs and assumptions could affect the reported fair value of financial instruments. Therefore, the valuation of these investments are an estimate.

II. Deferred tax assets

As stated in accounting policy 'f', a deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available to utilise the temporary timing differences. Significant judgements on the likely timing and amount of future taxable profits are required to measure the Group's deferred tax balance. Note 8 provides further detail on the Group's deferred tax assets.

Notes to the financial statements

For the year ended 31 December 2018

2. Investment income

	2018 £'000	2017 £'000
Dividend income – investee companies	5,237	2,591
Loan note interest – investee companies	51,751	47,969
Arrangement fee income	7,335	4,872
Annual fee income	7,221	6,029
Other income	5,558	1,666
Total	77,102	63,127

3. Operating expenses

	2018 £'000	2017 £'000
Staff costs	2,751	9,500
Premise costs	2,909	2,357
Group recharges	43,121	23,340
Other costs	6,536	6,015
Total	55,317	41,212

Included within other costs is auditor's remuneration as follows: £9,000 (2017: £9,000) for the audit of these financial statements, £157,500 (2017: £104,000) for the audit of the subsidiaries of the Company, and £15,000 (2017: £20,000) for other audit related assurance services provided during the period.

4. Staff costs

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

	2018	4 months Jan-17 to Apr-17
Non-executive directors	-	9
Senior management team	-	11
Investment staff	-	92
Support staff	-	35
Total	-	147

Notes to the financial statements

For the year ended 31 December 2018

4. Staff costs (continued)

The aggregate payroll costs of these persons were as follows:

	£'000	£'000
Wages & salaries	-	7,971
Amounts paid under the LTIP	2,751	-
Social security costs	-	1,096
Other pension costs	-	433
Total staff costs	2,751	9,500

At 31 December 2018, the total number of staff (including non-executive directors) was nil (2017: nil).

As part of the annual performance appraisal and remuneration reviews, employees may be offered a number of points in return for the employee making a capital contribution to the LTIP. These points entitle them to a share of the returns allocated to the LTIP and vest over a number of years subject to the participant remaining in employment with the Group. The operation of the LTIP was approved by the Board of Directors and any points allocated to members of the senior management team are reviewed by the Remuneration Committee and the Board of Directors.

5. Directors' remuneration

The emoluments of the Directors in respect of the year ended 31 December 2018 were as specified below:

	2018 £'000	4 months Jan-17 to Apr-17 £'000
Directors' remuneration	-	666
Amounts paid under the LTIP	851	-
Other benefits	-	6
Total remuneration	851	672

The aggregate of remuneration and amounts receivable under the LTIP of the highest paid director was £638,000 (2017: £342,000), and other benefits of £nil (2017: £5,000).

6. Interest receivable

	2018 £'000	2017 £'000
Interest on bank deposits	254	115
Other interest	13	-
Total interest receivable	267	115

Notes to the financial statements

For the year ended 31 December 2018

7. Realised capital transactions

	2018 £'000	2017 £'000
Proceeds received	230,746	155,327
Exit Fees	(1,848)	(1,681)
Fair value	(195,266)	(88,175)
Net realised gain	33,632	65,471

Proceeds received includes £13,969,000 (2017: £23,127,000) of recycled investment retained on exits completed in the year and £1,325,000 of funds held with our custodian, received post year end.

An accrual for £15,000 (2017: £18,000) has been included within exit fees for expenses yet to be incurred and paid by BGF at the year end.

8. Taxation

a. Analysis of tax charge in the period

	2018 £'000	2017 £'000
UK corporation tax (note 8(b))	(544)	2,740
Deferred tax prior year adjustment	(224)	448
Origination and reversal of timing differences	(8,251)	4,748
Impact of changes in statutory tax rate	(9)	1
Tax charge for the period	(9,028)	7,937

Notes to the financial statements

For the year ended 31 December 2018

8. Taxation (continued)

b. Factors affecting the tax charge for the period

The tax assessed for the year is lower than (2017: lower than) the standard rate of corporation tax in the UK of 19.00% (2017: 19.25%). The differences are explained as follows:

	2018 £'000	2017 £'000
(Loss)/profit on ordinary activities before taxation	(59,686)	113,260
Corporation tax at 19.00% (2017: 19.25%)	(11,340)	21,799
Effect of:		
Non-taxable income	(1,913)	(271)
Disallowed administrative expenses	355	258
Depreciation in excess of capital allowances	(73)	(29)
Non-taxable investment revaluations	(941)	(7,029)
Disallowable investment impairment	8,481	1,691
Excess management expenses carried forward	9,592	(5,346)
Partnership income and gains	-	-
Substantial shareholding exemption and other reliefs	(4,258)	(8,330)
Other permanent differences	97	(3)
Adjustments in respect of prior periods	(163)	-
Losses carried back	(381)	-
Tax charge for the period (note 8(a))	(544)	2,740

c. Deferred tax

	Balance Sheet		Income Statement	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Fixed asset timing differences	(64)	7	(72)	(35)
Losses available for offset against future taxable income	12,685	4,129	8,556	(5,162)
Total deferred tax asset	12,621	4,136	8,484	(5,197)

A reduction to the UK Corporation tax rate was substantively enacted on 6 September 2016 reducing the main rate of corporation tax to 17% from 1 April 2020.

The provisions included within Finance (No.2) Act 2017 introduced various amendments to existing tax exemptions which apply to exempt capital gains and losses realised by companies on disposal of certain substantial shareholdings. The changes which apply to disposals on or after 1 April 2017, may mean that profits realised by the Group on certain disposals may be exempt from corporation tax.

Notes to the financial statements

For the year ended 31 December 2018

8. Taxation (continued)

It is not considered that the widening of the corporation tax exemption on disposal of substantial shareholdings by the Group would have a material impact on the deferred tax assets of the Group in relation to tax losses as the Group will continue realising profits on disposals of its investments which would be subject to corporation tax and would not be exempt.

Separately, the Finance (No.2) Act 2017 introduced various reforms which restrict the availability of certain brought forward losses. It is not considered that the reforms which restrict the availability of certain brought forward losses would have a material impact on the deferred tax assets of the Group in relation to tax losses as it is not considered that, due to the size of the carried forward losses, there would be any material impact on the Group.

9. Investments

Group	Equity £'000	Preference Shares £'000	Loan notes £'000	Accrued Interest £'000	Total £'000
Opening book cost	569,779	24,867	599,913	11,065	1,205,624
Opening unrealised surplus/(deficit)	23,608	9,614	(26,320)	-	6,902
Opening valuation at 1 January 2018	593,387	34,481	573,593	11,065	1,212,526
New investments	249,481	998	200,754	-	451,233
Conversions	11,341	-	(11,341)	-	-
Realisations / redemptions	(114,112)	(2,942)	(78,212)	-	(195,266)
Net movement on accrued interest	-	-	-	4,712	4,712
Valuation movement	(21,609)	(9,335)	(84,426)	-	(115,370)
Closing valuation at 31 December 2018	718,488	23,202	600,368	15,777	1,357,835
Represented by:					
Closing book cost	717,039	23,529	698,680	15,777	1,455,025
Closing unrealised surplus/(deficit)	1,449	(327)	(98,312)	-	(97,190)
Closing valuation at 31 December 2018	718,488	23,202	600,368	15,777	1,357,835

During the year the Group made investments in 51 (2017: 47) new companies, 28 (2017: 12) exits were realised and a further 5 (2017: 5) investments were recognised through spin outs from existing portfolio companies, bringing the total portfolio to 230 (2017: 202) companies.

New investments include £525,000 (2017: £733,000) of interest capitalised during the year, £13,969,000 (2017: £23,127,000) of recycled investment retained on exits completed in the year and £1,325,000 of funds held with our custodian, received post year end.

Notes to the financial statements

For the year ended 31 December 2018

9. Investments (continued)

All investments are designated as fair value through profit or loss at initial recognition, therefore all gains and losses arising go through profit or loss. The closing unrealised deficit of £97,190,000 (2017: surplus of £6,902,000) consists of an unrealised loss against the value of 92 (2017: 68) investments totalling £259,943,000 (2017: £160,997,000) and an unrealised gain against 79 (2017: 77) investments totalling £162,753,000 (2017: £167,899,000).

An analysis of investments valued at fair value based on the reliability and significance of the information used to measure their fair value is shown below. The level is determined by the lowest (least reliable or independently observable) level of input that is significant to the fair value measurement for the individual investment in its entirety.

The Group's investments are valued according to the following classifications:

Level 1 – investments whose fair value is obtained directly from quoted share prices

Level 2 – Investments whose fair value is determined using a valuation technique basis for which the lowest level input that is significant to the fair value measurement is supported by observable current market prices or based on observable data.

Level 3 – investments whose fair value is determined using a valuation for which the lowest level input that is significant to the fair value measurement is not supported by observable current market prices or based on observable market data.

The split of the closing valuation is:

Group

	2018 £'000	2017 £'000
Level 1	151,164	147,053
Level 3	1,206,671	1,065,473
Total	1,357,835	1,212,526

There were no transfers between levels during the year.

The directors do not consider that changes in individual unobservable inputs would have a significant impact on the fair value of the level 3 investments. Refer to note 21 for sensitivity analysis due to market risk.

Notes to the financial statements

For the year ended 31 December 2018

10. Investment in group entities

Company	Investment in subsidiary undertakings £'000	Long term loans to subsidiaries £'000	Total investment in group entities £'000
Cost			
As at 1 January 2018	404	1,020,457	1,020,861
Additions	55	467,071	467,126
Disposals/distributions	-	(287,618)	(287,618)
As at 31 December 2018	459	1,199,910	1,200,369
Provisions			
As at 1 January 2018	-	-	-
Impairment losses	-	(3,041)	(3,041)
As at 31 December 2018	-	(3,041)	(3,041)
Net book value			
As at 1 January 2018	404	1,020,457	1,020,861
As at 31 December 2018	459	1,196,869	1,197,328

11. Tangible fixed assets

Group and Company	Leasehold improvements £'000	Office equipment £'000	Computer equipment £'000	Total £'000
Cost				
As at 1 January 2018	3,466	458	1,043	4,967
Additions	2,971	43	215	3,229
Disposals	(73)	(24)	(145)	(242)
As at 31 December 2018	6,364	477	1,113	7,954
Accumulated depreciation				
As at 1 January 2018	813	227	872	1,912
Charge for the period	467	39	142	648
Released on disposal	(73)	(24)	(145)	(242)
As at 31 December 2018	1,207	242	869	2,318

Notes to the financial statements

For the year ended 31 December 2018

11. Tangible fixed assets (continued)

Group and Company	Leasehold improvements	Office equipment	Computer equipment	Total
	£'000	£'000	£'000	£'000
Net book value				
As at 1 January 2018	2,653	231	171	3,055
As at 31 December 2018	5,157	235	244	5,636

There are no assets held under finance leases.

12. Debtors

	2018 Consolidated Group £'000	2018 Company £'000	2017 Consolidated Group £'000	2017 Company £'000
Trade debtors	2,011	2,011	2,089	2,089
Interest income receivable	38,606	-	35,272	-
Other debtors	3	3	29	30
Withholding tax debtor	14,408	-	9,094	-
Prepayments & accrued income	2,678	980	984	1,008
Deferred tax asset	12,621	12,621	4,136	4,136
Amounts owed by group companies	17,837	17,837	-	-
Total	88,164	33,452	51,605	7,263

Amounts falling due after more than one year included above are:

	2018 Consolidated Group £'000	2018 Company £'000	2017 Consolidated Group £'000	2017 Company £'000
Interest income receivable	21,184	-	22,312	-
Total	21,184	-	22,312	-

Notes to the financial statements

For the year ended 31 December 2018

13. Creditors: amounts falling due within one year

	2018 Consolidated Group £'000	2018 Company £'000	2017 Consolidated Group £'000	2017 Company £'000
Trade creditors	895	895	1,266	1,266
Taxation & social security	2,613	2,568	2,862	2,635
Other creditors	-	-	-	142
Amount owed to other group companies	332,623	332,918	101,781	102,105
Accruals	1,542	1,527	2,673	1,170
Deferred income	1,920	-	1,770	-
Total	339,593	337,908	110,352	107,318

14. Provisions

Group and Company	2018 £'000 Dilapidations	2018 £'000 Total
Balance at 1 January 2018	273	273
Provisions made during the year	58	58
Provisions used during the year	(27)	(27)
Balance at 31 December 2018	304	304

Group and Company	2017 £'000 Dilapidations	2017 £'000 Total
Balance at 1 January 2017	251	251
Provisions made during the year	58	58
Provisions used during the year	(36)	(36)
Balance at 31 December 2017	273	273

Notes to the financial statements

For the year ended 31 December 2018

15. Share capital

	2018 £'000	2017 £'000
Authorised, Allotted, called-up and fully paid		
1,157,129,000 Ordinary shares of £1 each	1,157,129	1,157,129
Total	1,157,129	1,157,129

16. Minority interest

	2018 £'000
As at 1 January 2018	64
Investment in subsidiary undertakings	10
As at 31 December 2018	74
	2017 £'000
As at 1 January 2017	55
Investment in subsidiary undertakings	9
As at 31 December 2017	64

The minority interest represents capital contributions made by employees of the Group to BGF Investments LP and BGF Ventures LP in respect of the LTIP as disclosed in note 1(l). This amount includes £6,978 (2017: £6,778) contributed by the highest paid director and £2,748 (2017: £2,548) by other directors.

17. Reserves

Group	Retained earnings £'000	Total £'000
As at 1 January 2018	71,180	71,180
Loss on ordinary activities for the year (after taxation)	(50,658)	(50,658)
As at 31 December 2018	20,522	20,522

Notes to the financial statements

For the year ended 31 December 2018

17. Reserves (continued)

Group	Retained earnings £'000	Total £'000
As at 1 January 2017	(34,143)	(34,143)
Gain on ordinary activities for the year (after taxation)	105,323	105,323
As at 31 December 2017	71,180	71,180
Company	Retained earnings £'000	Total £'000
As at 1 January 2018	(168,115)	(168,115)
Loss on ordinary activities for the year (after taxation)	(26,029)	(26,029)
As at 31 December 2018	(194,144)	(194,144)
Company	Retained earnings £'000	Total £'000
As at 1 January 2017	(127,245)	(127,245)
Loss on ordinary activities for the year (after taxation)	(40,870)	(40,870)
As at 31 December 2018	(168,115)	(168,115)

18. Commitments

As at the 31 December 2018, the Group had capital commitments of £1,100,000 (2017: £nil) in relation to premise fit-out costs.

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

Group and Company	Land and buildings 2018 £'000	2017 £'000
Amounts payable:		
Within one year	1,637	1,199
In two to five years	6,154	4,513
In over five years	4,528	3,486

Notes to the financial statements

For the year ended 31 December 2018

18. Commitments (continued)

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

As at 31 December 2018, the Group had committed to additional funding totalling £32,847,000 (2017: £22,048,000) to 16 (2017: 15) investees, being payable subject to the achievement of various commercial milestones.

19. Related party transactions

The Group 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 £254,000 (2017: £115,000) during the period. The balance on deposit at the period end was £64,732,000 (2017: £65,334,000). All transactions have been made on an arm's length basis.

During the year, the Company made capital contributions to BGF Investments LP of £50,000 (2017: £50,000) and BGF Ventures LP of £nil (2017: £18,000). BGF Investments LP and BGF Ventures LP have been set up to provide long term incentive to staff members. As limited partnerships, BGF Investments LP and BGF Ventures LP do not have issued share capital.

Additionally, the Company advanced long term loans to BGF Investments LP and BGF Ventures LP to fund the purchase of the Group's investments. This loan is repayable out of the proceeds of these investments and has no fixed repayment schedule. The balances remaining payable on these loans at year end were £1,139,402,978 (2017: £948,170,310) and £57,465,673 (2017: £72,286,687) respectively.

As at 31 December 2018 Business Growth Fund Limited has intercompany balances with other entities within the BGF Group: BGF Services Limited £17,837,329 (2017: £7,416,347) for employee related services, BGF Investment Management Limited £33,332,429 (2017: £6,414,091) in relation to asset management fees and BGF Group Plc £299,291,032 (2017: £88,274,274) in relation to funds drawn for investment and operating activities.

20. Immediate and ultimate parent undertaking

At 31 December 2018, 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.

21. Market risk

Market risk embodies the potential for losses on investments.

The management of this risk is dealt with through the portfolio management process and is in line with typical unquoted equity investment. Investment in smaller quoted companies (AIM), unquoted equity and loans is, by its nature, exposed to a higher degree of risk than investment in larger quoted or listed assets. The Group mitigates this risk by maintaining a diverse portfolio across various business sectors and asset classes.

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21. Market risk (continued)

The uncertainty around Brexit has increased the level of market risk, however we remain confident that UK SMEs will continue to invest in growth and seek out opportunities here and abroad. The directors will oversee our investment strategy in light of this and we will adjust accordingly if any re-balancing of our portfolio is required to mitigate this risk.

In relation to our year end valuations, we have considered Brexit when determining our view on free cash and maintainable earnings within the investments. 60 investments (c25% of the live portfolio) were identified as having economic risk based on our current view on performance and the potential influence of a negative Brexit outcome. These investments are driving the majority of the valuation provision, and we feel this expanded approach to assessing the impact of Brexit shall remain beyond 2018 as the impact of uncertainty continues to impact our portfolio.

Price risk

Substantially all of the Group's investments are in unquoted companies held at fair value. Valuation methods include the use of earnings multiples derived from similar listed companies or recent comparable transactions.

A 5% increase in the valuation of unquoted investments at 31 December 2018 would have resulted in an increase to shareholders' funds of £60,334,000 (2017: £54,947,000). A 5% decrease in valuations would have decreased shareholders' funds by an equal amount.

Interest rate risk

The Group has a number of fixed rate interest bearing financial assets. Consequently, the Group is exposed to fair value interest rate risk arising from variations in the prevailing level of market interest rates.

Group	Total Portfolio		Weighted average interest rate		Weighted average time for which rate is fixed	
	2018	2017	2018	2017	2018	2017
	£'000	£'000	%	%	Days	Days
Loan stock	698,680	573,593	9.36	9.39	1,913	2,060
- exposed to fixed interest rate risk						

As at 31 December 2018, the Group has cash balances of £64,732,000 (2017: £65,334,000) on deposit. Interest on these deposits is variable at LIBOR less 0.30%.

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For the year ended 31 December 2018

22. 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 Group. The Company 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 2018, the Group and Company had the following credit risk exposure:

	2018		2017	
	Group £'000	Company £'000	Group £'000	Company £'000
Cash at bank and on hand	65,987	64,781	71,812	65,426
Loan stock	698,680	-	573,593	-
Interest, dividends and other receivables	16,420	2,011	11,183	2,090
Total	781,087	66,792	656,588	67,516

Substantially all of the cash of the Group and the Company is held by Barclays Bank plc. As at 31 December 2018, £980,000 (2017: £6,258,000) was held in our lawyers' bank accounts prior to completion of an investment. The Company monitors the credit quality and financial position of Barclays regularly and would seek to move the cash holdings if this position deteriorated.

The Company has exposure to credit risk in respect of the loan stock investments it has made into investee companies, most of which have no security attached to them, and where they do, such security ranks behind any bank debt that an investee company may have. The Board manages credit risk by ensuring management accounts are received from portfolio companies, and members of the investment management team often sit on the boards of unquoted portfolio companies; enabling the close identification, monitoring and management of investment-specific credit risk.

23. Liquidity risk

The Group's financial instruments include investments in unquoted equity investments which are not traded on a recognised public market and which are generally illiquid. As a result, the Group may not be able to quickly liquidate some of its investments in these instruments at an amount close to their fair value in order to meet its liquidity requirements.

The Group mitigates this risk by maintaining sufficient investments in cash to pay any short-term liabilities. In addition, the Company can issue new share capital in accordance with the Master Subscription Agreement with its Shareholders. This additional share capital is available to fund both investment and operational expenditure.

Notes to the financial statements

For the year ended 31 December 2018

24. Subsequent events

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

25. Related undertakings

a. Subsidiaries

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	-	-
BGF Ventures LP	13-15 York Buildings, London, WC2N 6JU	Direct	Ordinary	Partnership Interest	-	-

b. Significant holdings in undertakings other than subsidiary holdings

Under section 409 of the Companies Act 2006, BGF is required to disclose specified details of all its related undertakings including significant holdings.

The significant holdings in undertakings of BGF are investments carried at fair value through profit and loss, in which BGF's holding amounts to 20% or more of the nominal value of any class of shares in the undertaking.

The significant holdings in undertakings of BGF at the end of the year are set out below.

Company Name	Registered Office	Holding	Class of Share	Number of shares	BGF % of class of shares	Nominal value £
3Sun Group Limited	3 Sun House Boundary Road, Southtown, Great Yarmouth, Norfolk, NR31 0FB	Indirect	A Ordinary of £1 each	4,847	100	4,847

Company Name	Registered Office	Holding	Class of Share	Number of shares	BGF % of class of shares	Nominal value £
AFG Media Ltd	25 Silvermills Court, Henderson Place Lane, Edinburgh, EH3 5DG	Indirect	A Ordinary of £0.00005 each	16,157	100	1
Amazon Filters Limited	Albany Park Estate, Frimley Road, Camberley, Surrey, GU16 7PG	Indirect	A1 ordinary of £0.010 each	333,300	100	3,333
Anstey Horne & Co. Limited	4 Chiswell Street, London, EC1Y 4UP	Indirect	A Ordinary of £1 each	3,527	100	3,527
Apex Housing Group Limited	111 Baker Street, London, England, W1U 6SG	Indirect	A ordinary of £0.01 each	30,000	100	300
APSU USA Limited	15 Warwick Road Stratford upon Avon Warwickshire CV37 6YW	Indirect	A Ordinary of £0.0001 each	34,750	100	3
Art-Line Limited	66-67 Colebrooke Row, Islington, London, N1 8AB	Indirect	A Ordinary of £0.000001 each	1,594,690	100	2
Aubin Limited	13 Queens Road, Aberdeen, AB15 4YL	Indirect	A Ordinary of £1 each	2,269	100	2,269
Bar Soba Group Ltd	3/1 135 Buchanan Street, Glasgow, United Kingdom, G1 2JA	Indirect	A Ordinary of £0.01 each	4,191	100	42
Barburrito Limited	65 Deansgate, Manchester, M3 2BW	Indirect	A Ordinary of £1 each	257,281	99	257,281
Bob & Berts Group Limited	Keith Dinsmore Accountants, 15 Duke Street, Ballymena, County Antrim, United Kingdom, BT43 6BL	Indirect	A Ordinary of £1 each	2,346	100	2,346
Broadband Satellite Services Limited	Satcom Global, Tanners Bank, North Shields, NE30 1JH	Indirect	A Ordinary of £1 each	21,891	100	21,891
Broadband Satellite Services Limited	Satcom Global, Tanners Bank, North Shields, NE30 1JH	Indirect	C Ordinary of £1 each	9,971	100	9,971
Camino Leisure Holdings Limited	1-3 Manor Road, Chatham, England, ME4 6AE	Indirect	A Ordinary of £1 each	1,215	100	1,215
Camino Leisure Holdings Limited	1-3 Manor Road, Chatham, England, ME4 6AE	Indirect	A1 Ordinary of £1 each	4,090	100	4,090

Company Name	Registered Office	Holding	Class of Share	Number of shares	BGF % of class of shares	Nominal value £
Canburg Limited	C/O Grant Thornton Uk Llp, 4 Hardman Square, Spinningfields, Manchester, M3 3EB	Indirect	A Ordinary of £1.00 each	124,320	100	124,320
Celaton Limited	Noble House, Capital Drive, Milton Keynes, MK14 6QP	Indirect	B Ordinary of £0.01 each	77,777	100	778
Cennox Holdings Limited	Unit 11 & 12, Admiralty Way, Camberley, Surrey, GU15 3DT	Indirect	A Ordinary of £1 each	48,155	100	48,155
Chase Distillery (Holdings) Limited	Rosemaund Farm, Preston Wynne, Hereford, Herefordshire, United Kingdom, HR1 3PG	Indirect	A Ordinary of £0.00001 each	9,884,998	100	99
Chesneys	194-196 Battersea Park Road, London, SW11 4ND	Indirect	A Ordinary of £0.01 each	14,308	100	143
CHS Healthcare Holdings Limited	1 Wrens Court, 53 Lower Queen Street, Sutton Coldfield, West Midlands, B72 1RT	Indirect	A Ordinary of £0.01 each	3,535	100	35
Circul8 Limited	56 Craigmore Road Garvagh, Coleraine, United Kingdom, BT51 5HF	Indirect	ordinary of £0.01 each	2,684	27	27
Collision Management Systems Limited	Ellacotts Llp, Countrywide House, 23 West Bar Street, Banbury, Oxfordshire, OX16 9SA	Indirect	A ordinary of £0.002 each	155,052	100	310
Coppergreen Developments Limited	Beeley House , Unit 26 Wharnccliffe Industrial Complex, Station Road, Deepcar, Sheffield, S36 2UZ	Indirect	A Ordinary of £0.0001 each	963,966	100	96
Crepeaffaire Holdings Limited	Pennant House 1-2 Napier Court, Napier Road, Reading, United Kingdom, RG1 8BW	Indirect	A Ordinary of £0.01 each	1,281,440	100	12,814

Company Name	Registered Office	Holding	Class of Share	Number of shares	BGF % of class of shares	Nominal value £
Crossco (1370) Limited	Windermere MRF, Thomlinson Road, Hartlepool, United Kingdom, TS25 1NS	Indirect	A Ordinary of £1 each	72,000	100	72,000
CS Food Group Limited	Cooplunds Bakery Caxton Way, Eastfield, Scarborough, North Yorkshire, United Kingdom, YO11 3YT	Indirect	A Ordinary shares of £1 each	3,708	100	3,708
DevOpsGuys Limited	Capital Tower, Greyfriars Road, Cardiff, Wales, CF10 3AG	Indirect	B ordinary of £0.00005 each	763,702	100	38
Dianomi Limited	6th Floor 60 Gracechurch Street, London, United Kingdom, EC3V 0HR	Indirect	A Ordinary of £0.01 each	10,361	100	104
Dolphin Homes Holdings Limited	3000a Parkway Whiteley Hampshire, PO15 7FX	Indirect	A Ordinary of £1 each	2,680	100	2,680
East Sussex Press Limited	Beacon House, Brambleside, Bellbrook Park Uckfield, East Sussex, TN22 1PL	Indirect	A Ordinary of £0.01 each	390,000	100	3,900
EEL Holdings Limited	Unit 3, Arlington Court, Cannel Row, Silverdale, Newcastle-under-Lyme, Staffordshire, ST5 6SS	Indirect	A Ordinary of £0.01 each	7,380	100	74
Elements Talent Solutions Limited	6th Floor Charles House, 108-110 Finchley Road, London, England, NW3 5JJ	Indirect	A ordinary of 0.4p each	395,000	100	158,000
Entier Limited	The Olive House Endeavour Drive, Arnhall Business Park, Westhill, Aberdeenshire, Scotland, AB32 6UF	Indirect	A1 Ordinary of £1 each	181,759	100	181,759

Company Name	Registered Office	Holding	Class of Share	Number of shares	BGF % of class of shares	Nominal value £
EVGH Limited	East Suite Brimscombe Port Business Park, Brimscombe, Stroud, Gloucestershire, England, GL5 2QQ	Indirect	A Ordinary of £0.01 each	530,210	100	5,302
EVGH Limited	East Suite Brimscombe Port Business Park, Brimscombe, Stroud, Gloucestershire, England, GL5 2QQ	Indirect	Deferred Ordinary of £0.01 each	52,490,790	18	524,908
EVGH Limited	East Suite Brimscombe Port Business Park, Brimscombe, Stroud, Gloucestershire, England, GL5 2QQ	Indirect	Ordinary of £0.01 each	1,135,793	39	11,358
Evo Holdco Limited	Units 5-7 Paramount Business Park Wilson Road, Huyton, Liverpool, England, L36 6AW	Indirect	A Ordinary of £1 each	37,999	100	37,999
FCG Worldwide Limited	20 St Thomas Street, London, SE1 9BF	Indirect	A Ordinary of £0.01 each	30,000	100	300
Filmore and Union Limited	17 Sandbeck Park, Sandbeck Lane, Wetherby, West Yorkshire, LS22 7TW	Indirect	A1 Ordinary of £0.00001 each	7,671,049	100	77
FleetonDemand Limited	Unit 5 Ashley Lane, Shipley, West Yorkshire, BD17 7DB	Indirect	A ordinary of £0.001 each	29,418	100	29
Flowline Limited	Rawreth Industrial Estate, Rawreth Lane, Rayleigh, Essex, SS6 9RL	Indirect	A Ordinary of £1 each	14,890	100	14,890
Frontrow Energy Technology Group Limited	Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ	Indirect	A Ordinary of £0.0001 each	3,500,000	100	350

Company Name	Registered Office	Holding	Class of Share	Number of shares	BGF % of class of shares	Nominal value £
Gaist Holdings Limited	D48 Knowledge Business Centre Infolab 21, Lancaster University, Lancaster, Lancashire, England, LA1 4WA	Indirect	A Ordinary of £0.01 each	4,501	100	45
Georgia GC Holdings Limited	Freemantle House, 2 Oakwater Avenue, Cheadle Royal Business Park, Cheadle, SK8 3SR	Indirect	A Ordinary of £1 each	1,349,333	100	1,349,333
Giggling Restaurants Limited	2 The Billings, Walnut Tree Close, Guildford, GU1 4UL	Indirect	A Ordinary of £0.00002 each	29,910	100	1
Gymbox Holdco Limited	38 New Kent Road London SE1 6TJ	Indirect	A Ordinary of £1.00 each	26,102	100	26,102
Hawk Plant (UK) Limited	C/O Ernst & Young Llp, 2 St Peters Square, Manchester, M2 3EY	Indirect	A Ordinary of £1 each	1,162	100	1,162
Helecloud Limited	5a Frascati Way, Maidenhead, Berkshire, England, SL6 4UY	Indirect	A ordinary of £1 each	27,083	100	27,083
Hobs Group Limited	14 Castle Street, Liverpool, England, L2 ONE	Indirect	A Ordinary of £1 each	178,640	100	178,640
Hoop Industries Limited	1st Floor 4 Hardwick Street, London, England, EC1R 4RB	Indirect	A Ordinary of £0.01 each	30,490,962	95	304,910
Horbury Group Limited	South Grove House, South Grove, Rotherham, South Yorkshire, S60 2AF	Indirect	A Ordinary of £1 each	3,842	100	3,842
Hydrock Holdings Limited	Over Court Barns Over Lane, Almondsbury, Bristol, BS32 4DF	Indirect	A ordinary of £1 each	2,469	100	2,469
Hydrock Holdings Limited	Over Court Barns Over Lane, Almondsbury, Bristol, BS32 4DF	Indirect	A ordinary preference of £0.01 each	997,531	100	9,975

Company Name	Registered Office	Holding	Class of Share	Number of shares	BGF % of class of shares	Nominal value £
IFA Group Limited	Victoria Forge, Livesey Street, Sheffield, United Kingdom, S6 2BL	Indirect	A Ordinary of £0.001 each	241,100	100	241
Import Fashion Solutions Limited	KPMG 1 Sovereign Square Street Leeds West Yorkshire, LS1 4DA	Indirect	Ordinary	5,363	20	54
Inoapps Limited	2 Fountainhall Road, Aberdeen, AB15 4DT	Indirect	A Ordinary of £0.01 each	20,890	100	209
Inoapps Limited	2 Fountainhall Road, Aberdeen, AB15 4DT	Indirect	C Ordinary of £0.01 each	3,526	100	35
International Spray Solutions Limited	Midway House, Staverton Technology Park Herrick Way, Staverton, Cheltenham, United Kingdom, GL51 6TQ	Indirect	A Ordinary of £0.00001 each	400	100	0
Johnsons Aggregates and Recycling Limited	Johnsons Recycling Centre, Crompton Road, Off Merlin Way, Ilkeston, Derbyshire, DE7 4BG	Indirect	A Ordinary of £0.10 each	5,198	100	520
Jumpstart (U.K.) Limited	6 Atholl Crescent, Edinburgh, EH3 8HA	Indirect	A Ordinary of £0.001 each	127,484	100	127
Keenan (Recycling) Limited	6-7 Queens Terrace, Aberdeen, AB10 1XL	Indirect	A Ordinary of £0.01 each	4,590	100	46
Kids Planet Day Nurseries Limited	231 Higher Lane, Lymm, United Kingdom, WA13 0NA	Indirect	A Ordinary of £0.01 each	9,950	100	100
Kids Planet Day Nurseries Limited	231 Higher Lane, Lymm, United Kingdom, WA13 0NA	Indirect	A1 Ordinary of £0.01 each	2,600	100	26
Luby Group	Unit 3, Westpoint Enterprise Park, Clarence Avenue, Trafford Park, Manchester, M17 1QS	Indirect	A ordinary of £1 each	9,443	100	9,443

Company Name	Registered Office	Holding	Class of Share	Number of shares	BGF % of class of shares	Nominal value £
Magmatic Limited	Shaftesbury Chapel, Union Road, Bristol, BS2 0LP	Indirect	A Ordinary of £0.01 each	42,317	100	423
MCFL Holdings Limited	Block B, Imperial Works, Perren Street, London, NW5 3ED	Indirect	A Ordinary of £0.000005 each	3,064,000	100	15
MCFL Holdings Limited	Block B, Imperial Works, Perren Street, London, NW5 3ED	Indirect	C Ordinary of £0.000005	1,612,940	58	8
McMillan Williams Solicitors Limited	Corinthian House, Lansdowne Road, Croydon, England, CR0 2BX	Indirect	A Ordinary of £1 each	3,798	100	3,798
Media Based Attractions Limited	37 Second Avenue, The Pensnett Estate, Kingswinford, West Midlands, DY6 7UL	Indirect	Deferred of £0.01 each	3,078,000	34	30,780
Media Based Attractions Limited	37 Second Avenue, The Pensnett Estate, Kingswinford, West Midlands, DY6 7UL	Indirect	E Ordinary of £0.00001 each	3,256	7	0
Media Based Attractions Limited	37 Second Avenue, The Pensnett Estate, Kingswinford, West Midlands, DY6 7UL	Indirect	A Ordinary of £0.01 each	371,739	100	3,717
Medigold Health Consultancy Limited	Medigold House, Queensbrige, Northampton, NN4 7BF	Indirect	A Ordinary of £1 each	7,800	100	7,800
M-Flow Technologies Limited	30 Upper High Street, Thame, Oxfordshire, OX9 3EZ	Indirect	Ordinary of £0.01 each	3,680	15	37
M-Flow Technologies Limited	30 Upper High Street, Thame, Oxfordshire, OX9 3EZ	Indirect	M1 Ordinary of £1 each	2,414	21	2,414
M-Flow Technologies Limited	30 Upper High Street, Thame, Oxfordshire, OX9 3EZ	Indirect	M Ordinary of £1 each	6,163	31	6,163

Company Name	Registered Office	Holding	Class of Share	Number of shares	BGF % of class of shares	Nominal value £
M-Flow Technologies Limited	30 Upper High Street, Thame, Oxfordshire, OX9 3EZ	Indirect	M2 Ordinary of £1 each	11,329	25	11,329
Milk Visual Effects Limited	Threeways House 40-44 Clipstone Street London W1W 5DW	Indirect	A Ordinary of £1 each	200	100	200
Mission Mars Limited	8 Hewitt Street, Manchester, United Kingdom, M15 4GB	Indirect	B ordinary of £0.0001 each	808,205	100	81
Mono Global Group Limited	Culzean House, 36 Renfield Street, Glasgow, Scotland, G2 1LU	Indirect	A Ordinary of £0.25 each	676,244	100	169,061
Monodraught Topco Limited	Halifax House, Halifax Road, Cressex Business Park, High Wycombe, Buckinghamshire, United Kingdom, HP12 3SE	Indirect	A Ordinary of £1 each	39,998	100	39,998
Movell- The Bus Company Limited	5th Floor, One New Change, London, United Kingdom, EC4M 9AF	Indirect	A Ordinary of £0.01 each	173,214	100	1,732
M-Squared Lasers Limited	Venture Building 1 Kelvin Campus, West of Scotland Science Park, Maryhill Road, Glasgow, G20 0SP	Indirect	A Ordinary of £0.01 each	1,846,855	100	18,469
Nationwide Specialist Services Limited	239 Ashley Rd Hale, Altrincham, Greater Manchester, United Kingdom, WA15 9NE	Indirect	A ordinary of £1	40,000	100	40,000
Nonwovenn Ltd	BFF Business Park, Bath Road, Bridgwater, Somerset, TA6 4NZ	Indirect	C Ordinary of £0.001 each	25,625	100	26
Northern Escalator Installations Holdings Limited	Suite 2, Aireside Business Centre, Royd Ings Avenue, Keighley, BD21 4BZ	Indirect	A Ordinary of £0.01 each	35,000	100	350

Company Name	Registered Office	Holding	Class of Share	Number of shares	BGF % of class of shares	Nominal value £
Ocee International Limited	Design House, Caswell Road, Brackmills Industrial Estate, Northampton, Northamptonshire, NN4 7PW	Indirect	A Ordinary of £1 each	4,491	100	4,491
Olive Communication Solutions Limited	Olive House Mercury Park, Woodburn Green, High Wycombe, Buckinghamshire, HP10 0HH	Indirect	D Ordinary of £0.001 each	516,200	100	516
Oneplm Limited	Signal Court Old Station Way, Eynsham, Witney, Oxfordshire, England, OX29 4TL	Indirect	A ordinary of £0.00002 each	22,000	100	0
Paddle.com Market Limited	15 Briery Close, Great Oakley, Corby, Northamptonshire, NN18 8JG	Indirect	A2 ordinary of £0.01 each	47,985	80	480
Paddle.com Market Limited	15 Briery Close, Great Oakley, Corby, Northamptonshire, NN18 8JG	Indirect	A3 ordinary of £0.01 each	16,363	14	164
Paddle.com Market Limited	15 Briery Close, Great Oakley, Corby, Northamptonshire, NN18 8JG	Indirect	A ordinary of £0.01 each	4,807	11	48
Paintbox Group Limited	36-44 Melchett Road, Kings Norton, Birmingham, West Midlands, B30 3HS	Indirect	A Ordinary of £1 each	14,250	100	14,250
Palmer Hargreaves Holdings Limited	19 Waterloo Place, Warwick Street, Leamington Spa, England, CV32 5LA	Indirect	A Ordinary of £1 each	4,338	100	4,338
Parklands Limited	Parklands Nursing Home, High Street, Buckie, Banffshire, AB56 4AD	Indirect	A ordinary of £1 each	32,699	100	32,699

Company Name	Registered Office	Holding	Class of Share	Number of shares	BGF % of class of shares	Nominal value £
Plantforce Rentals Limited	Plantforce Rentals Ltd Bristol Depot, Winterstoke Road, Weston Super Mare, England, BS23 3YW	Indirect	A ordinary of £1 each	78,961	100	78,961
PPS Equipment Holdings Limited	Units 8-13 Marchington Industrial Estate, Stubby Lane, Marchington, Uttoxeter, Staffordshire, ST14 8LP	Indirect	A Ordinary of £0.01 each	26,225	100	262
Prezola Limited	Prezola House, Woodlands Industrial Estate Eden Vale Road, Westbury, Wiltshire, BA13 3QS	Indirect	A Ordinary of £0.001 each	102,171	100	102
Prodrive Composites Limited	Precedent Drive, milyon Keynes, Buckinghamshire, MK13 8PE	Indirect	A Ordinary of £0.00001 each	35,000	100	0
PTS Consulting Group Limited	60 New Broad Street, 5th Floor, London, EC2M 1JJ	Indirect	B1 Ordinary of £1 each	351,724	100	351,724
Purity Brewing Group Limited	The Brewery Upper Spernall Farm, Spernall Lane, Great Alne, Worcestershire, United Kingdom, B49 6JF	Indirect	A ordinary of £1 each	8,000	100	8,000
Reconnaissance Ventures Limited	Rvl House, Building 21, Anson Road, East Midlands Airport, Castle Donington, Derby, DE74 2SA	Indirect	A Ordinary of £0.001 each	3,973,684	100	3,974
Record Sure Holdings Limited	6th Floor 10 Lower Thames Street, London, United Kingdom, EC3R 6EN	Indirect	A Ordinary of £0.01 each	35,115	100	351
Record Sure Holdings Limited	6th Floor 10 Lower Thames Street, London, United Kingdom, EC3R 6EN	Indirect	B Ordinary of £0.01 each	32,852	100	329

Company Name	Registered Office	Holding	Class of Share	Number of shares	BGF % of class of shares	Nominal value £
Record Sure Holdings Limited	6th Floor 10 Lower Thames Street, London, United Kingdom, EC3R 6EN	Indirect	C Ordinary of £0.01 each	68,201	100	682
Reflex Vehicle Hire Limited	22 Belton Road West, 22 Belton Road West, Loughborough, England, LE11 5TR	Indirect	A ordinary shares of £1 each	1,121,005	100	1,121,005
Reflex Vehicle Hire Limited	22 Belton Road West, 22 Belton Road West, Loughborough, England, LE11 5TR	Indirect	Ordinary shares of £0.0001 each	63,542	2	6
Renal Services (UK) Limited	22A Ives Street, London, SW3 2ND	Indirect	A Ordinary of £1 each	856,201	100	856,201
Revital Holdings Limited	71-75 Shelton Street, Covent Garden, London, United Kingdom, WC2H 9JQ	Indirect	A Ordinary of £1 each	56,467	100	56,467
River Ridge Holdings Limited	56 Craigmore Road Garvagh, Coleraine, United Kingdom, BT51 5HF	Indirect	A Ordinary of £1 each	2,684	100	2,684
RMS International Limited	Grafix House 6 Boundary Road, Pendlebury, Swinton, Manchester, England, M27 4EQ	Indirect	A Ordinary of £0.01 each	2,006,835	100	20,068
Roc Transformation (Holdings) Limited	Wharf House Wharf Street Newbury RG14 5AP	Indirect	A Ordinary of £0.10 each	241,300	100	24,130
ROVOP Holdings Limited	Silvertrees Drive, Westhill, Aberdeen, United Kingdom, AB32 6BH	Indirect	A Ordinary of £0.01 each	31,169	50	31,169
Roxor Group Limited	Hamnett House, Gibbet Street, Halifax, England, HX2 0AX	Indirect	A Ordinary of £1 each	4,999	100	4,999
Ruroc Global Holdings Limited	Unit 2 Barnett Way Barnett Way, Barnwood, Gloucester, England, GL4 3RT	Indirect	D ordinary of £0.00125 each	198,344	100	248

Company Name	Registered Office	Holding	Class of Share	Number of shares	BGF % of class of shares	Nominal value £
Rutland Cycling 2013 Limited	The Old Station Yard Wing Road, Manton, Oakham, Rutland, England, LE15 8SZ	Indirect	A Ordinary of £0.01 each	714	100	7
Salecycle Limited	Ground Floor, Alexander House 1 Mandarin Road, Rainton Bridge Industrial Park, Houghton Le Spring, Tyne And Wear, England, DH4 5RA	Indirect	A ordinary of £0.0001 each	228,996	100	23
SDL Property Services Group Limited	3-4 Regan Way, Chetwynd Business Park, Chilwell, Nottingham, NG9 6RZ	Indirect	A Ordinary of £1 each	529,159	100	529,159
Semafone Limited	Panel House Park Street Guildford, GU1 4HN	Indirect	A2 Ordinary of £0.01 each	374,893	65	3,749
Sentric Music Limited	1st Floor, 29 Parliament Street, Liverpool, L8 5RN	Indirect	D Ordinary of £0.10 each	3,095	100	310
Setfords Law Ltd	Jenner House, 1a Jenner Road, Guildford, Surrey, GU1 3PH	Indirect	A Ordinary of £0.00001 each	550,000	100	6
Sherlock Foods Holdings Limited	South Court, Sharston Road, Manchester, Greater Manchester, England, M22 4BB	Indirect	A ordinary of £0.01 each	2,800,000	100	28,000
SHG (Care Villages) Limited	2 Fusion Court, Aberford Road, Garforth, Leeds, LS25 2GH	Indirect	Preferred A Ordinary of £0.01 each	164,000	100	1,640
SHG (Care Villages) Limited	2 Fusion Court, Aberford Road, Garforth, Leeds, LS25 2GH	Indirect	B Ordinary of £0.01 each	371,788	100	3,718
SHG (Care Villages) Limited	2 Fusion Court, Aberford Road, Garforth, Leeds, LS25 2GH	Indirect	C Ordinary of £0.01 each	53,025	100	530

Company Name	Registered Office	Holding	Class of Share	Number of shares	BGF % of class of shares	Nominal value £
SHS Integrated Services Limited	C/O Deloitte LLP Four Brindleyplace Birmingham B1 2HZ	Indirect	A Ordinary of £1 each	1	100	1
SHS Integrated Services Limited	C/O Deloitte LLP Four Brindleyplace Birmingham B1 2HZ	Indirect	Ordinary of £1 each	156	100	156
SLG Allstars Limited	Liberty House, Saint Catherine Street, Gloucester, GL1 2BX	Indirect	A Ordinary of £1 each	8,080	100	8,080
Solid Solutions Management Limited	Building 500 Abbey Park, Stareton, Kenilworth, Warwickshire, England, CV8 2LY	Indirect	A Ordinary of £0.0001 each	287,600	100	29
Sophia Webster Limited	Zetland House, 109 - 123 Clifton Street, London, England, EC2A 4LD	Indirect	B Ordinary of £1 each	2,063	100	2,063
Sophia Webster Limited	Zetland House, 109 - 123 Clifton Street, London, England, EC2A 4LD	Indirect	A Ordinary of £1 each	1,465	12	1,465
Spark Topco Limited	Level 3 The Union Building, 51-59 Rose Lane, Norwich, NR1 1BY	Indirect	A Ordinary of £1 each	2,200	100	2,200
Spex Group Holdings Limited	Blackwood House, Union Grove Lane, Aberdeen, AB10 6XU	Indirect	A Ordinary of £0.01 each	7,220	100	72
STATS (UK) Ltd	7 - 9 Bon Accord Crescent, Aberdeen, AB11 6DN	Indirect	A Ordinary of £0.01 each	34,179	100	342
STATS (UK) Ltd	7 - 9 Bon Accord Crescent, Aberdeen, AB11 6DN	Indirect	A1 ordinary shares of £0.01	9,000	100	90
T.C.L Holdings (Parent) Limited	Tcl House 7 Outrams Wharf Little Eaton Derby DE21 5EL	Indirect	A Ordinary of £0.00001 each	3,200,000	100	32
T.C.L Holdings (Parent) Limited	Tcl House 7 Outrams Wharf Little Eaton Derby DE21 5EL	Indirect	A Preferred Ordinary of £0.00001 each	800,000	82	8

Company Name	Registered Office	Holding	Class of Share	Number of shares	BGF % of class of shares	Nominal value £
Task Fronterra Geoscience Limited	Union Plaza (6th Floor), 1 Union Wynd, Aberdeen, AB10 1DQ	Indirect	A Ordinary of £0.001 each	66,891	100	67
TD4 Brands Limited	Abbots Moss Hall, Oakmere, Cheshire, CW8 2ES	Indirect	A Ordinary of £1 each	409,553	100	409,553
TD4 Brands Limited	Abbots Moss Hall, Oakmere, Cheshire, CW8 2ES	Indirect	C Ordinary of £1 each	133,885	100	133,885
Thames Card Technology Limited	Thames House Arterial Road, Rayleigh, Essex, SS6 7UQ	Indirect	A Ordinary of £1 each	51,083	100	51,083
The Coaching Inn Group Limited	Friars House, Quaker Lane, Boston, Lincolnshire, PE21 6BZ	Indirect	A Ordinary of £0.01 each	21,028	100	210
The DB Food Group Limited	Unit L Fulcrum Business Park, Vantage Way, Poole, England, BH12 4NU	Indirect	A Ordinary of £0.01 each	31,250	100	313
The Rethink Group Limited	1 George Yard, London, England, EC3V 9DF	Indirect	A Ordinary of £0.001 each	78,428,000	47	78,428
TickX Limited	Fifth Floor, 11 Leadenhall Street, London, Great Britain, EC3V 1LP	Indirect	A Ordinary of £0.002 each	35,001	100	70
Total Recycling Services Limited	Lingfield Way, Yarm Road Business Park, Darlington, Co Durham, DL1 4PZ	Indirect	A Ordinary of £0.0001 each	2,805,000	100	28
Urdgrup Limited	21 Southampton Row, London, England, WC1B 5HA	Indirect	A Ordinary of £0.01 each	61,214,419	100	612,144
Urdgrup Limited	21 Southampton Row, London, England, WC1B 5HA	Indirect	A ordinary shares of £0.001 each	32,385,122	100	32,385
Virtual1 Limited	6th Floor Alphabeta, 14-18 Finsbury Square, London, EC2A 1BR	Indirect	A Ordinary of £0.01 each	24,345	100	243

Company Name	Registered Office	Holding	Class of Share	Number of shares	BGF % of class of shares	Nominal value £
VirtualPie Limited	The Fluid Engineering Centre Cranfield, Bedfordshire, MK43 0AJ	Indirect	A Ordinary of £1 each	66,389	100	66,389
VTL Group (Holdings) Limited	St Thomas Road, Huddersfield, West Yorkshire, HD1 3LG	Indirect	A Ordinary of £1 each	7,440	100	7,440
Vysiion Limited	Connect 17 Avon Way, Langley Park, Chippenham, Wiltshire, SN15 1GG	Indirect	A Ordinary of £1 each	82,363	100	82,363
Vysiion Limited	Connect 17 Avon Way, Langley Park, Chippenham, Wiltshire, SN15 1GG	Indirect	D Ordinary of £0.01 each	4,000	50	40
Wales Environmental Holdings Limited	The Old Airfield, Templeton, Narberth, Pembrokeshire, SA67 8SR	Indirect	A Ordinary of £1 each	51,286	100	51,286
Walker Precision Holdings Limited	4 Fullarton Drive, Glasgow East Investment Park, Glasgow, United Kingdom, G32 8FA	Indirect	A Ordinary of £1 each	8,089	100	8,089
Woodall Nicholson Holdings Limited	Colmil Works Hart Common, Wigan Road, Westhoughton, Bolton, Lancashire, BL5 2EE	Indirect	G Ordinary of £0.001 each	249,000	100	249
Workshare Technology Holdings Limited	20 Fashion Street, London, E1 6PX	Indirect	Series A shares of £0.0001 each	622,931	36	62
Wright Leisure Topco Limited	Unit 1, Kirkstall Industrial Estate, Kirkstall Road, Leeds, LS4 2AZ	Indirect	A Ordinary of £0.001 each	410	100	0
Wright Leisure Topco Limited	Unit 1, Kirkstall Industrial Estate, Kirkstall Road, Leeds, LS4 2AZ	Indirect	B Ordinary of £0.001 each	50	100	-
Wright Leisure Topco Limited	Unit 1, Kirkstall Industrial Estate, Kirkstall Road, Leeds, LS4 2AZ	Indirect	C Ordinary of £0.001 each	80	100	-

Company Name	Registered Office	Holding	Class of Share	Number of shares	BGF % of class of shares	Nominal value £
Wright Leisure Topco Limited	Unit 1, Kirkstall Industrial Estate, Kirkstall Road, Leeds, LS4 2AZ	Indirect	C1 Ordinary of £0.001 each	40	100	-