

Business Growth Fund Limited

Annual reports & financial statements

**For the year ended:
31 December 2021**



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. 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 is expected that additional funding will be required in 2022 to fund continued investment activity however this will be offset by the re-investment of proceeds generated during the year. As at 31 December 2021 the company held a positive cash balance of £177,471,000, as a result of increased exit proceeds which will be used to fund investment in 2022.

In 2021 the company received no income from BGF Investments LP and BGF Ventures LP. The nature of returns from the Partnerships means that they will vary significantly from one year to the next and are difficult to predict.

Due to an increase in Group recharges, the Company's loss before taxation increased to £71,438,000 (2020: £55,312,000).

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. The directors 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.

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 £1,826 in 2021 (2020: £132,000) and an accrual of £50,000 has been recognised to be donated to the BGF Foundation in 2022. 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 21 April 2022 and signed on its behalf by:



Stephen Welton (Director)

Directors' Report

The directors present their Directors' Report, Strategic Report and Financial Statements for the year ended 31 December 2021.

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

Notwithstanding net current liabilities of £666.7m as at 31 December 2021 and a loss for the year then ended of £84.4m, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Company obtains all its funding from companies within the Group. The Company has reviewed the going concern assessment made by the directors of the Group for a period of 12 months from the date of approval of these financial statements which indicates that, upon analysis of reasonable scenarios, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

The following factors have been considered as part of the review.

- The Group's funding is supplied by its existing shareholders under an agreement which allows for the issue of share capital up to the value of £2.23bn. As at the date of signing these financial statements £1.957bn of this had been drawn from shareholders, leaving £273m available to meet the future funding needs of the business. The annual funding requirement is agreed with shareholders as part of the annual budget process and £273m has been approved for 2022.
- The key variables that impact the cashflow of the business are the level of new and follow-on investment and the proceeds received from exits. The impact of changes to these inputs has been modelled and, under all reasonable scenarios, the Directors expect sufficient funding to be available from the existing arrangement with shareholders to meet the cash needs of the business for at least 12 months.
- In the event that forecast deployment might exceed current expectations, the Directors are able to reduce the level of investment activity to keep within the agreed funding limits. This might limit the growth of the business but would not impact the ability to maintain the current level of investment activity.
- In 2021 the Group has raised capital with Coutts which will contribute £42m of co-invest funding from 1 July 2021. The Group is also in the process of raising additional funding with Coutts which it is anticipated will provide a further £50m of funding once the initial funding has been committed. In addition to this, the Directors continue to explore other opportunities for external funding which would allow the business to expand further if required.
- The Group has agreed a 3 year £100m Revolving Credit Facility on 4th April 2022 to provide additional short term liquidity. This will provide further comfort that investment activity can be maintained in the event of a temporary delay in exit proceeds.

Directors' Report (continued)

Going Concern (continued)

- The Group has indicated its intention to continue to make available such funds as are needed by the Company for the period covered by the forecasts. As with any entity placing reliance on other group entities for financial support, the Company acknowledges 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.

Results and dividends

The Company made a loss after taxation of £84,409,000 (2020: £56,704,000). The directors do not recommend the payment of a dividend for the period (2020: £nil).

Creditor payment policy

The Company's payment policy is to settle supplier invoices in accordance with agreed terms. At 31 December 2021, the Company had 52 days (2020: 40 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.

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 21 April 2022 and signed on its behalf by:



Stephen Welton (Director)

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 2021 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 2021 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 its 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 its 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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Company will continue in operation.

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

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud; and
- Reading minutes of meetings of those charged with governance.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as investment valuation. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue streams are simple in nature with respect to accounting policy choice, and are easily verifiable to external data sources or agreements with little or no requirement for estimation from management.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those containing key words, those made by individuals who typically do not make journal entries or are not authorised to post journal entries, those recorded as post-closing entries that have little or no explanation or description, and those posted on the weekends and bank holidays.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. Our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably.

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

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's ability to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, anti-money laundering, employment law, certain aspects of Companies' legislation and financial services regulation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Directors' report

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

Our responsibility is to read 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 Directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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

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

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 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 Company or to cease operations, or have no realistic alternative but to do so.

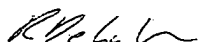
Auditor's responsibilities

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 De La Rue (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
27 April 2022

Profit and Loss Account

For the year end 31 December 2021

	Notes	2021 £'000	2020 £'000
Turnover	2	7,105	6,677
Operating expenses	3,4	(78,627)	(62,065)
Operating loss		(71,522)	(55,388)
Interest receivable	5	84	76
Loss on ordinary activities before taxation		(71,438)	(55,312)
Taxation on ordinary activities	6	(12,971)	(1,392)
Loss on ordinary activities after taxation		(84,409)	(56,704)
Total comprehensive income		(84,409)	(56,704)

All of the above arose from continuing operations.

The notes on pages 16 to 25 form an integral part of these financial statements.

Balance Sheet

As at 31 December 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Investment in subsidiaries	7	1,434,959	1,459,431
Tangible fixed assets	8	8,052	8,571
		1,443,011	1,468,002
Current assets			
Debtors:	9		
Amounts falling due within one year		114,584	88,990
Amounts falling due after one year		9,587	-
Cash at bank and deposit		177,471	59,068
		301,642	148,058
Creditors: amounts falling due within one year	10	(968,381)	(755,487)
Net current liabilities		(666,739)	(607,429)
Total assets less current liabilities		776,272	860,573
Provisions for liabilities and charges	11	(414)	(306)
Net assets		775,858	860,267
Capital and reserves			
Called up share capital	13	1,157,129	1,157,129
Retained earnings	14	(381,271)	(296,862)
Equity shareholders' funds		775,858	860,267

These financial statements were approved by the Board of Directors on 21 April 2022 and were signed on its behalf by:



Stephen Welton (Director)
Company registration number: 07514847

The notes on pages 16 to 25 form an integral part of these financial statements

Statement of Changes in Equity

For the year ended 31 December 2021

	Called up Share Capital £'000	Profit & loss account £'000	Total equity £'000
Balance at 1 January 2021	1,157,129	(296,862)	860,267
Loss for the period	-	(84,409)	(84,409)
Balance at 31 December 2021	1,157,129	(381,271)	775,858

For the year ended 31 December 2020

	Called up Share Capital £'000	Profit & loss account £'000	Total equity £'000
Balance at 1 January 2020	1,157,129	(240,158)	916,971
Loss for the period	-	(56,704)	(56,704)
Balance at 31 December 2020	1,157,129	(296,862)	860,267

The notes on pages 16 to 25 form an integral part of these financial statements

Notes to the financial statements

For the year ended 31 December 2021

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"). The presentation currency is Sterling. All amounts in the financial statements have been rounded to the nearest £1,000. The Company is a private limited Company incorporated, domiciled and registered in England and Wales.

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

Notwithstanding net current liabilities of £666.7m as at 31 December 2021, a loss for the year then ended of £84.4m, the financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Company obtains all its funding from companies within the Group. The Company has reviewed the going concern assessment made by the directors of the Group for a period of 12 months from the date of approval of these financial statements which indicates that, upon analysis of reasonable scenarios, the Company will have sufficient funds to meet its liabilities as they fall due for that period.

The following factors have been considered as part of the review.

- The Group's funding is supplied by its existing shareholders under an agreement which allows for the issue of share capital up to the value of £2.23bn. As at the date of signing these financial statements, £1.957bn of this had been drawn from shareholders, leaving £273m available to meet the future funding needs of the business. The annual funding requirement is agreed with shareholders as part of the annual budget process and £273m has been approved for 2022.
- The key variables that impact the cashflow of the business are the level of new and follow-on investment and the proceeds received from exits. The impact of changes to these inputs has been modelled and, under all reasonable scenarios, the Directors expect sufficient funding to be available from the existing arrangement with shareholders to meet the cash needs of the business for at least 12 months.
- In the event that forecast deployment might exceed current expectations, the Directors are able to reduce the level of investment activity to keep within the agreed funding limits. This might limit the growth of the business but would not impact the ability to maintain the current level of investment activity.

Notes to the financial statements

For the year ended 31 December 2021

b. Going concern (continued)

- In 2021 the Group raised capital with Coutts which will contribute £42m of co-invest funding from 1 July 2021. The Group is also in the process of raising additional funding with Coutts which it is anticipated will provide a further £50m of funding once the initial funding has been committed. In addition to this, the Directors continue to explore other opportunities for external funding which would allow the business to expand further if required.
- The Group has agreed a 3 year £100m Revolving Credit Facility on 4th April 2022 to provide additional short term liquidity. This will provide further comfort that investment activity can be maintained in the event of a temporary delay in exit proceeds.

c. Turnover

Turnover relates to the provision of services to BGF Group plc and its subsidiaries, together with 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. 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.

Notes to the financial statements

For the year ended 31 December 2021

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.

Bad debt provision

Overdue balances as at the year end are assessed during the valuation process to determine whether the Company has sufficient value to be able to settle outstanding fees. Any companies which are identified as having insufficient value a provision will be recognised against the year end balance.

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.

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 Company and can be reliably measured.

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:

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.

Notes to the financial statements

For the year ended 31 December 2021

2. Turnover

	2021 £'000	2020 £'000
Group recharges	7,105	6,677
Total	7,105	6,677

3. Operating expenses

	2021 £'000	2020 £'000
Premise costs	3,683	3,583
Group recharges	67,035	51,198
Other costs	7,909	7,284
Total	78,627	62,065

Included within other costs is Auditor's remuneration as follows: £10,000 (2020: £10,000) for the audit of these financial statements, £273,000 (2020: £200,000) for the audit of the Group and its subsidiaries and £25,000 (2020: £20,000) for other audit related assurance services for a subsidiary of the Group which are paid by the Company.

4. Directors' remuneration

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

5. Interest receivable

	2021 £'000	2020 £'000
Interest on bank deposits	-	61
Other interest	84	15
Total interest receivable	84	76

Notes to the financial statements

For the year ended 31 December 2021

6. Taxation

a. Analysis of tax charge in the period

	2021 £'000	2020 £'000
Current tax (note 6(b))	4,142	129
Origination and reversal of timing differences	8,829	2,660
Impact of changes in statutory tax rate	-	(1,397)
Tax charge for the period	12,971	1,392

b. Factors affecting the tax charge for the period

	2021 £'000	2020 £'000
Loss on ordinary activities before taxation	(71,438)	(55,312)
Corporation tax at 19.00% (2020: 19.00%)	(13,573)	(10,509)
Effect of:		
Non-taxable income	-	(2,498)
Disallowed administrative expenses	-	292
Depreciation in excess of capital allowances	-	47
Group relief surrendered	2,040	717
Receipt for group relief	(2,040)	(717)
Partnership income and gains	21,105	12,517
Substantial shareholding exemption and other reliefs	(38,735)	(17,101)
Adjustments in respect of prior periods	(331)	-
Utilisation and movements on tax losses	(9,501)	(2,660)
Chargeable gains	45,177	20,041
Current Tax charge for the period (note 6(a))	4,142	129

c. Deferred tax

	Balance Sheet		Income Statement	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Fixed asset timing differences	(607)	(412)	(195)	(189)
Losses available for offset against future taxable income	2,341	11,006	(8,665)	(1,090)
Other short term timing differences	47	16	31	16
Total deferred tax asset and (charge)	1,781	10,610	(8,829)	(1,263)

Notes to the financial statements

For the year ended 31 December 2021

In Spring Budget 2021 the Government announced that from 1 April 2023 the main rate of UK corporation tax rate would increase to 25%. Since this increased rate has now been enacted into UK law, deferred tax assets / liabilities have been recognised at this rate unless they will be unwound prior to 31 March 2023.

7. Investment in subsidiaries

	Investment in subsidiaries £'000	Long term loans to subsidiaries £'000	Total investment in subsidiaries £'000
Cost			
As at 1 January 2021	603	1,458,828	1,459,431
Additions	65	608,448	608,513
Disposals/distributions	-	(632,985)	(632,985)
As at 31 December 2021	668	1,434,291	1,434,959

There is no impairment charge during the year (2020: Nil)

8. Tangible fixed assets

	Leasehold improvements £'000	Office equipment £'000	Computer equipment £'000	Total £'000
Cost				
As at 1 January 2021	9,548	1,504	1,556	12,608
Additions	716	13	195	924
Disposals	(85)	(11)	(278)	(374)
As at 31 December 2021	10,179	1,506	1,473	13,158
Accumulated depreciation				
As at 1 January 2021	2,365	453	1,219	4,037
Charge for the period	1,056	147	231	1,434
Released on disposal	(85)	(11)	(269)	(365)
As at 31 December 2021	3,336	589	1,181	5,106
Net book value				
As at 1 January 2021	7,183	1,051	337	8,571
As at 31 December 2021	6,843	917	292	8,052

There are no assets held under finance leases.

Notes to the financial statements

For the year ended 31 December 2021

9. Debtors

	2021 £'000	2020 £'000
Trade debtors	1,074	2,027
Withholding tax debtor	15,231	-
Other debtors	160	211
Prepayments & accrued income	1,390	1,222
Deferred tax asset	1,781	10,610
Amounts owed by group companies	104,535	74,920
Total	124,171	88,990

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

	2021 £'000	2020 £'000
Withholding tax debtor	9,587	-

The impairment loss recognised in the profit or loss for the period in respect of bad and doubtful trade debtors was £681,000 (2020 - £Nil).

10. Creditors: amounts falling due within one year

	2021 £'000	2020 £'000
Trade creditors	1,426	1,062
Taxation & social security	7,025	755
Amount owed to other group companies	957,786	751,596
Accruals	2,144	2,074
Total	968,381	755,487

11. Provisions

	2021 £'000	2020 £'000
Balance as at 1 January	306	223
Provisions made during the year	108	107
Provision used during the year	-	(24)
Balance as at 31 December	414	306

Notes to the financial statements

For the year ended 31 December 2021

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 £122,625,000 (2020: £88,990,000) as the balance is primarily held with Group companies.

As at 31 December 2021, the Company's credit risk exposure was as follows:

	2021 £'000	2020 £'000
Cash at bank and in hand	177,471	59,068

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.

13. Share capital

	2021 £'000	2020 £'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

14. Reserves

	2021 £'000	2020 £'000
Balance as at 1 January	(296,862)	(240,258)
Loss on ordinary activities for the year (after taxation)	(84,409)	(56,704)
Balance as at 31 December	(381,271)	(296,862)

Notes to the financial statements

For the year ended 31 December 2021

15. Commitments

As at the 31 December 2021, the Company had capital commitments of £18,000 (2020: £283,500) in relation to premise fit-out costs.

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

	Land and buildings	
	2021	2020
	£'000	£'000
Amounts payable:		
Within one year	1,801	1,797
In two to five years	6,386	7,091
In over five years	3,018	4,208

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

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 £Nil (2020: £61,000) during the period. The balance on deposit at the period end was £177,370,000 (2020: £59,018,000). All transactions have been made on an arm's length basis.

16. Immediate and ultimate parent undertaking

At 31 December 2021, 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.

17. Subsequent events

The Group agreed a three-year £100m Revolving Credit Facility on the 4th April 2022 to provide additional short term liquidity.

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

Notes to the financial statements

For the year ended 31 December 2021

18. Related undertakings

Subsidiaries are all entities over which the Company has control. Control is defined as the right 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 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	-