

Baillie Gifford Services Limited

Annual Report and Consolidated Financial Statements

Registered number SC593878

31 March 2021



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Strategic Report

The Directors present their Strategic Report for the year ended 31 March 2021.

About the Baillie Gifford Group

Baillie Gifford Services Limited (the Company) is a wholly owned subsidiary of Baillie Gifford & Co, a partnership which has four other wholly owned subsidiaries. References to the BG Group refer to the Group of Companies headed up by Baillie Gifford & Co (BG&Co), the ultimate holding undertaking.

References to Baillie Gifford Services Group (BGS Group) refer to the Group of Companies headed up by Baillie Gifford Services Limited.

Structure of the financial statements

These financial statements are the consolidated group financial statements of the Company and its subsidiary undertaking Baillie Gifford IT Services (Poland) Sp. z o.o (BGITS). The Company also has two branches in Ireland and New York, which are both included within these financial statements. These branches are registered with the relevant authorities in their respective territories.

Principal activities

The Company was formed in April 2018 as an employer of globally mobile staff who wholly or partly undertake activities outside the UK. The BGS Group does not undertake any regulated activity but provides resources to other BG Group entities as required and also provides administrative support and IT services as a limited scope agent of BG&Co.

Review of the business and future developments

The BGS Group turnover in 2021 was £12,443,333 (2020: £10,868,303). The net profit for the year was £407,156 (2020: £322,407).

The BGS Group provides information technology services to the BG Group, through BGITS, under inter-company agreements. The BGS Group directly employs a number of staff, for the provision of resource and administrative and information technology services to the BG Group. The volume of services provided has increased during the year, with further growth expected in the coming financial year.

Key risks

The Company exercises oversight of the risk management framework through the Board, which in turn delegates responsibility to the various risk committees of BG&Co.

The BG Group committee structure and risk management reporting framework, outlined below, is designed to provide a mechanism to assure management that risks are managed effectively and internal control processes are operating as required.

Strategic Report (continued)

Key risks (continued)

The framework takes a bottom up approach to risk assessments complemented by a top-down assessment of the risk profile and is organised using a three lines model. Management of each business area is responsible for continually identifying, documenting, assessing and managing the risks within their area on a day-to-day basis. Key risks and controls are reviewed by departmental management as and when changes occur to the business profile, processes, risks, controls and external environment. This process is supplemented by a quarterly assessment by each business area, which is facilitated by the Business Risk Department and overseen by the Operational Risk Committee. The Business Risk and Compliance functions, assisted by other functions such as Legal, Finance and Human Resources, support the risk and compliance committees. This second line provides policy direction and oversees and monitors the risk framework to determine whether all key risks are being identified, assessed and controlled by management in a manner commensurate with the BG Group's applicable risk appetite and regulatory needs. The third line, led by the Audit Committee and including internal audit, independently assesses the adequacy and effectiveness of the processes within lines one and two and provides periodic assurance on the control environment across the BG Group.

The main risks and uncertainties facing the BGS Group are as follows:

- **Strategic and Business risks**

These are principally the risk of changing BG Group resource requirements, not maintaining high service levels, or the loss of support from BG&Co in the form of shared resources and services. These risks are managed by being willing to change or adapt in response to relevant long-term changes in our business environment and by controlling costs appropriately and effectively.

The risk of reliance on BG&Co is mitigated by a number of factors including close interaction between the Company's Directors and BG&Co, professional indemnity insurance cover, and BG&Co's own capital adequacy requirements.

- **Operational risks**

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. Specifically, this also includes business continuity and information security.

The principal operational risks lie in undertaking certain operational activities which are delegated by other Baillie Gifford Group Companies under inter-company arrangements.

We aim to operate controls to ensure that the residual risk is minimised in a way that is consistent with economically providing high levels of service. In addition, the BG Group holds professional indemnity insurance to mitigate the residual risk of loss from errors.

- **Political risks**

The UK's exit from the European Union was completed following the end of the transition period on 31 December 2020. The terms of the agreement reached between the UK and the European Union on the future relationship place restrictions on the ability which UK resident staff members will have to live and work across the European Union as well as the ability to gain visas for other countries. This may have practical consequences for the Company, which currently makes use of staff in a number of jurisdictions around the world including the European Union. The Company will continue to monitor developments as they arise.

Strategic Report (continued)

Key risks (continued)

- **Liquidity risks**

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations to creditors. The Company holds sufficient cash to cover its liabilities and therefore the Company's liquidity risk is assessed as low.

The Company only holds cash in current and deposit accounts at large regulated banks.

The Company's significant commitments, other than staff costs, are inter-company fees which are planned for well in advance and its income is from other BG Group entities where the counterparty risk is considered to be low.

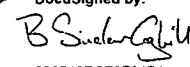
- **Coronavirus statement**

Our primary aims of both the Company and BG&Co throughout the coronavirus (Covid-19) pandemic have been firstly, to ensure the wellbeing of our staff and others, and secondly to service clients well and with minimal disruption. The overall risk profile of the Company continues to be managed carefully during this period, and despite restrictions on travel, it continues to provide resources to the BG Group.

Staff wellbeing has been an area of close oversight, ensuring that home working needs are met and support is provided. Information security monitoring has also been stepped up given the potential for increase in cyber risk, as has the oversight in relation to key vendors. A limited number of modifications have been made to existing operational processes and controls due to remote working, and these are being centrally tracked and assessed.

We continue to monitor the position closely and are confident that the Company continues to have appropriate plans, operational resiliency and financial resources in place to continue to operate. The Company has no concerns regarding its going concern status as a result of the coronavirus, as noted within the going concern assessment within the Directors' Report.

On behalf of the Board

DocuSigned by:

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B S Coghill

Director

Edinburgh

11 June 2021

Directors' Report

The Directors have pleasure in submitting their Annual Report and audited Consolidated Financial Statements for the year ended 31 March 2021.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the Financial Statements were:

B S Coghill	Chair
A Brown	(Resigned 12 June 2020)
N Michael	
E Critchley	(Appointed 13 May 2020)

All the shares of the Company were held throughout its period of operation by BG&Co, a partnership of which all of the Directors are employees.

Dividends

The Directors do not recommend a final dividend.

Going concern assessment

The Board's assessment of going concern took into account recent market developments and the uncertainty caused by the coronavirus. After making enquiries and assessing the financial forecasts for a period of at least 12 months from the date of approval of the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and meet its liabilities as they fall due. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Additionally, the Company has agreed to provide financial support to its subsidiary, BGITS, should this be required, to ensure it can continue in operation for at least the next 12 months. On this basis, the annual report and financial statements of BGITS have also been prepared under the going concern basis. The Directors have included this commitment in their assessment of the Company's going concern status.

Future developments

Details of future developments are provided in the Strategic Report on page 3.

Key risks

Details of the key risks that the BGS Group faces are provided in the Strategic Report on pages 3, 4 and 5.

Directors' Report (continued)

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 each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

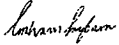
Qualifying third-party indemnity provisions

The BG Group, which includes the Company and its subsidiary within the BGS Group, maintains liability insurance for Directors and officers.

Independent Auditors

Pursuant to Section 485 of the Companies Act 2006, the auditors PricewaterhouseCoopers LLP have been appointed by the Directors.

By order of the Board

DocuSigned by:

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Baillie Gifford & Co
Secretary
Edinburgh
11 June 2021

Statement of Directors' Responsibilities in respect of the Annual Report and Consolidated Financial Statements

The Directors are responsible for preparing the Strategic Report, Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. Under that law they have elected to prepare the Group and parent Company 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 BGS Group and parent Company and of their profit or loss for that period. In preparing each of the BGS Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the BGS Group and parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the BGS Group and to prevent and detect fraud and other irregularities.

Independent auditors' report to the members of Baillie Gifford Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Baillie Gifford Services Limited's group financial statements and Company financial statements (the "financial statements"):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2021 and of the Group's profit and the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Consolidated Financial Statements (the "Annual Report"), which comprise: the consolidated and Company balance sheets as at 31 March 2021; the consolidated profit and loss account and other comprehensive income, the consolidated cash flow statement, and the consolidated and Company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

Independent Auditors' Report to the Members of Baillie Gifford Services Limited **(continued)**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Annual Report and Consolidated Financial Statements, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also 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.

In preparing the financial statements, the Directors are responsible for assessing the Group's and 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 the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006.

Independent Auditors' Report to the Members of Baillie Gifford Services Limited (continued)

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting in appropriate journal entries to revenue or expenses.

Audit procedures performed by the engagement team included:

- Enquiries with management, including consideration of known or suspected instances of non compliance with laws and regulations and fraud;
- Reviewing relevant meeting minutes including those of the Board and the Audit Committee;
- Designing audit procedures that incorporated unpredictability around the nature, timing or extent of our testing to material and immaterial financial statement line items;
- Identifying and testing journal entries, focusing on those determined by us as displaying higher fraud risk characteristics, such as, but not limited to, unusual account combinations; and
- Reading key correspondence with, reports to, and making enquiries of meetings with the Financial Conduct Authority in relation to compliance with laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

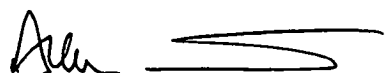
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Allan McGrath (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

11 June 2021

Consolidated Profit and Loss Account and Other Comprehensive Income
for the year ended 31 March 2021

	<i>Note</i>	2021 £	2020 £
Turnover	2	12,443,333	10,868,303
Administrative expenses		11,929,305	10,452,978
Profit before interest and taxation		514,028	415,325
Interest receivable and similar income		975	1,457
Profit before taxation	3	515,003	416,782
Tax on profit	5	107,847	94,375
Profit for the financial year		407,156	322,407
Other comprehensive (expense)			
Exchange differences on retranslation of subsidiary undertakings		(48,833)	(18,125)
Total comprehensive income for the year		358,323	304,282

All amounts are in respect of continuing activities.

The accompanying notes are an integral part of the financial statements.

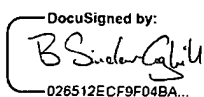
Consolidated Balance Sheet

As at 31 March 2021

	Note	2021		2020	
		£	£	£	£
Current assets					
Debtors (including £962,630 (2020: £842,794) falling due after more than one year)	7	1,945,670		3,731,637	
Cash at bank and in hand	9	3,748,900		1,604,980	
		5,694,570		5,336,617	
Creditors: amounts falling due within one year	10	4,065,927		3,566,297	
Net current assets		1,628,643		1,770,320	
Total assets less current liabilities		1,628,643		1,770,320	
Creditors: amounts falling due after more than one year	10	500,000		1,000,000	
Net assets		1,128,643		770,320	
Capital and reserves					
Called up share capital	11	10,000		10,000	
Foreign exchange translation reserve		(61,826)		(12,993)	
Profit and loss account		1,180,469		773,313	
Total shareholders' funds		1,128,643		770,320	

The accompanying notes are an integral part of the financial statements.

These financial statements on pages 12 to 29 were approved by the Board of Directors on 11 June 2021 and were signed on its behalf by:

DocuSigned by:

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B S Coghill
 Director

Company registered number: SC593878

Company Balance Sheet

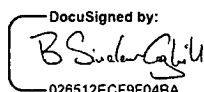
As at 31 March 2021

	Note	2021		2020	
		£	£	£	£
Fixed assets					
Investments	6		2,433		2,433
Current assets					
Debtors (including £1,456,598 (2020: £1,332,057) falling due after more than one year)	7	2,477,026		3,475,180	
Cash at bank and in hand	9	2,940,803		1,516,398	
			5,417,829		4,991,577
Creditors: amounts falling due within one year	10		3,846,416		3,300,120
Net current assets			1,571,413		1,691,457
Total assets less current liabilities			1,573,846		1,693,890
Creditors: amounts falling due after more than one year	10		500,000		1,000,000
Net assets			1,073,846		693,891
Capital and reserves					
Called up share capital	11		10,000		10,000
Profit and loss account			1,063,846		683,891
Total shareholders' funds			1,073,846		693,891

The accompanying notes are an integral part of the financial statements.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the parent Company profit and loss account. The parent Company's profit for the year was £379,955 (2020: £250,886).

These financial statements on pages 12 to 29 were approved by the Board of Directors on 11 June 2021 and were signed on its behalf by:

DocuSigned by:

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B S Coghill
 Director

Company registered number: SC593878

Consolidated Statement of Changes in Equity
for the year ended 31 March 2021

	Called up share capital	Foreign exchange translation reserve	Profit and loss account	Total shareholders' funds
	£	£	£	£
Balance at 1 April 2019	10,000	5,132	450,906	466,038
Profit for the financial year	-	-	322,407	322,407
Other comprehensive expense	-	(18,125)	-	(18,125)
Balance at 31 March 2020	10,000	(12,993)	773,313	770,320
	£	£	£	£
Balance at 1 April 2020	10,000	(12,993)	773,313	770,320
Profit for the financial year	-	-	407,156	407,156
Other comprehensive expense	-	(48,833)	-	(48,833)
Balance at 31 March 2021	10,000	(61,826)	1,180,469	1,128,643

Company Statement of Changes in Equity
for the year ended 31 March 2021

	Called up share capital	Profit and loss account	Total shareholders' funds
	£	£	£
Balance at 1 April 2019	10,000	433,005	443,005
Profit and total comprehensive income for the financial year	-	250,886	250,886
Balance at 31 March 2020	10,000	683,891	693,891
	£	£	£
Balance at 1 April 2020	10,000	683,891	693,891
Profit and total comprehensive income for the financial year	-	379,955	379,955
Balance at 31 March 2021	10,000	1,063,846	1,073,846

Consolidated Cash Flow Statement
for the year ended 31 March 2021

	<i>Note</i>	2021 £	2020 £
Cash flows from operating activities			
Profit for the period		407,156	322,407
<i>Adjustments for:</i>			
Taxation		108,155	94,375
Loan interest paid		27,942	32,585
Decrease/(increase) in trade and other debtors		1,939,740	(2,063,331)
Increase in trade and other creditors		142,805	1,258,080
		2,625,798	(355,884)
 Tax paid		 (406,646)	 (177,030)
 Net cash generated from/(used in) operating activities		 2,219,152	 (532,914)
 Cash flows from financing activities			
Loan interest paid		(26,399)	(32,585)
 Net cash (used in) financing activities		 (26,399)	 (32,585)
 Net increase/(decrease) in cash and cash equivalents		 2,192,753	 (565,499)
Cash and cash equivalents at the beginning of the year		1,604,980	2,188,604
Effect of exchange rate fluctuations		(48,833)	(18,125)
 Cash and cash equivalents at the end of the year	9	 3,748,900	 1,604,980

Notes

(forming part of the financial statements)

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to the period presented, unless otherwise stated.

1.1 Company information

Baillie Gifford Services Limited is a private Company limited by shares and incorporated and registered in Scotland, United Kingdom. The Company's registered office & trading address is Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN.

1.2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

There have been no significant estimations or judgements about the uncertainty of future events or outcomes that would affect the carrying amounts of assets and liabilities within the current or next financial year.

1.3 Basis of consolidation

The BGS Group financial statements include the financial statements of the Company and its wholly owned subsidiary as stated in the structure of the financial statements on page 3.

The Company's subsidiary prepared financial statements for the period from 1 January 2020 to 31 March 2021. The financial results for the period from 1 April 2020 until 31 March 2021 have been used for the purpose of the BGS Group consolidation.

All inter-company transactions, balances, income and expenses within the BGS Group are eliminated on consolidation.

1.4 Going Concern

After reviewing the Company's forecasts and projections, and taking into account recent market developments and uncertainty caused by the coronavirus, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

While the outbreak of the coronavirus pandemic and the measures adopted by governments in countries worldwide to mitigate the pandemic's spread had an impact on the ability of the Company's employees to travel globally, the quick adaption to remote working has meant that the Company has been able to provide services to the Group as normal. The revenue during the period has increased steadily and the Company smoothly transitioned to remote working.

While there is still significant uncertainty over how the outbreak will impact the Company in future periods, in making this going concern assessment, the Board considered:

- financial forecasts for a period of at least 12 months from the date of signing of the financial statements of the Company and further impact of the coronavirus;
- the effectiveness of the Company's operational resilience process; and
- the level of liquid resources.

Notes (continued)

1.4 Going Concern (Continued)

After assessing the financial forecasts for a period of at least 12 months from the date of signing of the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of the financial statements and meet its liabilities as they fall due. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

1.5 Basic financial instruments

Debtors and creditors

Short and long term debtors are measured at transaction price, less any impairment.

Short term trade creditors are measured at the transaction price.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

1.6 Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

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

If and when all conditions for retaining tax allowances have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the BGS Group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (income).

1.7 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes management fees receivable.

Turnover also includes foreign exchange gains and losses on fees received or receivable as detailed in note 2.

Notes (continued)

1. Accounting Policies (Continued)

1.8 Interest receivable and similar income

Interest receivable and similar income includes bank interest. Interest receivable on the Company's loan with its subsidiary is measured by applying the effective interest rate to the carrying amount of the loan as described in note 10.

1.9 Employee benefits

The BG Group has bonus schemes available for eligible employees which a number of BGS Group employees participate in. These are accounted for as a long-term benefit plan under FRS102 Section 28 Employee Benefits as the awards are deferred for 18, 30 and 42 months. The scheme that the subsidiaries within the BGS Group participate in is a group plan that shares risks between entities under common control. The BGS Group recognises an asset equal to the contributions payable for the period netted against the benefit liability at the reporting date. The costs of the deferred bonus awards are recognised as an expense, based on the grant date cost, on a straight line basis from the start of the bonus award period to the settlement date.

1.10 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The trading results of overseas undertakings in the BGS Group are translated into sterling at the dates of the transactions. The assets and liabilities of overseas undertakings in the BGS Group are translated into sterling at the exchange rates ruling at the year-end. Exchange adjustments arising from the retranslation of opening net investments and from the retranslation of the profits are recognised in 'Other comprehensive Income'.

2. Turnover

The BGS Group's turnover is analysed as follows for each major service category:

	2021 £	2020 £
Resource provision	7,456,419	5,880,820
Administrative services	2,696,737	2,002,287
IT development and other IT services	2,457,574	3,094,055
Loss on foreign exchange	(167,397)	(108,859)
Total turnover	12,443,333	10,868,303

Notes (continued)

3. Profit before taxation

The profit before taxation is stated after:

	2021	2020
	£	£
Auditors' remuneration:		
Fees payable to the Company's auditors for the audit of the Company's consolidated annual financial statements	21,000	18,000
Fees payable to the Company's auditors and its associates for other services:		
Audit of financial statements of subsidiaries of the Company	544	12,278

4. Staff costs

Staff costs of the BGS Group during the period were as follows:

	2021	2020
	£	£
Wages and salaries	5,823,051	3,875,113
Long-term employee benefits	663,612	448,571
Social security costs	763,442	394,929
Other pension costs	492,372	285,604
	7,742,477	5,004,217

All pension costs are in respect of defined contribution schemes.

The monthly average number of employees of the BGS Group and the Company is 47 (2020: 24).

Notes (continued)

5. Tax on profit

(a) Tax on profit - Group

The tax charge is made up as follows:

	2021	2020
	£	£
Current tax:		
UK corporation tax	161,503	138,579
Overseas tax	17,103	41,923
Prior year adjustment	2,098	-
Foreign tax relief	(735)	-
Current tax	<u>179,969</u>	<u>180,502</u>
Deferred tax:		
Origination and reversal of timing differences	(71,034)	(86,127)
Prior year adjustment	(1,088)	-
Deferred tax	<u>(72,122)</u>	<u>(86,127)</u>
Tax on profit (note 5 (b))	<u>107,847</u>	<u>94,375</u>
Current tax	179,969	180,502
Deferred tax	(72,122)	(86,127)
Tax on profit	<u>107,847</u>	<u>94,375</u>

Notes (continued)**5. Tax on profit (continued)****(b) Factors affecting the total tax charge**

The tax assessed on the profit for the period is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained as follows:

	2021 £	2020 £
Profit before taxation	515,003	416,782
Profit multiplied by standard rate of corporation tax in the UK of 19%	97,851	79,189
Tax (over)/under provided in previous year	(4,736)	11,738
Expenses not deductible for tax purposes	87,162	89,109
Deferred tax	(72,122)	(86,127)
Higher taxes on overseas earnings	1,467	466
Lower taxes on subsidiary's earnings	(1,040)	-
Eligible tax in foreign branches	(735)	-
Total tax expense	<u>107,847</u>	<u>94,375</u>

(c) Factors that may affect future tax charges

The BGS Group's profits are subject to overseas tax on the Company's US branch at 21%, Irish branch at 12.5% and the profits for BGITS are taxed at 19%.

(d) Deferred tax – Group

The deferred tax included in the balance sheet is as follows:

	2021 £	2020 £
Origination of timing differences	6,032	10,737
Employee benefits	175,628	98,801
Deferred tax asset (note 8)	<u>181,660</u>	<u>109,538</u>

	2021 £	2020 £
Opening balance	(109,538)	(23,411)
Deferred tax credit in Group's profit and loss account	(72,122)	(86,127)
Effect of foreign exchange movement on deferred tax asset	-	-
At 31 March	<u>(181,660)</u>	<u>(109,538)</u>

Notes (continued)

5. Tax on profit (continued)

(e) Deferred tax – Company

The deferred tax included in the balance sheet is as follows:

	2021 £	2020 £
Deferred employee benefits	175,628	98,801
Deferred tax asset (note 7)	175,628	98,801
	2021 £	2020 £
Opening balance	(98,801)	(22,544)
Deferred tax credit in Company profit and loss account	(76,827)	(76,257)
At 31 March	(175,628)	(98,801)

(f) Tax rate changes

In the Spring Budget 2020, the UK government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

6. Investments

Investments – Company

Total investments comprise:

	2021 £	2020 £
Interest in subsidiaries	2,433	2,433
	2,433	2,433

Notes (continued)**6. Investments (continued)****Interests in subsidiaries - Company**

The Company has interests in the following subsidiaries:

Subsidiaries	Types of shares held	Proportion held (%)	Address of the Registered Office
Baillie Gifford IT Services (Poland) Sp. z o.o.	Ordinary	100%	Generation Park Z ul. Towarowa 28 Warsaw 00-839 Poland

Net book value

	2021	2020
	£	£
At 31 March	2,433	2,433

7. Debtors

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Amounts owed by group undertakings	316,278	2,188,063	967,075	2,172,548
VAT recoverable	134,627	219,757	3,959	1,443
Other debtors	1,216,303	1,202,975	1,256,106	1,202,388
Deferred tax assets (see note 6 (d) and 6 (e))	181,660	109,538	175,628	98,801
Overseas taxation	92,955	11,304	70,411	-
Prepayments and accrued income	3,847	-	3,847	-
	1,945,670	3,731,637	2,477,026	3,475,180

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Amounts owed by group undertakings	-	-	500,000	500,000
Net employee benefits (see note 8)	780,970	733,256	780,970	733,256
Deferred tax assets (see note 5 (d) and 5 (e))	181,660	109,538	175,628	98,801
	962,630	842,794	1,456,598	1,332,057

Notes (continued)

The Company provides an unsecured loan to BGITS which is repayable on 31 May 2022. The interest rate on the loan is as of 1 April 2021 is at the base rate of the Sterling Overnight Index Average, plus 3.5%.

8. Long-term employee benefits

	Group and Company 2021 £	Group and Company 2020 £
Benefit contributions payable	1,906,452	1,279,176
Benefits vested during the period	(264,986)	(55,453)
Benefits accrued to employees	(729,832)	(405,121)
Net employee benefits	911,634	818,602
Net employee benefits due after more than one year	780,970	733,256
Net employee benefits due within one year	130,664	85,346
	911,634	818,602

The net employee benefits due within one year is included within the Other debtors line in note 7.

As described in note 1.9 a number of bonus schemes are available for eligible employees which are accounted for as employee benefits. Under the rules of the bonus schemes all eligible employees are required to defer a percentage of the bonus. One third of the deferred awards are released 18, 30, 42 months after the initial award. Employees with regulatory responsibilities are required to defer an additional percentage, which is released after six months. Any employees leaving prior to the vesting date will forfeit the right to any remaining deferred bonus.

9. Cash at bank and in hand

	Group 2021 £	2020 £	Company 2021 £	2020 £
Cash at bank and in hand	3,748,900	1,604,980	2,940,803	1,516,398
Cash and cash equivalents	3,748,900	1,604,980	2,940,803	1,516,398

Notes (continued)**10. Creditors**

Amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	-	948,217	-	729,712
Amounts owed to group undertakings	2,783,686	2,380,377	2,910,212	2,347,046
Taxation and social security	-	143,176	-	156,016
Other creditors	1,251,744	-	925,704	-
Accruals and deferred income	30,497	94,527	10,500	67,346
	4,065,927	3,566,297	3,846,416	3,300,120

Amounts falling due after more than one year:

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Amounts owed to group undertakings	500,000	1,000,000	500,000	1,000,000
	500,000	1,000,000	500,000	1,000,000

The Company has an unsecured loan with Baillie Gifford & Co, of which £500,000 is repayable on 31 May 2021 with the remaining balance of £500,000 repayable on 31 May 2022. The interest rate on the loan is at the base rate of the Sterling Overnight Index Average, plus 1.5%.

11. Called up share capital

	2021	2020
	£	£
Allotted, called up and fully paid		
10,000 ordinary shares of £1 each	10,000	10,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

12. Reserves

Called up share capital represents the nominal value of shares that have been issued.

Foreign exchange translation reserve comprises translation differences arising from the translation of financial statements of the BGS Group's foreign subsidiary.

Profit and loss account includes all current retained profits and losses.

Notes (continued)**13. Related parties****Group**

	Turnover		Administrative Expenses		Recharged Expenses	
	2021	2020	2021	2020	2021	2020
	£	£	£	£	£	£
Entities with control or significant influence	9,316,834	7,346,723	793,785	1,712,584	370,864	242,293
Other related parties	3,293,896	3,630,439	958,965	840,000	-	-
	12,610,730	10,977,162	1,752,750	2,552,584	370,864	242,293

	Debtors outstanding		Creditors outstanding	
	2021	2020	2021	2020
	£	£	£	£
Entities with control or significant influence	288,698	1,377,344	1,740,222	3,058,259
Other related parties	27,580	810,719	1,543,464	322,118
	316,278	2,188,063	3,283,686	3,380,377

The Directors who are employees in Baillie Gifford & Co are shown on page 6. Baillie Gifford & Co provided secretarial and administrative services to the BGS Group throughout the period. In addition, Baillie Gifford & Co paid certain administration costs of Companies in the BGS Group which were subsequently recharged.

Contracts exist between Companies in the BGS Group for the provision of IT development and other IT services to Baillie Gifford & Co. The Company recharges costs for the provision of staff undertaking activities on behalf of Baillie Gifford & Co. The Company also has agreements with Baillie Gifford & Co for the provision of administrative support from overseas locations.

Baillie Gifford & Co provided an unsecured loan to the Company for £1,000,000 as described in note 10.

A contract exists between the Company and Baillie Gifford Investment Management (Europe) Limited for the provision of administrative support staff in their offices, in addition to the provision of staff undertaking client servicing and marketing activities. In addition, Baillie Gifford Investment Management (Europe) Limited charges the Company for use of their office space.

A contract exists between the Company and Baillie Gifford International LLC for the use of their office space.

A contract exists between the Company and Baillie Gifford Asia (Hong Kong) Limited for the provision of staff in their office.

A contract exists between the Company and Baillie Gifford Overseas Limited for the provision of staff undertaking client servicing and marketing activities.

Notes*(continued)***13. Related parties (continued)****Company**

	Turnover		Administrative Expenses		Recharged Expenses	
	2021	2020	2021	2020	2021	2020
	£	£	£	£	£	£
Entities with control or significant influence	6,859,260	4,252,668	544,010	1,221,689	334,279	242,293
Entities over which Company has control or significant influence	32,086	559,525	-	83,493	-	-
Other related parties	3,293,896	3,360,439	958,965	840,000	-	-
	10,185,242	8,172,632	1,502,975	2,145,182	334,279	242,293

	Debtors outstanding		Creditors outstanding	
	2021	2020	2021	2020
	£	£	£	£
Entities with control or significant influence	436,301	810,072	1,623,832	2,993,598
Entities over which Company has control or significant influence	503,194	551,758	242,916	31,331
Other related parties	27,580	810,718	1,543,464	322,118
	967,075	2,172,548	3,410,212	3,347,047

The Company has agreed to provide financial support to its subsidiary, Baillie Gifford IT Services (Poland) Sp. z o.o., should this be required, to ensure it can continue in operation for at least the next 12 months.

14. Ultimate parent entity

The Company is a subsidiary undertaking of Baillie Gifford & Co, who is the ultimate controlling party.

15. Events after the reporting period

Following the year end, a new contract was implemented between Companies in the BGS Group for the provision of administrative services by the Company to Baillie Gifford IT Services (Poland) Sp. z o.o. These were previously provided by Baillie Gifford & Co directly to Baillie Gifford IT Services (Poland) Sp. z o.o.

Company Profit and Loss Account and Other Comprehensive Income (Not Audited)
for the year from 1 April 2020 to 31 March 2021

	2021 £	2020 £
Turnover	10,083,210	8,421,561
Administrative expenses	9,613,935	8,101,422
Operating profit	469,275	320,139
Interest receivable and similar income	14,124	17,647
Profit before taxation	483,399	337,786
Tax on profit	103,444	86,900
Profit for the financial period	379,955	250,886
Total comprehensive income for the period	379,955	250,886

All amounts are in respect of continuing activities.