

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER
8-69448

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING April 1, 2017 AND ENDING March 31, 2018  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **BAILLIE GIFFORD FUNDS SERVICES LLC**

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

**CALTON SQUARE, 1 GREENSIDE ROW**

(No. and Street)

**EDINBURGH**

**UK**

**EH1 3AN**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Janice Parise

(212) 751-4422

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**COHNREZNICK LLP**

(Name - if individual, state last, first, middle name)

**1301 AVENUE OF THE AMERICAS NEW YORK**

**NY**

**10019**

(Address)

(City)

(State)

(Zip Code)

**CHECK ONE:**

☐

Certified Public Accountant

☒

Public Accountant

☐

Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

*\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)*

## OATH OR AFFIRMATION

I, DAVID SALTER, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of BAILLIE GIFFORD FUNDS SERVICES LLC, as of MARCH 31, 20 18, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

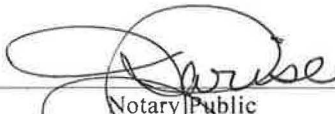
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Signature

**JANICE PARISE** CHIEF EXECUTIVE OFFICER  
Notary Public, State of New York  
No. 41-4968956  
Qualified in Queens County  
Commission Expires July 9, 20 18

Title

  
Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

**BAILLIE GIFFORD FUNDS SERVICES LLC**

**Statements of Financial Condition**

**March 31, 2018 and 2017**

**(With Report of Independent Registered Public Accounting Firm  
Thereon)**

# BAILLIE GIFFORD FUNDS SERVICES LLC

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Report of Independent Registered Public Accounting Firm

To the Member of Baillie Gifford Funds Services LLC

**Opinion on the Financial Statements**

We have audited the accompanying statements of financial condition of Baillie Gifford Fund Services LLC (a wholly owned subsidiary of Baillie Gifford Overseas Limited and a Delaware limited liability company) (the "Company") as of March 31, 2018 and 2017, and the related notes (collectively referred to as the financial statements). In our opinion, the statements of financial condition present fairly, in all material respects, the financial position of Baillie Gifford Fund Services LLC as of March 31, 2018 and 2017 in conformity with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

These financial statements are the responsibility of Baillie Gifford Fund Services LLC's management. Our responsibility is to express an opinion on Baillie Gifford Fund Services LLC's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to Baillie Gifford Fund Services LLC in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statement are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as Baillie Gifford Fund Services LLC's auditor since 2014.

*CohnReznick LLP*

New York, New York  
May 24, 2018

## BAILLIE GIFFORD FUNDS SERVICES LLC

### Managers' and Company Information

<b>Managers:</b>	D W Salter (Chairman) S A McKechnie (Chief Compliance Officer) A Graham M G Saliba (appointed November 15, 2017)
<b>Officers:</b>	J D Parise (Financial & Operations Principal)
<b>Bankers:</b>	Lloyds Bank plc City Branch PO Box 72 Bailey Drive Gillingham ME8 0LS  Citibank N.A. PO Box 769018 San Antonio TX 78245
<b>Registered Office:</b>	Corporation Service Company 251 Little Falls Drive Wilmington DE 19808 USA
<b>Principal Office:</b>	Calton Square 1 Greenside Row Edinburgh EH1 3AN
<b>UK Company Number:</b>	FC031788
<b>UK Establishment Registered Number:</b>	BR016858
<b>US (Delaware) Registered Number:</b>	5482323

# BAILLIE GIFFORD FUNDS SERVICES LLC

## Statements of Financial Condition

**March 31, 2018 and 2017**

	Note	2018	2017
<b>Assets</b>			
Cash		\$ 272,455	\$ 996,676
Due from Parent	3	139,537	13,015
Prepayments		43,329	18,743
<b>Total assets</b>		<b>\$ 455,321</b>	<b>\$ 1,028,434</b>
<b>Liabilities and member's equity</b>			
Accounts payable and accrued expenses		\$ 14,441	\$ 20,984
Due to affiliates		6,455	9,811
Income Taxes Payable		13,015	7,672
<b>Total current liabilities</b>		<b>33,911</b>	<b>38,467</b>
<b>Noncurrent liabilities</b>			
Due to Parent	4	-	750,000
<b>Total liabilities</b>		<b>33,911</b>	<b>788,467</b>
<b>Member's equity</b>			
Common units 100,000 shares par value \$1		100,000	100,000
Retained earnings		321,410	139,967
Total member's equity		421,410	239,967
<b>Total liabilities and member's equity</b>		<b>\$ 455,321</b>	<b>\$ 1,028,434</b>

Accompanying notes on pages 6 - 9 are an integral part of these financial statements.

The financial statements were approved by the Board of Managers on May 24, 2018 and signed on its behalf by:



**D W Salter**

Manager

Company Number FC031788

## **BAILLIE GIFFORD FUNDS SERVICES LLC**

### **Notes to the Financial Statements**

**March 31, 2018 and 2017**

#### **1) Nature of Business**

Baillie Gifford Funds Services LLC (the “Company”) is a wholly owned subsidiary of Baillie Gifford Overseas Limited (“BGO” or the “Parent”), a wholly owned subsidiary of Baillie Gifford & Co. (“BGC”), and is economically dependent on its Parent to sustain its operations. The Company was formed on February 14, 2014 as a limited liability company in Delaware, USA to act as distributor of securities managed and advised by BGO. On March 2, 2015, the Financial Industry Regulatory Authority (“FINRA”) approved the registration of the Company. The Company is registered as a broker-dealer with the Securities and Exchange Commission (“SEC”) and is a member of FINRA.

The primary business of the Company is to act as general distributor of Baillie Gifford US Mutual Public Offer Funds (the “Funds”), which are Open Ended Investment Companies registered under the Investment Company Act of 1940 and registered under the Securities Act of 1933. The Company does not hold funds or securities for, or owe money or securities to, customers or perform custodial services and, accordingly, claims exemption from Rule 15c3-3 of the Securities Exchange Act of 1934.

During the year ended March 31, 2016, the Company began undertaking activities on behalf of BGO. The Funds were registered under the Securities Act of 1933 with the SEC. Registration was granted on April 2, 2015.

The Company’s membership of the National Securities Clearing Corporation (“NSCC”) was activated on October 7, 2016. This membership enables the Company to sponsor individual mutual funds to receive trades via the NSCC. The Company is not responsible for clearing and supervising trades.

The Company also acts as distributor of private investment funds (the “BG Private Funds”) sponsored and advised by BGO that are not registered under the Securities Act of 1933. The Company is also registered, in the UK, under the Companies Act 2006 as having a UK Establishment, given at Companies House on February 14, 2014.



**Notes to the Financial Statements (continued)**

**March 31, 2018 and 2017**

**2) Summary of Significant Accounting Policies**

***a) Basis of Presentation***

The Company's financial statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("US GAAP"), which require management to make estimates and assumptions and that may affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Functional and presentational currency is deemed to be US dollars ("USD").

***b) Related Party Transactions***

On February 27, 2015, the Company and BGO entered into an Expense Sharing Agreement. In accordance with the Expense Sharing Agreement, the Company will reimburse BGO on a monthly basis for a proportional share of costs borne by BGO in relation to activities performed by staff working for the Company.

In addition, the Expense Sharing Agreement incorporates the services the Company provides to BGO. A placement services fee equivalent to all of the Company's expenses, excluding financing costs, is charged to BGO on a monthly basis including a mark-up of 10%.

***c) Concentration of Credit Risk***

The Company maintains its cash accounts in two commercial banks. The Company does not consider itself to be at risk with respect to its cash balances.

**3) Amount due from Parent**

In accordance with the Expense Sharing Agreement, reimbursements from BGO included costs with a mark-up of 10%. \$1,069,613 (2017 - \$374,186) is due from BGO to the Company as of March 31, 2018; this amount is included net in Due from Parent on the Statements of Financial Condition.

## **BAILLIE GIFFORD FUNDS SERVICES LLC**

### **Notes to the Financial Statements (continued)**

**March 31, 2018 and 2017**

#### **4) Amount due to Parent**

The total amount due to BGO of \$nil (2017 - \$750,000) represented a subordinated loan which was fully repaid on May 2, 2017. Interest at 130% of the short term applicable federal rate was calculated and charged annually.

In accordance with the Expense Sharing Agreement, there is \$930,076 (2017 - \$361,171) due to BGO from the Company as of March 31, 2018, which is included net in Due from Parent on the Statements of Financial Condition.

#### **5) Affiliated Parties**

The Company derives substantially all of its revenue by acting as the general distributor of the Funds and providing sales and marketing services to BGO. \$6,455 (2017 - \$9,811) is due to affiliates as of March 31, 2018.

#### **6) Income Taxes**

On December 22, 2017, the Tax Cut and Jobs Act was enacted, reducing the corporate income tax rate from 35% to 21%.

The Company was organized as a single-member limited liability company but elected to be treated as a corporation for federal and state tax purposes. The Company files its federal and state income tax returns, where applicable, on a corporate basis. The tax years that remain subject to examination by the tax authorities are 2015 through 2017.

#### **7) Off-Balance Sheet Risk and Credit Risk**

The Company acts as general distributor of the Funds and BG Private Funds. Receipts and payments for mutual fund shares sold or redeemed are made directly to, or by, the issuers or their agents. There is no off-balance sheet risk associated with these transactions as customers will deal directly with the funds and the Company does not hold or transfer customer funds.

**Notes to the Financial Statements (continued)**

**March 31, 2018 and 2017**

**8) Commitments and Contingencies**

In the ordinary course of business, various claims and lawsuits may be brought by or against the Company. As of the end of the year, there were no such claims or lawsuits brought by or against the Company.

**9) Net Capital Requirement**

As a FINRA registered broker-dealer, the Company is subject to the SEC Uniform Net Capital Rule ("Rule 15c3-1") of the Securities Exchange Act of 1934, which requires the maintenance of minimum net capital. Under Rule 15c3-1, the Company is required to maintain minimum net capital equal to the greater of \$5,000 and 6 2/3% of aggregate indebtedness. The ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1, and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At March 31, 2018, The Company had net capital of \$238,111, which was \$233,111 above its required net capital of the greater of \$5,000 and 6 2/3% of aggregated indebtedness. The ratio of aggregate indebtedness to net capital was 0.1424 to 1 at March 31, 2018.

**10) Subsequent Events**

The Company has evaluated the need for disclosures and/or adjustments resulting from subsequent events through May 24, 2018, the date the financial statements were available to be issued.