



# BRIDGES

Impact Foundation

## Trustees' Annual Report & Accounts

For the year ended 31 March 2021

[bridgesimpactfoundation.com](https://bridgesimpactfoundation.com)

Registered Company No. 06864617. Registered Charity No. 1129756

# From the Chair



Dear friends,

I am delighted to present the Bridges Impact Foundation's 2020/21 Annual Report & Accounts.

I want to begin by thanking all of our Trustees, especially our newly-appointed independent trustee Alex Pitt. Alex brings huge amounts of relevant experience from his day job at Mustard Seed, and will be an invaluable addition to the Board. I am also grateful to our Director Barbara Storch, who continues to make great progress on engaging the Bridges team and shaping the Foundation's strategic direction.

Of course, this year has been shaped to a remarkable extent by the Covid-19 pandemic, and the profound impact it has had on economic, social and cultural life globally in 2020 and 2021. The charities we support have inevitably been affected by this. For instance, OnSide's Youth Zone in Dagenham (of which the Foundation is a founder-patron) had to shut its doors for most of the period because of the initial lockdown restrictions. Staff responded incredibly well, running virtual events and maintaining contact with the most vulnerable, but the kind of activities and personal interactions these Youth Zones offer can never be fully replicated online. Thankfully, as restrictions have eased, the centres are now re-opening their doors and resuming their vital work.

At the same time, the pandemic has not only underlined but also increased the level of need within our key venture philanthropy area of focus: young people's mental health. Shout, a 24/7 text-messaging support service, saw demand for its services jump substantially during the first lockdown, as many people struggled to cope with the isolation. And we were also pleased to extend our support this year for The Difference, a charity that trains teachers to work with children who have been excluded from mainstream education. Given the disruption to education in the last 18 months, this may also be a growing area of need.

As always, we continue to appreciate the support of the broader Bridges team. In particular, I very much enjoyed watching their creative efforts during their 'CharityBegins@Home' initiative, which saw them raise £38,000 (including £14,500 of matched funding from the Foundation) during lockdown for charities on the front line of the pandemic.

Indeed, while this period has been a hugely challenging one for everyone, we are very proud of the impact all our partners have continued to generate. And it has been heartening to see individuals, charities and business stepping up and working together to support those hardest-hit. As we emerge into a post-pandemic world, I hope that this sense of purpose and spirit of collaboration continues to inspire us all to find better solutions to the challenges we face.



Victoria Hornby



## On the cover:

The Foundation is now supporting the Difference, a charity that works with children who have been excluded from mainstream education (p. 4)



# About the Foundation

## Objectives and Summary of Activities

The Bridges Impact Foundation (“the Foundation”) was set up in 2007 with three primary objectives:

1. Protect the social mission of Bridges Fund Management (“Bridges”)
2. Incentivise Bridges’ mission-driven team through social impact, engagement and philanthropy
3. Achieve impact in line with Bridges’ mission through the use of philanthropic capital, supporting projects that fall outside the scope of Bridges’ usual investment activity

Bridges was launched with a clear remit: to raise investment vehicles that target both societal and financial returns. To protect and safeguard this mission, the Bridges Impact Foundation (originally the Bridges Charitable Trust) was founded with an ownership stake in the management company. This effectively gives the Foundation power of veto over any change to the manager’s mission.

The Foundation is funded by the Bridges team, who donate 10% of all their profits from the firm’s investment funds. In addition to this direct financial contribution, the team also contributes to the Foundation’s success by helping to set overall strategy and, in some cases, through volunteering and *pro bono* support – of both the Foundation itself and

some of its beneficiary organisations. Indeed, this team engagement is an essential part of the Foundation’s work.

The Foundation’s mission statement, which is closely aligned with that of Bridges Fund Management, is: ‘To provide catalytic support for innovative solutions that drive better outcomes for underserved people and the planet’. ‘Catalytic support’ refers to both flexible financial capital and non-financial support in the form of pro-bono work and volunteering, while ‘Innovative solutions’ are those that might not fit Bridges’ traditional investment risk profile but have the potential to be highly effective. ‘Better outcomes’ implies meaningful change in a core impact area for beneficiaries that currently do not receive enough support in that area (viz. ‘underserved people and the planet’).

The Foundation focuses on three areas:

- › Venture Philanthropy
- › Seed-funding & Market-building
- › Family Activities

In the following pages, we outline the Foundation’s key achievements in each of these three areas during the 2020/21 financial year (including the work of our sister foundation, the Bridges Impact Foundation U.S.).

### Regulatory Details

Company Registration Number: 06864617  
Registered Charity Number: 1129756

### Directors

The Trustees who served during the year were:

- Victoria Hornby (Chair)
- Duncan Kellaway
- Alex Pitt (appointed 2020)
- Kyle Bentwood
- Giuseppe Catarozzo
- Michele Giddens
- Antony Ross

### Director

Barbara Storch

### Secretary

Siobhán Tyrrell

### Registered Office

38 Seymour Street  
London  
W1H 7BP

### Auditors

Moore Kingston Smith LLP  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

### Bankers

The Royal Bank of Scotland International Ltd.  
1 Princes Street  
London  
EC2R 8BP

# Key achievements in 2020/21

## Venture Philanthropy: Supporting The Difference

After supporting The Difference's initial pilot scheme, the Foundation agreed to commit to another year of funding and support

The Difference is a specialised teacher training pilot programme that aims to support children with high levels of need and vulnerability and reduce the number of children that are excluded from their schools.

Currently, there are 30,000 children in the UK educated in Pupil Referral Units (PRUs) and Alternative Provision schools (APs) – i.e. outside of the mainstream schooling system. These children often experience poor outcomes: only 4% get a good pass in English or Maths, while two-thirds are not in education or employment at 17. Excluded children are four times more likely to live in poverty and ten times more likely to have a mental health issue. The economic cost to the Exchequer of this wasted potential has been estimated at £370,000 per child.

The Difference provides training for teachers to move from the mainstream schooling system into PRUs and APs, where they spend two years teaching vulnerable children dealing with complex issues. Teachers learn how to connect with these children effectively, using whole-school and multi-agency approaches to meet their learning, well-being and safeguarding needs and improve their outcomes.

On completing their placement, teachers return to leadership positions in mainstream schools, where they receive a further year of

support from The Difference. This allows them to implement the experience and teaching practices gained from the PRUs and APs into the mainstream system – with a view to providing more sensitive support for vulnerable children and preventing them from reaching the point of exclusion.

Most AP and PRU schools remained open during Covid-19, albeit in some cases with fewer children (since school closures led to a drop in exclusions). However, given the Covid-related disruption many children have experienced in the last year, it is likely that exclusions will rise again in the coming months.

In addition to its financial support, Bridges Impact Foundation has provided non-financial help to The Difference both on communications, in clarifying and explaining operating models, and on impact strategy, with reviews of current data collection and a mid/long term evaluation strategy.

As well as its training work, the Difference is also active in campaigning and policy work around school exclusions. So we are excited not only by the organisation's positive impact on so many individual young people's lives, but also by its potential for systemic change, which would benefit many more vulnerable children.



Below: Teachers on The Difference's specialist training programme

# Key achievements in 2020/21

## Venture Philanthropy: Supporting The Difference

### Corinne's story



*Corinne, a Difference Leader, leads on the Orchardside School PRU 'Turnaround Project', which works intensively for six weeks with pupils from mainstream school at risk of exclusion.*

"We provide much-needed positive encouragement while identifying learning, mental health, and other needs. It provides an opportunity to 'reset' before pupils go back to mainstream.

The project has been hugely successful. Throughout all of our cohorts, no one has gone on to be permanently excluded. I'm proud of the positive impact that I've had on Turnaround.

Staff at Orchardside have commented on how much behaviour has improved and how it's a much better environment for teaching and learning under my leadership.

The pandemic did bring some challenges to my first term in AP. The schools remained open when the country went into lockdown. So, I was teaching in a new environment without my usual support network. When I opened up to staff at my school and The Difference, they became my support system. It turned a difficult situation into something really manageable.

Lockdown was tough on the pupils who couldn't come into school – they need that structure. For lots of them, school is like their family. So much of the Difference Leadership Programme has been valuable for supporting our pupils after they returned – especially the training on trauma-informed practice. All teacher training should include this! It completely opened my eyes to how I could support pupils during the pandemic and beyond. My whole practice is different now. If students' well-being is not being looked after, then how are they going to learn?"

### Gillian's story



*Gillian is a 2020 Difference Leader at The Limes College in Sutton, South London*

"When I started in AP, I was pleasantly surprised by the lack of hierarchy. It isn't only 'teacher knows best'. It might be the teaching assistant, or the family outreach worker, who has the best understanding of a pupil. We share knowledge as a team.

I think my own practice has benefited most from the Compassion-Focused Coaching. When I started the Difference Leadership Programme, I was still on the mainstream treadmill. I am more consciously compassionate now and can take a step back if a pupil is having difficulties. The Limes (my AP school) has a clear focus on academic progress and our pupils get

good GCSEs. But we understand they cannot learn unless they are calm and regulated.

So many elements of AP practice would be beneficial in mainstream. The thing I'm most proud of this year has been helping to create these links between schools. Alongside a colleague, I delivered workshops on trauma-informed practice to a local mainstream school. The staff were so appreciative and told us this training should be in all schools. Sharing strategies has helped some of our excluded pupils to successfully reintegrate.

I've now been promoted to Deputy Head at The Limes and am eager to lead more outreach. We are challenging the notion of only one-way traffic between mainstream and AP. Senior leaders are coming to us for advice and guidance. I am hopeful that we can create a better model, with fewer young people going through the trauma of exclusion."



# Key achievements in 2020/21

## Venture Philanthropy: Supporting OnSide's high-impact Youth Zones

Following the success of OnSide's first Youth Zone in London, the Foundation has agreed to be a founder patron of another site in Hammersmith

In 2018, the Foundation became a proud Founder Patron of 'Future' in Barking and Dagenham, the first London-based Youth Zone opened by the charity OnSide. Future opened its doors to local young people in May 2019, and by December it already had over 7,000 members, with an average weekly attendance of over 1,500 young people. This was a much higher number than anticipated – the business plan had estimated 4,000 members by the end of its first year – underlining the huge demand for the services it provides in the local area.

OnSide's impact on individuals is impressive: the young people typically report that they have more confidence and a better work attitude; do more exercise, and feel better informed about drugs. 70% of active members are BAME (Black, Asian or Minority Ethnic), while almost 40% are female. For individuals who receive targeted support, 84% on their job programme move into employment, education or training. And the local community typically sees a fall in anti-social behaviour of up to 77%.

Unfortunately, Future was forced to close its doors to the young people in March 2020, when the first national lockdown was introduced. The team responded impressively, pivoting swiftly to online classes and activities, as well as targeted 1:1 phone check-ins with its more vulnerable members and provision of food parcels to vulnerable households. During the second lockdown it was also able to run a five-week holiday club, with 80% of places reserved for its most vulnerable members (i.e. those in overcrowded homes or living with domestic abuse, mental health or substance misuse issues).

Future was finally able to re-open its doors in September 2021 and has now resumed its normal timetable, currently with capacity for 120 young people.

The Foundation has also agreed to be a founder-patron of a second OnSide Youth Zone called WEST, which will be located in the Hammersmith and Fulham borough (it will be OnSide's fourth London centre). Hammersmith & Fulham is a socially and economically polarised area: 24% of households subsist on less than £20,000 p.a., and there are several areas in the borough that fall within the top 10% of the most deprived areas nationally, including major public housing estates. There are 32,700 children under the age of 16 living in the borough, around 20% of whom live in poverty. WEST's offer will be the same as that of all OnSide youth zones – a state of the art centre that provides 'somewhere to go, something to do and someone to talk to' 52 weeks of the year. Activities will include sport, arts, music, craft activities and holiday clubs – as well as targeted interventions for c. 25% of participants (e.g. mentoring, health and well-being, employability skills).

Sadly, the pandemic caused material delays both to the planning approvals process and the construction timetable. However, the good news is that the scheme was finally approved, and construction is now finally underway. We hope the centre will be completed and opened in 2023.

*Below: Some of the activities available to young people at the Future Youth Zone in Dagenham*



# Key achievements in 2020/21 7

## Venture Philanthropy: Backing Shout's innovative crisis text-line service

The Shout service, which involves trained volunteers providing SMS-based support for anyone struggling to cope, was particularly valuable during the pandemic

A key part of the Foundation's mental health focus is our support for Shout, the text-messaging support service. Shout offers anonymous and confidential crisis support 24/7 to anyone who needs it, with the majority being young people: 70% of users are under 25.

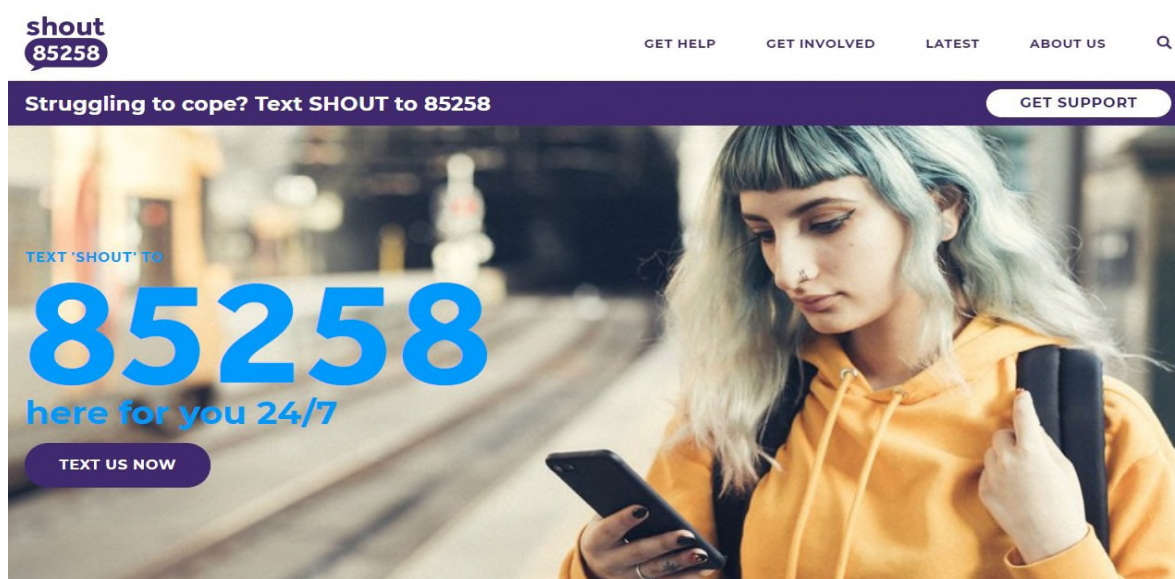
As a mobile-first support service powered by remote working volunteers, Shout's model proved to be extremely well-suited to the extraordinary challenges of the Covid-19 pandemic. Its remote volunteering service and supervision continued as usual, and the service recorded a steady increase in usage during the initial lockdown period – from about 750 conversations per day pre-lockdown to 1,000 conversations per day, about 20% of which were Covid-related. It also saw a general increase in conversations around anxiety and uncertainty.

Shout also launched a dedicated 'Frontline' support service in partnership with the NHS, which it extended to care workers, hospice staff and other key workers – a hugely valuable tool for those on the front line of the pandemic, who were often working in extremely pressured and stressful circumstances.

Since its launch in May 2019, Shout has now completed over 890,000 conversations to date, and has thousands of trained Shout Volunteers (overseen by qualified clinical supervisors). Critically, the model seems to be delivering good results: over 85% of service users (of the 15% of texters who respond to the post-conversation survey) report that the conversation was helpful, i.e. the user feels calmer and no longer at a crisis point.

Shout's current focus is on reaching under-represented user groups. For example, it recently launched a targeted campaign to reach young black men and boys, a group that statistically can be vulnerable to mental health issues but often struggles to access support.

Aside from the Foundation's financial support, a number of Bridges colleagues have now completed the Shout training, and are supporting people in need by being active Shout Volunteers. Some of the conversations they participate in are very tough; but our colleagues report that they find this volunteering incredibly rewarding, and are developing skills that will also come in useful in everyday life.



Above:  
Shout is a 24/7 text messaging crisis support service

# Key achievements in 2020/21

## Venture Philanthropy: Tackling poverty in Africa via Village Enterprise

Village Enterprise's innovative DIB-backed poverty reduction programme has already helped to launch 4,700 microbusinesses in Kenya and Uganda

Village Enterprise works to reduce extreme poverty in rural sub-Saharan Africa, by providing first-time entrepreneurs with cash grants, training and mentoring. Extensive evidence from randomised trials suggests this is one of the most cost-effective ways of alleviating poverty in the developing world.

With this programme, Village Enterprise was expanding its proven model in rural Kenya and Uganda – using an outcomes-based approach that would enhance its focus on learning and continuous delivery improvement. Its original aim was to launch more than 4,600 small sustainable businesses by 2021; if it succeeded in improving business owners' income levels, Village Enterprise would receive up to \$4.3m in outcomes payments from the United States Agency for International Development and the U.K. Department for International Development (plus an anonymous funder). As part of this structure – known as a Development Impact Bond (DIB) – the Foundation was one of nine investors to commit the \$3.5m of working capital needed to deliver the programme. The Bridges team also provided *pro bono* support as an active member of the DIB's working group. Working with the key stakeholders, we contributed to identifying required modifications to the project structure during the challenging Covid pandemic, and its resulting delays to the evaluation process.

When Covid-19 hit Kenya and Uganda in March, both countries instantly instituted strict country-wide lockdowns. Although this inevitably had a significant impact on the programme, Village Enterprise was still able to conduct seed capital disbursements, and its mentors have continued to provide mentoring by phone to the DIB-backed businesses, helping business owners adjust and adapt during the pandemic. In fact, we have been amazed at the resilience of the entrepreneurs that the programme supports! Even as markets and cities shut down during the lockdown periods, many people went back to their villages, where market traders who normally sold clothes started selling sewn face masks, and bakers opened businesses to serve the growing demand in their communities.

To date, Village Enterprise has already trained over 14,000 individuals, and helped to create over 4,700 small businesses. Early results from the various cohorts have been hugely promising, with evidence of increased household savings and food consumption. According to Village Enterprise's preliminary assessments of earlier cohorts, the households involved saw monthly per capita consumption increase by an average of 113%, while asset stocks more than doubled.



Above: A microbusiness supported by Village Enterprise in Kenya



# Key achievements in 2020/21

## Seed funding & Market-building: The Bridges Social Entrepreneurs Fund

With the Foundation's backing, this pioneering fund – which has now completed its life – has had impressive individual and systemic impact

The Bridges Social Entrepreneurs Fund ("SEF") was launched in 2009 to address the critical funding gap often faced by ambitious social sector organisations with aspirations to grow. SEF was the first of its kind in the UK: an institutional closed-ended fund designed to provide these organisations with access to quasi-equity, plus strategic and operational support. By doing so, it was able to demonstrate that there are meaningful numbers of investors interested in Social Enterprises, and to test this funding model for the benefit of the broader market.

SEF raised total investor commitments of £11.75m, including a £3.9m cornerstone investment from the Office of the Third Sector. Its investment period ended in 2016 and its term was due to expire in 2019; however, this was subsequently extended to August 2021, so Bridges could continue driving impact and financial value in the remaining assets. All told, the fund drew down £10.9m and supported 30 Voluntary, Community and Social Enterprises, trialling a variety of investment models – from venture loans, to property, to outcomes contracts – that have since been utilised elsewhere. It is currently on course to deliver a gross return of 1.3x (0.9x net).

SEF also delivered some powerful positive impact: 4,176 children have attended the nurseries run by LEYF (London Early Years

Foundation); Unforgettable's dementia products and services attracted 35,000 unique customers; 7,643 qualifications were gained by children at risk of becoming NEET; and 775 previously homeless adults were moved into stable accommodation via our housing-related outcomes projects.

Indeed, SEF's pioneering work in outcomes contracts (it was one of the first funds in the world to invest in this emerging model) allowed Bridges to develop a knowledge and skills base in this area, which ultimately led to the Manager raising a dedicated Bridges Social Impact Bond Fund – the first of its type anywhere in the world. In total, SEF invested in 13 of these projects, initially directly and later through a co-investment arrangement with the Social Impact Bond Fund. And the success of that first dedicated fund has since enabled Bridges to raise a second dedicated fund, Social Outcomes Fund II, which closed in 2019 with £35m of commitments.

As such, the Foundation's initial investment in SEF has helped to catalyse over £50m of funding for these innovative projects, which have supported almost 20,000 vulnerable people and have the potential to transform service delivery in a number of key policy areas.

*Below: LEYF, a Bridges Social Entrepreneurs Fund investment*



# Key achievements in 2020/21

## Seed funding & Market-building: Bridges Evergreen

Bridges' pioneering long-term equity fund – in which the Foundation was an anchor investor – is proving the value of patient capital and support

The Foundation's other major seed investment was in Bridges Evergreen, a long-term capital vehicle that provides flexible, values-aligned funding for highly impactful businesses looking to scale over time.

This was an outstanding year for Evergreen. Despite the challenges of the pandemic, the three assets in the Evergreen portfolio at year-end – all of which typically work with some of the UK's most vulnerable young people and adults – delivered both revenue and EBITDA growth during the period, as well as some impressive impact figures.

AgilityEco, a fuel poverty solutions provider, was able to serve almost 45,000 households this year. Although the lockdowns put paid to its usual home visit model, it managed to pivot rapidly to virtual and phone-based support. In total, the energy-efficiency measures it installed resulted in total energy bill savings of £16.8m – equivalent to £543 per household. Since the average 'fuel poverty gap' is thought to be about £340, that means AgilityEco's support takes an average household out of fuel poverty.

Evergreen's first investment, New Reflexions, a Shropshire-based business that provides specialist residential care for children with

complex needs, also had a good year, delivering almost 19,000 hours of care for these vulnerable young people. Half of its English homes (and its school) are now rated as 'outstanding' by OFSTED, a real testament to the quality of the team and the care they deliver.

The Ethical Housing Company (EHC), which is accumulating a portfolio of decent, affordable homes to rent on Teesside, saw Covid restrictions hamper its property-buying efforts during the year – but it still ended the year with 76 homes, all of which are managed by its sister company The Ethical Lettings Agency (TELA). During the year, 56% of all TELA's lets went to households that were previously homeless, while about two-thirds of its tenants are now in receipt of benefits to pay their rent – a clear indicator of the level of need in the region.

This year EHC also secured an additional £7.5m of co-investment funding, which will hopefully help it to accelerate its property-buying activity in the coming year. It's another example of how the Foundation's support for Evergreen is not only changing people's lives but also catalysing new investment into these areas.

AgilityEco, a Bridges Evergreen investment



# Key achievements in 2020/21

## Seed funding & Market-building: The Impact Management Project

Thanks to the support of the Foundation and others, the IMP continued its vital work to build consensus on how to measure, manage and report impacts

The Foundation has also supported the development of sustainable and impact investing, both in the UK and globally, by funding a number of thought leadership initiatives and publications – most notably in recent years with its support for The Impact Management Project (“IMP”).

Facilitated by the team at Bridges Insights, Bridges’ non-profit field-building practice, the IMP is a forum to build global consensus on how to measure, manage and report on impacts. In its first two years, the IMP brought together over 2,000 organisations to agree on shared norms, such as five dimensions of impact that enable enterprises and investors to assess and compare their impacts on people and planet. Since 2018, the IMP has been facilitating a ‘Structured Network’ of 16 of the world’s leading standard-setters – including UN agencies, the OECD, and leading corporate reporting initiatives – to coordinate efforts to provide a comprehensive system of standards for managing and disclosing impacts on sustainability.

Being a time-bound initiative, the IMP is expected to ‘sunset’ in 2022. In 2020/21, the IMP’s penultimate year, the Network was focused on two objectives: developing a website that explains the system of principles, framework, standards and tools with which businesses and investors can engage (and how

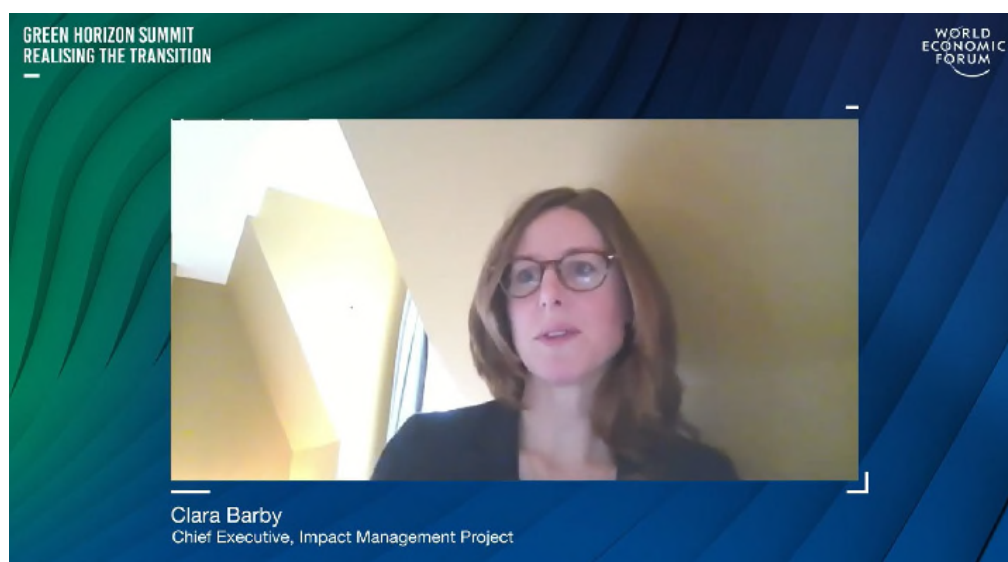
they relate to each other); and (via a subset of the larger group comprising CDP, CDSB, GRI, SASB, IIRC) working towards a comprehensive corporate reporting system that meets the needs of all constituencies and markets. The IMP facilitated the publication of a joint statement of intent on this in September 2020.

The IMP’s other key publication (in December) was a paper outlining existing standards for reporting on enterprise value, brought to life with a prototype climate-related financial disclosure standard. The paper illustrated how the group’s frameworks, standards and platforms, along with the elements set out by the Task Force on Climate-related Financial Disclosures (TCFD), can be used together to provide a running start for the development of a global disclosure standard for climate by the IFRS Foundation.

Alongside this, another part of the Insights team has been building a public good technology initiative called the Impact Classification System, which uses the ‘impact classes’ developed through the IMP (a useful shorthand for summarising types of performance across the five dimensions of impact) to help investors assess and compare the impact of various investments across their portfolio.

The Foundation continues to be encouraged and excited by the IMP’s remarkable progress.

Right: IMP CEO Clara Barby addresses the World Economic Forum’s Green Horizon Summit





# Key achievements in 2020/21

## Seed funding & Market-building: The Turner MIINT course

The U.S.-based experiential impact investing course for graduate schools continues to go from strength to strength

The Turner MIINT (MBA Impact Investing Networking and Training) programme, which is run by the Bridges Impact Foundation U.S. in partnership with the Wharton Social Impact Initiative at the University of Pennsylvania, is an experiential education programme designed to give students a hands-on education in investing for impact. It takes place each academic year and involves top business and graduate schools from around the world, encouraging the flow of talented young people into impact investing.

The programme was recently renamed as the Turner MIINT, in recognition of a generous \$2.5m donation from philanthropists Bobby & Lauren Turner.

This year's programme was of course held virtually, due to the global Covid-19 restrictions. However, this enabled broader participation than ever before, with more than 500 students from 38 graduate programmes enrolling across the globe – the largest cohort to date. The virtual format also allowed for a more diverse roster of judges, who joined from three different countries and multiple time zones. While these

judges may not be able to come to Philadelphia when in-person events resume, many have been converted into year-long mentors. These mentors play a vital role in guiding students through their journey as impact investors in training.

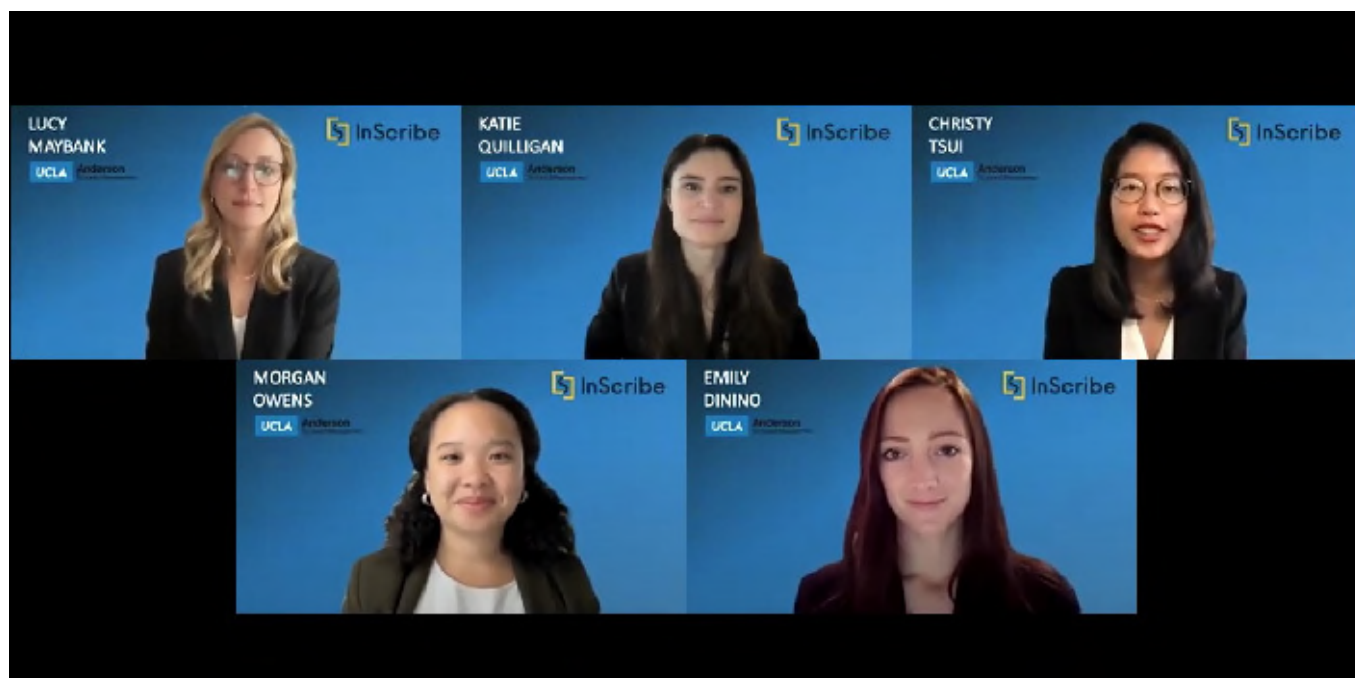
The program culminates with a competition where students pitch for investment for a real-life impact start-up. This year, a team from UCLA Anderson School of Management earned the Moelis Family Prize and, with it, a potential investment of \$50,000 for the impact start-up they presented. Dartmouth Tuck School of Business and Chicago Booth School of Business, the two runners-up, won a potential \$25,000 investment.

Turner MIINT recently updated its website. More information can be found at:

[www.turnermiint.org](http://www.turnermiint.org)

*N.B. The Foundation has regular updates with its sister organisation in the U.S., as we look to align our efforts and engagement opportunities.*

*Below: Over 500 graduate students contested this year's Turner MIINT (virtually), with UCLA Anderson taking first prize*



# Key achievements in 2020/21

## Bridges Family Activities

The highlight of the Bridges team's philanthropy last year was raising over £38,000 (including £14,500 of matched funding) for charities on the front line of the pandemic

The Foundation's Family Activities supplement our other work by encouraging and rewarding Bridges' colleagues' philanthropic activities, and by providing financial support in cases of financial hardship to close stakeholders.

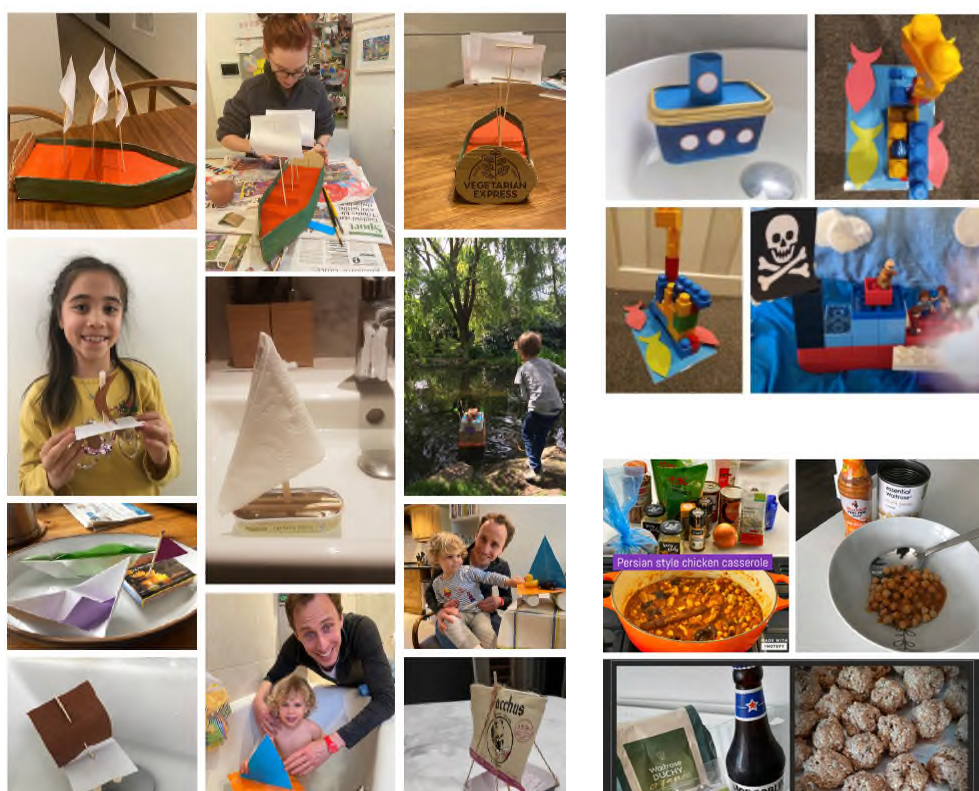
### The Matched Giving Facility

The Matched Giving Facility was started in 2014 with an allocation of £60,000, of which £55,833 has been spent to date. It encourages Bridges employees in their own philanthropic activities by matching their fundraising contributions to the cause of their choice by up to £1,000. There were eight requests in the year, totalling £17,242.

During the first Covid-19 lockdown, the Bridges team launched a fundraising initiative called 'CharityBegins@Home', with the aim of raising money for charities supporting those hardest-hit by the pandemic (while also helping the team to stay engaged and active during

lockdown). Every month, a different team within the business created a particular challenge that people could do while they were stuck at home, and then select a specific charity to benefit from any funds raised. Challenges included boat-building (which also doubled as a non-screen-based craft activity advantage for those Bridges colleagues with children!), making a gourmet meal from unloved items at the back of the kitchen cupboard, and a 'Get Moving' initiative, during which the team collectively walked/swam/cycled 3,951 miles (smashing the original target of 1,000 miles!).

Over the two periods of lockdown, CharityBegins@Home raised over £38,000 (including £14,500 of match-funding from the Foundation) for four brilliant charities: West London Zone, The Pennine Domestic Abuse Partnership, the Trussell Trust and Food4Heroes.



Left: The Bridges team getting creative for CharityBegins@Home



# Key achievements in 2020/21

## Bridges Family Activities

The Foundation agreed to support a bursary in order to promote greater diversity and inclusion in the real estate sector

### The Benevolent Fund

The Foundation's Benevolent Fund was launched to provide short-term financial support grants to members of the broader Bridges network (such as portfolio company employees) who find themselves in difficult circumstances. £20,000 has been allocated to this fund. There were no requests during the year, though four requests have been granted since the year-end, totalling £2,500 (taking the total spend to date to £6,500).

### The Donor-advised Pool

The Foundation has established a Donor-Advised Pool, a pool of funds capped at 20% of Bridges' carry whereby the carry holders can make a request to the Trustees on how to allocate this portion of the funds. In total, seven requests were made during the year, totalling £9,800 (2020: £16,000).

### Bursaries & Scholarships

Following a request from the Bridges Property team, the Foundation is proud to be sponsoring a student on a 3-year bursary programme from the Worshipful Company of Chartered Surveyors, which supports underprivileged students studying a real estate degree. This is clearly a sector that is very close to Bridges' heart, and we are keen to do what we can to improve diversity and access to opportunity within it. The Foundation's support offers not only financial support but also mentoring from and work experience with the Bridges team.

*Below: The WCCS works to broaden access to careers in the property sector*





# Future Plans

The Foundation will continue to focus on its core areas in the coming year:

- › Venture Philanthropy
- › Seed-funding & Market-building
- › Bridges Family Activities

However, we are looking to expand our work in three key ways:

## Venture Philanthropy:

We are looking to add a second focus area, alongside our existing focus on mental health for young people. We have started the process of engaging with the broader Bridges team to help us identify where our efforts should be directed.

## Seed-funding & Market-building:

We are continuing to explore areas where our funding and support can have the most catalytic impact. One area we are particularly focused on is development impact bonds: outcomes-based contracts in developing markets. Bridges has market-leading expertise in this approach in the UK, and through our work with Village Enterprise (p. 8), we have learned a great deal about how this approach works best in developing markets. Bridges is now working with UBS on the establishment of the global SDG Outcomes Fund, the first fund dedicated to investing in impact bonds globally, which is targeting \$100m and will focus on Africa and South Asia. The Foundation is delighted to have been able to provide a £150,000 grant to Bridges Outcomes Ltd, a non-profit subsidiary of Bridges, to support the development of this

concept (e.g. legal structuring and advisory costs) – drawing on the learning and insights we have gained from our investment into Village Enterprise. We are hugely excited by the potential of this pioneering vehicle, and as such we are also looking at whether our seed-funding might unlock additional investment when it comes to market.

## Bridges Family Activities:

Bridges is currently redoubling its efforts to create a more diverse, inclusive and equitable culture within its own team – reflecting both its broader aspiration to help build a more inclusive economy, and also its conviction that more diverse and inclusive teams will ultimately perform better. To this end, Bridges has established a Diversity & Inclusion Working Group, which is looking at how Bridges can improve and progress in these critical areas. The Foundation is currently working closely with this Group to look at practical ways in which we can support this effort. For example, our support for the WCCS Bursary programme (p. 14) is driven by the fact that real estate – one of Bridges' specialist investment areas – is one of the least diverse sectors in the UK. We hope that this programme, and others like it, will help to attract a broader range of talented people into the sector.



*Left: The global SDG Outcomes Fund will focus on Africa and South Asia*

# Financial Review

## Fundraising

The current Bridges team, as well as some former Bridges employees that have now moved on to other workplaces, have committed to donate a portion of their carry to benefit the Impact Foundation.

However, with Covid-19 disrupting a number of planned exit processes, there were no donations in the year to March 2021 (2020: £153,849). As a result no Gift Aid was claimed (2020: £22,135).

As the economy has recovered, a number of these exit processes have since been revived. And as more of the Bridges funds now entering the realisation phase, the Foundation expects this arrangement to create a steady funding stream for the Foundation that is likely to rise over time. This should allow the Foundation to expand its activities further in the coming years.

## Investments

The Foundation made contributions in the period to Bridges Social Entrepreneurs Fund ("SEF") from its restricted funds, totaling £11,535 (2020: £31,003) and received total distributions of £93,514 (2020: £629,496).

SEF distributed £259k to investors in the year. This increased total distributions, net of PPS, by year-end to £6.10m, which equates to 76% of the capital and loan drawn down (£8.08m). The gross value of SEF at the year-end was £8.76m.

In relation to its commitment to Bridges Evergreen Holdings (BEH), the Foundation made contributions from its restricted funds totalling £65,747 (2020: £690,397) and distributions have been received of £120,599 in the year to March 2021 (2020: £77,232) in the form of a dividend payment.

As at 31 March 2021, £36.5m had been drawn down from investors since the commencement

of BEH on 6 July 2016. This represents 72% of current commitments, and has been used to fund investments into New Reflexions, Shaw Healthcare, the Ethical Housing Company, and AgilityEco, as well as Priority Profit Share and other Fund expenses.

In the year, BEH distributed £1.74m to investors. This represents a yield of c.5% of commitments drawn (excluding amounts drawn for AgilityEco and a short-term liquidity facility provided to New Reflexions).

Governance costs for the Foundation were higher than the previous year, at £10,366 (2020: £5,256). Administration and investment services are performed by Bridges Fund Management Limited on a *pro bono* basis. It is not possible to quantify the value of this work.

# Public benefit

The Trustees have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's published general and relevant sub-sector guidance concerning the operation of the public benefit requirement under that Act, including the guidance 'public benefit: running a charity (PB2)'.

The Trustees consider that the activities of the charity provide significant public benefit, in a number of important ways.

By acting as the original cornerstone investor in the Bridges Social Entrepreneurs Fund, which in turn co-invests alongside the Bridges Social Impact Bond Fund, and more recently by investing in Bridges Evergreen Holdings, the Foundation has helped to channel capital to innovative and ambitious social sector organisations looking to create long-term, sustainable impact at scale.

The ongoing work of the Bridges Social Impact Bond Fund team to build capacity in the social impact bond market also has significant potential to improve public sector services, both in the UK and beyond, by delivering better outcomes and better value for the public purse.

The Matched Giving facility amplifies and thus incentivises individual charitable fundraising by members of the Bridges team.

To ensure best practice in the operation of the Trustee Board, in 2018 the Trustees reviewed the Charity Governance Code in line with current practice and will continue to do so.

The Foundation does not engage in fundraising activities and no donations are sought from the public. The Foundation does not use third-parties to assist with fundraising and the charity received no complaints in this year regarding its fundraising practices.



# Relationship with other entities

## **Bridges Capital Limited (previously Bridges Ventures Limited) and Bridges Fund Management Limited**

Bridges Impact Foundation is connected to Bridges Fund Management Limited ("BFM Ltd") by virtue of the fact that it holds B ordinary shares in the company. The Foundation does not exercise significant control or influence over BFM Ltd, as the B ordinary shares are non-voting shares, except in certain situations governing a change of the mission of the company. Under the terms of BFM Ltd's Articles of Association, it has no right to any of the profits or losses of the company even in the event of a sale or liquidation (only to capital).

The Foundation occupies office space and shares management personnel with BFM Ltd. In addition, BFM Ltd is the appointed manager to the private funds in which the Foundation has invested.

At the year end, Trustees Michele Giddens and Antony Ross were directors of BFM Ltd. In addition, Kyle Bentwood was an employee of BFM Ltd, while Giuseppe Catarozzo was a consultant to BFM Ltd.

## **Bridges Social Entrepreneurs Fund LP**

Bridges Social Entrepreneurs Fund LP was constituted under a Limited Partnership Agreement. It attracted funding that was invested in social enterprise initiatives with strong potential philanthropic benefit.

The general and controlling partner of Bridges Social Entrepreneurs Fund LP was Bridges Social Entrepreneurs Fund (General Partner) Ltd, a wholly-owned subsidiary of Bridges Fund Management Ltd. The investments of Bridges Social Entrepreneurs Fund LP were managed by Bridges Fund Management Ltd.

The investors in the Bridges Social Entrepreneurs Fund, including the Bridges Impact Foundation, were members of the Fund's advisory board, whereby the Manager updated the investors on the fund's progress.

The investment period of Bridges Social Entrepreneurs Fund LP ended in 2016 and the fund's term was due to expire in 2019; however, this was subsequently extended to August 2021, so Bridges could continue driving impact and financial value in the remaining assets.

## **Bridges Evergreen Capital LP**

Bridges Evergreen Capital is constituted under a Limited Partnership Agreement and attracts funding which is invested in highly impactful businesses.

The general and controlling partner of Bridges Evergreen Capital is Bridges Evergreen Holdings (General Partner) Ltd, a wholly-owned subsidiary of Bridges Fund Management Ltd.

The investments of Bridges Evergreen Holdings are managed by Bridges Fund Management Ltd.

The investors in Bridges Evergreen Capital, including the Bridges Impact Foundation, are members of the Fund's advisory board where the Manager updates the investors on progress to date and future plans for the Fund.

## **Bridges Impact Foundation U.S.**

Our sister Foundation in the U.S. is a 501(c)3 nonprofit organisation. The Foundation has regular updates with this entity, as we look to align our strategy and engagement efforts.

# Organisation and appointment of Trustees

The Bridges Impact Foundation is administered by the Board of Trustees. There must be at least three Trustees and no more than nine in office at any given time.

The Foundation's current Board is comprised of two elected employee representatives from Bridges Fund Management, two senior Bridges partners, and three independent trustees.

The Trustees ensure that the Foundation is carrying out its purposes for the public benefit, that it manages its resources responsibly, and that it is fully accountable and compliant with law.

Victoria Hornby is our Chair. The Foundation is lucky to benefit from her not-for-profit experience and expertise. Her support, challenge and guidance are invaluable, and ensure the effective and smooth running of the Foundation's Board.

This year Alex Pitt was appointed as our third independent trustee, joining Victoria and Duncan Kellaway. As the co-founder and Director of Growth at Mustard Seed, an early-stage generalist impact fund, Alex will bring invaluable venture capital and impact expertise to the Board.

Independent Trustees are appointed by a resolution of the Board of Trustees and serve for three years, at which point they can be reappointed for a further three-year term.

## Trustee Induction and Training

New Trustees of the Bridges Impact Foundation take part in a mandatory induction meeting to understand their legal obligations as a Trustee under charity law. Trustees who are not employees of Bridges Fund Management Ltd are also briefed on the company's activities and philosophy, governance, decision-making process, and recent financial reports.

All Trustees are invited to join a meeting of the Bridges Evergreen Holdings advisory board (and previously the Bridges Social Entrepreneurs Fund advisory board) as part of their induction and training.

All Trustees are encouraged to undergo external training that can better inform them of their role as Trustee or enhance their expertise/skills to contribute to the work of the Foundation.

## Other Key Personnel

Barbara Storch is Director of the Foundation; she is responsible for developing and directing strategy for the deployment of the funds of the Foundation on a day-to-day basis.

Siobhán Tyrrell is Treasurer of the Foundation.



# Risks and Risk Management

The key risks faced by the Foundation relate to the performance of funds managed by Bridges Fund Management.

The value of the Foundation's investment in SEF, and its investment in Evergreen, may rise or fall depending on the performance of the companies in which these funds choose to invest.

Equally, the Foundation's biggest funding stream derives from the Bridges Fund Management team (both past and present), who have committed to donate the equivalent of 10% of the 'carried interest' (profits) arising from the funds managed by Bridges Fund Management to the Foundation. If the funds

fail to generate carried interest, the funding of the Foundation will be adversely affected.

The Trustees work to proactively manage risks by reviewing potential financial, reputational and other risks on an annual basis and developing and implementing strategies to pre-empt or minimise these risks. They also maintain close communication with the Bridges Fund Management team to monitor any potential risks pertaining to the funds' investment activity.

A key element in the management of financial risk is the frequent review of financial statements by the Trustees and of the amounts and terms of donations made to the Foundation.

## Reserves Policy

The Bridges Impact Foundation's policy is to hold reserves that will enable the organisation to:

- › Ensure there is sufficient money to continue its core activities during a period of unforeseen difficulty
- › Undertake special projects and one-off activities in keeping with Foundation's mission

The Foundation incurs minimal costs of operation, including governance costs. It considers that the unrestricted reserves at the

year-end totaling £799,134 (2020: £999,623) of which £15,152 is designated and £783,982 is general, will be more than sufficient to cover ongoing expenses associated with its current operation. The Trustees continue to explore with the Bridges team other avenues of charitable activity that are aligned with the skills, interests and activities of the team.

Restricted funds totaled £5,178,926 (2020: £3,852,085), pending settlement of further drawdowns to Bridges Evergreen Holdings.

## Structure

Bridges Trust (company number 06864617) was incorporated on 31 March 2009 under a Memorandum and Articles of Association, with all existing Trustees in the unincorporated charity Bridges Charitable Trust (charity number 1118391) becoming directors of the newly incorporated Bridges Trust.

Bridges Trust was registered as a charity with the Charity Commission on 20 May 2009 (charity number 1129756); changed its name to

Bridges Charitable Trust on 17 August 2009; and changed its name to the Bridges Impact Foundation Ltd. on 22 February 2017.

During the period, the Foundation adopted revised articles of association which clarified and extended the number and composition of the Board of Trustees.



# Statement of Trustees' Responsibilities

The Trustees (who are also directors of Bridges Impact Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102, the financial reporting standards applicable to the UK and Republic of Ireland.

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- › Select suitable accounting policies and then apply them consistently
- › Observe the methods and principles in the Charities SORP
- › Declare any conflict of interest following the Foundation's Conflict of Interest policy
- › 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
- › Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as the Trustees are aware:

- › There is no relevant audit information of which the charitable company's auditor is unaware
- › The Trustees have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor was aware of that information

## Auditors

Moore Kingston Smith LLP have been appointed as auditors in the year and have expressed their willingness to continue in that capacity.

Signed on behalf of the Trustee Board by:



Victoria Hornby

Chair of Board

Date: 7th December 2021

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRIDGES IMPACT FOUNDATION LIMITED

### Opinion

We have audited the financial statements of Bridges Impact Foundation Limited ('the company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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 charitable 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.

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

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRIDGES IMPACT FOUNDATION LIMITED (continued)**

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' annual report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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;
- certain disclosures of trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report and from preparing a Strategic Report.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 21, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable 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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's 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 auditor's report that includes our opinion.

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.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRIDGES IMPACT FOUNDATION LIMITED (continued)**

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the charitable company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRIDGES IMPACT FOUNDATION LIMITED (continued)

Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Use of our report

This report is made solely to the charitable 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 any party other than the charitable company and charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Stickland (Senior Statutory Auditor)  
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Date: 15 December 2021  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

**Bridges Impact Foundation Limited**  
**Statement of Financial Activities**  
**For the year ended 31st March 2021**

	Note	Unrestricted Funds £	Restricted Funds £	Year ended 31 March 21 £	Year ended 31 March 20 £
<b>INCOME AND EXPENDITURE</b>					
<b>Income</b>					
Donations and Grants	2	28,466	-	28,466	175,984
Investment income	3	120,382	-	120,382	77,232
<b>Total Income</b>		<b>148,848</b>	<b>-</b>	<b>148,848</b>	<b>253,216</b>
<b>Expenditure</b>					
Charitable expenditure	4	349,337	-	349,337	150,449
<b>Total Expenditure</b>		<b>349,337</b>	<b>-</b>	<b>349,337</b>	<b>150,449</b>
Revaluation/(impairment) of programme-related investment	7	-	1,326,841	1,326,841	183,576
<b>Net Income and net movement in funds</b>		<b>(200,489)</b>	<b>1,326,841</b>	<b>1,126,352</b>	<b>286,343</b>
Transfers between funds		-	-	-	-
Fund Balances at 1st April 2020		999,623	3,852,085	4,851,708	4,565,365
<b>Total Funds at 31st March 2021</b>	10,11	<b>799,134</b>	<b>5,178,926</b>	<b>5,978,060</b>	<b>4,851,708</b>

All gains and losses for the year are included in the Statement of Financial Activities and arise from continuing operations.

The notes on pages 28 to 35 form part of these financial statements.



# Bridges Impact Foundation Limited

## Balance Sheet at 31st March 2021

	Note	2021 £	2021 £	2020 £	2020 £
<b>Programme-Related Investments</b>	7		4,139,913		2,829,304
<b>Current Assets</b>					
Debtors	8	-		22,353	
Cash at bank and in hand		<u>1,910,742</u>		<u>2,037,861</u>	
		1,910,742		2,060,214	
<b>Creditors: Amounts falling due within one year</b>	9	<u>(72,595)</u>		<u>(37,810)</u>	
<b>Net Current Assets</b>			1,838,147		2,022,404
<b>Net Assets</b>			<u>5,978,060</u>		<u>4,851,708</u>
<b>Funds</b>					
Unrestricted general funds	10		783,982		964,729
Unrestricted designated funds	10		15,152		34,894
Restricted funds	11		<u>5,178,926</u>		<u>3,852,085</u>
			<u>5,978,060</u>		<u>4,851,708</u>

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

The notes on pages 28 to 35 form part of these financial statements.

Approved by the Board of Trustees and authorised for issue on  
and signed on its behalf by:



.....  
**Victoria Hornby**  
Trustee

Date:

Company Registration Number: 06864617

# **Bridges Impact Foundation Limited**

## **Notes to the Accounts**

### **For the year ended 31st March 2021**

#### **1 Accounting Policies**

##### **Basis of Accounting**

These financial statements are prepared on a going concern basis, under the historical cost convention.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The charitable company is a public benefit entity for the purposes of FRS 102 and therefore the Foundation also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP), the Companies Act 2006 and the Charities Act 2011.

The financial statements are prepared in sterling, which is the functional currency of the Foundation. Monetary amounts in these financial statements are rounded to the nearest pound.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

##### **Going Concern**

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the Foundation to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements and have considered the potential impact of the Covid-19 pandemic. However, the principal expenditure is donations and grants and these are only made out of funds available. This combined with the significant unrestricted reserves held by the Foundation have led the Trustees to conclude that there is a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. The Foundation therefore continues to adopt the going concern basis in preparing its financial statements.

##### **Income**

Income from investments and donations and grants is brought into the accounts when the Foundation is entitled to receipt, receipt is probable and can be measured reliably.

Gift Aid income is recognised on the date at which the relevant qualifying donation has been received. Any amounts not received at the year end are included within debtors.

##### **Expenditure**

Expenditure is charged in the accounts on an accruals basis. Governance costs consist of costs associated with the strategic direction of the organisation.

Grants payable, including those paid over several years, are charged when the offer is conveyed to the recipient except in the cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the Balance Sheet date are noted as a commitment but not accrued as expenditure. All grants reflected in note 9 are payable to institutions to enhance mental health and well-being in young people. No support costs are allocated to grant-giving activities.

##### **Fund structure**

Amounts donated for the purpose of specific categories of investment are categorised as restricted funds. All other income is included as unrestricted provided there are no conditions specified by the donor related to its use.

# Bridges Impact Foundation Limited

## Notes to the Accounts (continued)

### For the year ended 31st March 2021

#### 1 Accounting Policies

##### Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, and other short-term liquid investments with original maturities of three months or less.

##### Financial Instruments

Basic financial instruments are measured at amortised cost, other than investments, which are measured at cost less impairment.

With the exceptions of prepayments and deferred income, all other debtor and creditor balances are considered to be basic financial instruments under FRS 102. See notes 8 and 9 for the debtor and creditor notes.

##### Critical accounting estimates and areas of judgement

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements.

The trustees deem the key area of estimation to be the annual review and adjustment of the Programme-Related Investment to take into account any current period impairment, reversal of prior period impairment or revaluation. See the accounting policy above and note 7 for further details.

#### 2 Donations and grant income

	2021 £	2020 £
Gift aid	-	22,135
Individual donations	28,466	153,849
	<u>28,466</u>	<u>175,984</u>

All donation and grant income was unrestricted in 2021 and 2020.

#### 3 Investment Income

	2021 £	2020 £
Dividends received	120,599	77,232
Interest received	(217)	-
	<u>120,382</u>	<u>77,232</u>

All investment income was unrestricted in 2021 and 2020.

Negative interest received above represents the release in the year of previously accrued interest receivable.

# Bridges Impact Foundation Limited

## Notes to the Accounts (continued)

### For the year ended 31st March 2021

#### 4 Expenditure

##### Current year

	Direct Costs £	Support Costs £	Total 2021 £
<b>Charitable expenditure</b>			
Donations	29,542	-	29,542
Grants paid to institutions (see note 4b)	245,000	-	245,000
Consultancy fees	-	64,429	64,429
Governance (see note 4a)	-	10,366	10,366
<b>Total</b>	<b>274,542</b>	<b>74,795</b>	<b>349,337</b>

##### Prior year

	Direct Costs £	Support Costs £	Total 2020 £
<b>Charitable expenditure</b>			
Donations	44,742	-	44,742
Grants paid to institutions (see note 4b)	25,000	-	25,000
Consultancy fees	-	69,051	69,051
Other costs	-	6,400	6,400
Governance (see note 4a)	329	4,927	5,256
<b>Total</b>	<b>70,071</b>	<b>80,378</b>	<b>150,449</b>

Restricted expenditure included above for 2021 is £nil (2020: £nil).

Key management personnel comprise the Trustees and the Director of Strategy. Within Consultancy fees is £64,429 (2020: £69,051) paid to Bridges Fund Management for the services of the Director of Strategy.

#### 4a Governance costs

	Total 2021 £	Total 2020 £
Legal & professional fees	-	762
Audit fees	10,000	4,165
Bank charges	366	329
	<b>10,366</b>	<b>5,256</b>

Restricted expenditure included above for 2021 is £nil (2020: £nil).



**Bridges Impact Foundation Limited**  
**Notes to the Accounts (continued)**  
**For the year ended 31st March 2021**

<b>4b Grants paid to institutions</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
OnSide Youth Zones	25,000	25,000
Mental Health Innovation	20,000	-
The Difference	50,000	-
Bridges Outcomes Ltd	150,000	-
	<u>245,000</u>	<u>25,000</u>

**5 Trustees' remuneration**

Trustees are deemed to be the key management personnel of the Foundation. The Foundation has no employees. The trustees did not receive any remuneration during the period (2020: £nil). No costs were reimbursed to trustees during the period (2020: £nil).

**6 Auditors' remuneration**

Total amounts paid to the auditor in note 4a are broken down as below:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Current year audit fee	8,455	8,150
Prior year (over)/under accrual	1,545	(3,985)
	<u>10,000</u>	<u>4,165</u>

# Bridges Impact Foundation Limited

## Notes to the Accounts (continued)

### For the year ended 31st March 2021

7 Programme-related investments	2021	2020
	£	£
Investment value at 1 April 2020	2,829,304	2,554,316
Loan investment additions in the year	77,282	721,358
Loan investment repayments in the year	(93,514)	(629,946)
Revaluation of programme-related investment	1,326,841	183,576
Value at 31 March 2021	<u>4,139,913</u>	<u>2,829,304</u>

Investments represent the amounts paid to date by the Foundation into the Bridges Social Entrepreneurs Fund LP of which it is a Limited Partner, and Bridges Evergreen Capital LP of which it is also a Limited Partner.

The Bridges Social Entrepreneurs Fund was intended to exist for a period of up to twelve years and has terminated since 31 March 2021. Ultimately, the fund had a net money multiple of less than 1 (i.e. did not return all invested capital) over its life.

The Bridges Evergreen Capital LP Fund is focused on investing long-term capital to support the growth of mission-led businesses and social sector organisations that deliver positive social impact and enjoy commercial success. The Fund has invested in New Reflexions, the Ethical Housing Company, and Agility Eco.

#### **Amounts committed, but not yet invested**

The total commitment that the Foundation had to Bridges Social Entrepreneurs Fund LP was £4,240,252 which could be drawn down at the discretion of the Manager of the Fund. Total undrawn commitments in the Fund were capped as of 30 June 2016, resulting in a cancellation of commitments. PPS repaid subsequent to the cancellation will continue to be redrawable.

The balance of the Foundation's commitment, not yet drawn upon by 31 March 2021, is £730,826 (2020: £736,946).

In addition, total distributions of £93,514 have been received by the Foundation from the Fund in the year to 31 March 2021, which represents the repayment of loans drawn from the Foundation to pay the priority profit share to the Fund's General Partner. A portion of these amounts are subject to being redrawn by the Fund at any point in its life, up to its termination date.

The total commitment that the Foundation had to Bridges Evergreen Capital Fund LP at 31 March 2021 was £3m (2020: £3m) which can be drawn down at the discretion of the Manager of the Fund. Bridges Evergreen Capital LP is constituted under a Limited Partnership Agreement dated 6 July 2016. The Fund invests in mission-led Portfolio Companies that provide a positive social impact and have a mission-locked governance structure in order to deliver their social mission. The Fund currently has committed capital of £50.8 million.

The balance of the Foundation's commitment, not yet drawn upon by 31 March 2021, is £514,532 (2020: £571,831).

**Bridges Impact Foundation Limited**  
**Notes to the Accounts (continued)**  
**For the year ended 31st March 2021**

<b>8 Debtors</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Accrued income	-	22,353
	<u>-</u>	<u>22,353</u>

<b>9 Creditors: Amounts falling due within one year</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Grants payable	45,000	25,000
Other creditors	27,595	12,810
	<u>72,595</u>	<u>37,810</u>

**10 Unrestricted Funds**

**Current year**

	At 1 April 2020 £	Income £	Expenditure £	Transfer £	At 31 March 2021 £
<b>General funds</b>	964,729	148,848	(329,595)	-	783,982
<b>Designated funds</b>					
(a) Benevolent fund	13,485	-	(2,500)	-	10,985
(b) Fund matching	21,409	-	(17,242)	-	4,167
	<u>34,894</u>	-	<u>(19,742)</u>	-	<u>15,152</u>
	<u>999,623</u>	<u>148,848</u>	<u>(349,337)</u>	-	<u>799,134</u>

**Prior year**

	At 1 April 2019 £	Income £	Expenditure £	Transfer £	At 31 March 2020 £
<b>General funds</b>	863,462	253,216	(131,949)	(20,000)	964,729
<b>Designated funds</b>					
(a) Benevolent fund	15,985	-	(2,500)	-	13,485
(b) Fund matching	17,409	-	(16,000)	20,000	21,409
	<u>33,394</u>	-	<u>(18,500)</u>	20,000	<u>34,894</u>
	<u>896,856</u>	<u>253,216</u>	<u>(150,449)</u>	-	<u>999,623</u>

- (a) The Bridges Impact Foundation Benevolent Fund has been established primarily to support employees of the Bridges Fund Management group and any of its portfolio companies who find themselves in acute financial need. In the year to March 2021 a total of £2,500 (2020: £2,500) was paid out for such causes.
- (b) Bridges Impact Foundation has undertaken to match donations raised from private individuals in the Bridges Fund Management team to a maximum of £1,000 per team member per annum. A total of £20,000 has been designated, but is subject to top up should it prove to be insufficient. In the year to March 2021, a total of £17,242 (2020: £16,000) was paid out in donations.

# Bridges Impact Foundation Limited

## Notes to the Accounts (continued)

### For the year ended 31st March 2021

11 Restricted Funds	2021 £	2020 £
(a) Funds acquired for Programme Investment in Bridges Social Entrepreneurs Fund		
Balance at 1 April 2020	1,118,414	1,024,618
Revaluation gain	4,393	93,796
Balance at 31 March 2021	<u>1,122,807</u>	<u>1,118,414</u>
(b) Funds acquired for Programme Investment in Bridges Evergreen Capital LP		
Balance at 1 April 2020	2,733,671	2,643,891
Revaluation gain	1,322,448	89,780
Balance at 31 March 2021	<u>4,056,119</u>	<u>2,733,671</u>
(a) The balance on programme-related investment funds represents funds already invested, together with further funds held pending investment in programme-related investment projects, net of related costs of managing the Fund. The value of the investment in the underlying Fund increased in the year and has been recognised in its revaluation.		
(b) The Foundation had funds brought forward of £2,733,671 for use in the Programme Investment Fund to support Bridges Evergreen Capital LP. During the current year there has been further investment in Bridges Evergreen Capital Fund LP £65,747 (2020: £nil). The value of the investment in the underlying Fund increased in the year and has been recognised in its revaluation.		

## 12 Analysis of Net Assets between funds

Current year	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £
Fixed Assets - Programme-related investments	-	4,139,913	4,139,913
Current Assets	799,134	1,111,608	1,910,742
Current Liabilities	-	(72,595)	(72,595)
	<u>799,134</u>	<u>5,178,926</u>	<u>5,978,060</u>
Prior year	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £
Fixed Assets - Programme-related investments	-	2,829,304	2,829,304
Current Assets	1,037,433	1,022,781	2,060,214
Current Liabilities	(37,810)	-	(37,810)
	<u>999,623</u>	<u>3,852,085</u>	<u>4,851,708</u>



# **Bridges Impact Foundation Limited**

## **Notes to the Accounts (continued)**

### **For the year ended 31st March 2021**

#### **13 Related Party Relationships and Transactions**

Bridges Impact Foundation Limited is a Limited Partner in Bridges Social Entrepreneurs Fund LP and is not considered to have a controlling or significant interest in the LP Fund. During the period, Bridges Impact Foundation received £93,514 (2020: £629,946) from Bridges Social Entrepreneurs Fund LP by way of distribution out of income or capital. At the year end Bridges Impact Foundation Limited's investment in Bridges Social Entrepreneurs Fund LP was £225,773 (2020: £303,360).

Bridges Impact Foundation Limited is a Limited Partner in Bridges Evergreen Capital Fund LP and is not considered to have a controlling or significant interest in the LP Fund. At the year end Bridges Impact Foundation Limited's investment in Bridges Evergreen Capital Fund LP was £3,914,139 (2020: £2,513,441). The Foundation received a distribution by way of dividend of £120,599 (2020: £77,000).

Bridges Impact Foundation Limited operates under common control with Bridges Fund Management (BFM). Michele Giddens and Antony Ross (until 16 December 2020) are common Trustees (and Directors of BFM). During the year a total of £64,429 (2020: £69,051) was paid to BFM representing consultancy fees. At the year end an amount of £17,697 (2020: £3,030) was payable to BFM.

Prior to the current financial year, the Trustees approved a multi-year grant to Mental Health Innovation ("MHI"). Victoria Hornby is CEO of MHI, the charity which runs and manages Shout. At the time of grant decision making, she was not a trustee of BIF Ltd. Charles Mindenhall was chair of BIF until September 2019, and also on the Board of Trustees at MHI. An amount of £20,000 (2020: £67,000) was paid to MHI during the year.

On 9 February 2021, the trustees approved a grant to Bridges Outcomes Limited, a company connected by common trustees/directors including Antony Ross and Michele Giddens. This grant is for a term of 15 years and for an amount of £150,000 (2020: £nil) and was paid on 5 March 2021. There was no amount outstanding at the year ended 31 March 2021.

#### **14 Staff Numbers**

There were no full time equivalent employees during the year (2020: none). Total staff costs for the year were £nil (2020: £nil). The Foundation is provided with administrative support free of charge by Bridges Fund Management Limited.

#### **15 Taxation**

The Foundation carries out exempt charitable activities, therefore no corporation tax is due on the year's results.

# BRIDGES

Impact Foundation

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Bridges Fund Management, December 2021