



BRIDGES
Impact Foundation

Trustees' Annual Report & Accounts
For the year ended 31 March 2022

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 2021/22 Annual Report & Accounts.

I want to begin by thanking all of our Trustees. In particular, the whole Board would like to record their thanks to Duncan Kellaway, who stood down as a trustee after the year-end; we are so grateful for his wise counsel over the last few years. I am also hugely grateful to our Director Barbara Storch, who continues to make great progress on engaging the Bridges team and guiding the Foundation's strategic direction.

This has been another good year for the Foundation, notably in terms of market-building and venture philanthropy.

I am particularly excited that we have been able to support another pioneering Bridges vehicle: the new SDG Outcomes Fund, which Bridges is raising in partnership with the UBS Optimus Foundation. This innovative vehicle – the first of its kind globally – is designed to support outcomes-based projects in low- and middle-income countries: for example, its first investment will be a programme designed to improve children's educational performance in Sierra Leone. This is especially rewarding as the Foundation also played an important catalytic role in the inception of this fund, through our support for Village Enterprise's highly successful poverty reduction programme in sub-Saharan Africa (p. 6) – which undoubtedly helped to build a compelling case for the use of outcome-based approaches in projects like these.

The year also marked the close of another significant market-building initiative: the Impact Management Project (p. 11), which drew to a close (as planned) in December 2021. I firmly believe the IMP – because of its success in building consensus around how impact is measured, managed and reported on globally – will leave a lasting legacy. So we're delighted that the Foundation has been able to support it in some small way.

Elsewhere our venture philanthropy portfolio continues to deliver strong impact. Our support for teacher training programme The Difference is helping to create a better model for supporting children at risk of exclusion from mainstream education. OnSide's Youth Zone in Dagenham (of which the Foundation is a founder-patron) is now fully back up and running post-Covid, welcoming almost 4,000 local young people across its evening, weekend and holiday activities. And Shout, the 24/7 text-messaging support service for people in crisis, has now had over one million conversations, again predominantly with young people (c. 70% of users are under 25).

The Foundation has also been able to continue supporting charities close to the heart of the Bridges team. That included amplifying the fundraising efforts of the team through matched giving – such as a sponsored walk that raised £16,500 for specialist bereavement charity Jigsaw South-East (p. 12) – and two donations to refugee charities, in response to the shocking events in Ukraine and Afghanistan.

There is no question that we are living through turbulent and difficult times, both economically and politically. We are determined to keep striving to use the Foundation's resources – both human and financial – to try and alleviate the burden for some of those that are hardest-hit.

Victoria Hornby

On the cover:

Former England captain Steph Houghton visits OnSide's Future Youth Zone, a youth centre supported by the Foundation, as part of the Always #EndPeriodPoverty campaign



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 2021/22 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 (*resigned October 2022*)
- Alex Pitt
- Kyle Bentwood (*resigned July 2022*)
- Giuseppe Catarozzo
- Michele Giddens
- Antony Ross

Director

Barbara Storch

Secretary

Siobhan Tyrrell (*until May 2022*); Aaron Vagarwal

Registered Office

38 Seymour Street
London
W1H 7BP

Auditors

Moore Kingston Smith LLP
9 Appold Street
London
EC2A 2AP

Bankers

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

Key achievements in 2021/22

Venture Philanthropy: Supporting The Difference

The Foundation continues its support for pioneering teacher training scheme, The Difference, with a third year of funding

The Difference is a specialised teacher training 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.

According to the Department for Education, in the school year 2021/22, around 47,000 children in the UK were educated in Pupil Referral Units (PRUs) and Alternative Provision schools (APs) – i.e. outside of the mainstream schooling system.

Exclusion levels have been high post-Covid; indeed, the related lockdowns have often exacerbated the challenges these children face.

Excluded children often experience poor outcomes: only 12% get a basic pass in GCSE English and Maths (compared to 72% of students in state-funded schools), while one in three will drop out of education, employment, or training at 16 (compared to one in 17 across all state schools). They are also 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.

Through the Difference Leadership Programme, teachers learn how to connect with these children effectively; and on completing their placement, they return to leadership positions in mainstream schools. Here, they receive a further year of support from The Difference.

The programme's structure allows teachers to incorporate 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.

This year, The Difference has continued to grow, collecting impact data to inform future development as it does so.

Currently, 29 Difference Leaders from its second and third cohorts are working with 1,900 students across 25 AP schools (a fourth cohort, the 2022 intake, has now also been recruited). Significantly, 93% of Difference Leaders have evidenced positive impact on their AP school.

The Difference also offers training for mainstream leaders via its Inclusive Leadership Course (ILC), for six full days across a school year. It has worked with 66 of these school leaders, 60% of whom reported that learnings have already supported reduced exclusions.

We are excited not only by The Difference's direct positive impact on so many individual young people's lives – but also by its potential for systemic change, which could indirectly benefit thousands more vulnerable children.

Below: A Difference Leader engaging with a student during placement



Key achievements in 2021/22

Venture Philanthropy: Supporting The Difference

Alicia's story



Alicia is a 2019 Difference Leader teaching at Ark Globe Academy, Southwark

After completing the Difference Leadership Programme, Alicia secured a promoted senior leadership role as Assistant Headteacher for Inclusion and Behaviour at Ark Globe Academy in Southwark. Ark is one of England's largest Multi-Academy Trusts, running 39 schools. They work closely with The Difference to understand and tackle the variation in exclusion numbers across their schools.

Alicia's work over the past year has focused on primary school students with Special Educational Needs (SEN). These were the children most often displaying challenging behaviour, receiving detentions, and being sent out of class. With support from other leaders, Alicia was able to introduce new inclusive practice and systems to her school – including a graduated system of behaviour interventions and whole-school training on quality-first teaching strategies.

Before this work, there were 53 detentions per week on average at Ark Globe. This has now reduced to fewer than 15.

Maddie's story



Maddie is a 2021 Difference Leader at the Camden Centre for Learning

Maddie has just completed her first year on the Difference Leadership Programme working as an Associate Senior Leader for Camden Centre for Learning (CCfL). This is an SEMH school that supports students with Social, Emotional and Mental Health needs.

Maddie took part in an Action-Research project with The Difference to drive improvements in literacy. Through an initial audit, she found low levels of student

vocabulary and comprehension, and a lack of staff confidence in supporting students with literacy barriers. They launched a cross-curriculum approach – training staff in comprehension and vocabulary instruction, mapping daily reading opportunities into the curriculum, and running interventions supported by an educational psychologist and speech therapist. They ran reading age tests at the launch of the project and at the end of the school year. By the second reading age test, 71% of students had made progress of 12 months or more over a six-month period.

This year, Maddie's school has also achieved their highest Year 11 outcomes to date, with every student gaining a qualification in English and Maths.

Inclusive Leadership Course participants, 2021/22

"I think what the course does so well is show that inclusion is for every single pupil, not just the pupils with a diagnosed special need. There's definitely a willingness for change. It just needs someone to communicate how we can go about creating that change."

"My school now has an action plan and interventions for students with poor engagement in education. Restorative practice is our major focus for 2022/23 – which it would not have been if it wasn't for attending this course."

Key achievements in 2021/22

Venture Philanthropy: Tackling poverty in Africa via Village Enterprise

Village Enterprise's innovative DIB-backed poverty reduction programme has completed with impressive results in Kenya and Uganda

Village Enterprise was the first ever development impact bond (DIB) aimed at reducing extreme poverty in rural sub-Saharan Africa, providing first-time entrepreneurs with cash grants, training and mentoring.

This year marked the end of the highly successful programme, which has yielded impressive results: despite the challenges of Covid, the 'graduation out of poverty' programme trained 14,100 new entrepreneurs (75% of whom were women), enabled 4,766 new businesses to launch, and impacted over 95,000 lives. Extensive evidence from randomised trials also suggests the programme continues to have a positive, statistically significant, and meaningful impact on the livelihoods of its ultra-poor recipients six months to 2.5 years after conclusion.

Village Enterprise used an outcomes-based approach – enhancing its focus on learning and continuous delivery improvement – when it expanded its proven model into rural Kenya and Uganda. 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.

Although Covid lockdowns in Kenya and Uganda inevitably had a significant impact on the programme, Village Enterprise was still able to conduct seed capital disbursements, and its mentors continued to provide mentoring by phone to the DIB-backed businesses, helping

business owners adjust and adapt during the pandemic. In fact, entrepreneurs displayed incredible resilience! As markets and cities shut down during the lockdown periods, many people returned to their villages, to start selling sewn face masks instead of clothes, for example, or opening bakery businesses to serve the growing demand in their local communities.

The programme is estimated to have generated lifetime impacts for communities of over US\$21 million – roughly four times the overall costs of the project – and households have been supported to achieve higher incomes and savings. The programme's positive outcomes are testament to how results-based financing can provide a more effective, accountable model in this kind of context.



Above and right:
Microbusinesses supported
by Village Enterprise in
Kenya and Uganda



Key achievements in 2021/22 ⁷

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

Shout, a service which involves trained volunteers providing SMS-based support for anyone struggling to cope, received a third year of Foundation funding

The Foundation is now in its third year supporting Shout, the text-messaging support service for people in crisis. The service offers 24/7 anonymous and confidential crisis support to anyone who needs it, the majority being young people: 69% of users are under 25.

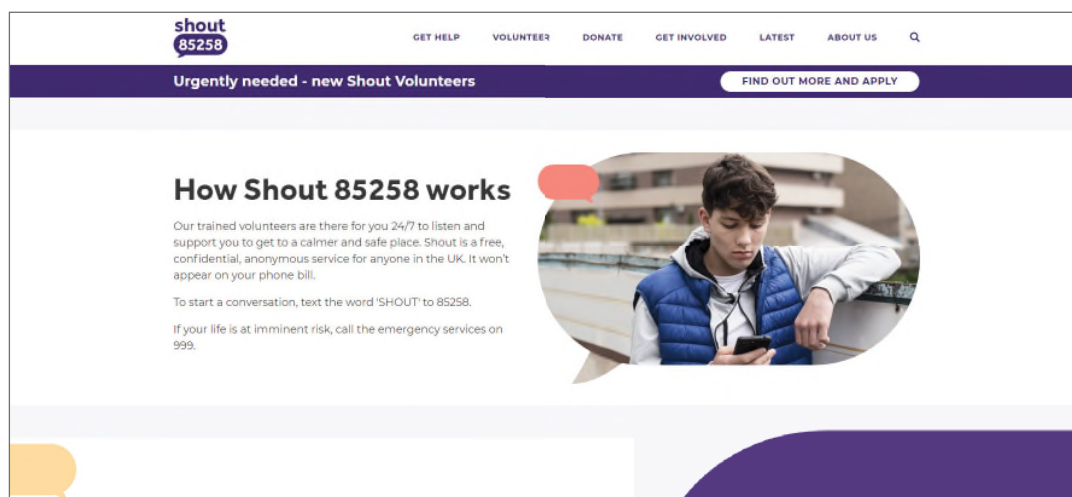
This year, the number of conversations Shout has supported surpassed 1 million. The charity marked this milestone with a visit from HRH Princess of Wales, who took the time to recognise and speak with volunteers. Multiple other campaigns from employees, volunteers and supporters of Shout raised awareness and funds, including a charity auction by Josh O'Connor, award-winning actor and star of *The Crown* and *Peaky Blinders*. In September 2021, Shout also published a report into the key mental health challenges students have faced in the year, with the aim of helping university leaders and policy makers understand and better cater to the needs of students.

Shout volunteers tend to be the first person in whom Shout's texters confide, supporting them to move from a state of distress to somewhere more calm. People reach out for a variety of

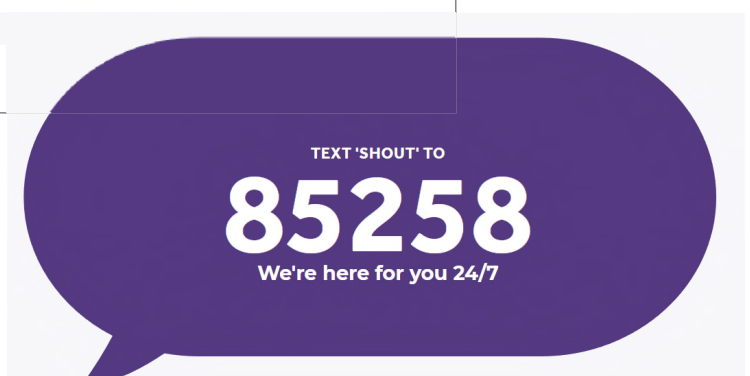
reasons, though issues predominantly include suicide & suicidal thoughts, depression & sadness, anxiety, relationships, loneliness, self-harm, grief, and eating disorders & body image.

Critically, the model seems to be delivering good outcomes: 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. While conversation numbers increased by 140% during Covid, 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 pandemic.

In addition to the Foundation's financial support, several of our colleagues at Bridges continue to volunteer for Shout as Crisis Counsellors. Though at times conversations can be very challenging, our colleagues report that being able to provide this kind of support to those in immediate need is highly rewarding.



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



Key achievements in 2021/22

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

The Foundation is a proud Founder Patron of two of OnSide's London-based youth zones: Future in Barking & Dagenham, and WEST in Hammersmith & Fulham.

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

We began providing support for OnSide's first London-based youth zone, Future, in 2018, before it opened its doors to local young people in May 2019. By December it already counted 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.

Future, as with all of OnSide's youth zones, provides young people with 'somewhere to go, something to do and someone to talk to', 52 weeks of the year. Activities 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). Following

the turbulence brought by Covid, Future is now back to operating at full capacity (over 3,800 students). Bridges completed an impact assessment of Future for this year, which is available on request.

WEST, currently under construction, will be OnSide's fourth London centre, located in the socially and economically polarised borough of Hammersmith & Fulham. Here, 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. Happily, following a number of Covid-related construction delays, the development of WEST has seen huge progress in recent months; it is now expected to be completed by the end of 2023.

Earlier this year, our Bridges colleagues also volunteered with Future, during its evening and holiday club sessions. Members of our team engaged with young people via sports, arts & crafts, cooking and general time spent talking together, during mealtimes and throughout the days. While the experience took volunteers out of their comfort zone, it was a rich and rewarding time. Bridges' Volunteering Policy, offering two days' paid leave per year, allows for opportunities such as this to happen.

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



Right: Bridges employees volunteer during Future Youth Zone's Easter holiday club



Key achievements in 2021/22

Seed funding & Market-building: SDG Outcomes Fund

Backing a pioneering approach to generating direct and systemic education outcomes for communities in sub-Saharan Africa

Following on from our catalytic support of other pioneering Bridges vehicles, such as the Social Entrepreneurs Fund, Social Outcomes Funds and Bridges Evergreen, the Foundation last year provided Bridges Outcomes Limited, a not-for-profit subsidiary of Bridges Fund Management, with grant funding as it established a USD\$100m global SDG Outcomes Fund, alongside the UBS Optimus Foundation. The vehicle, dedicated to investing in Development Impact Bonds and other outcomes-based partnerships globally, is the first of its kind. It will focus on delivering innovative projects that use a new model of service delivery to generate positive social and environmental impact in lower and middle-income countries globally.

Outcomes partnerships can play a key role in achieving the Sustainable Development Goals by improving the effectiveness of government and donor spending, leading to better life outcomes for vulnerable people and better value for funders. As such, projects within this Fund will focus on health, education, women's economic empowerment and the environment, aiming to achieve both systemic impact (via systems change and ecosystem development) and direct impact (successful outcomes will generate payments to the Fund).

Following the first close of this vehicle in November 2021, Bridges' Outcomes team has developed a strong pipeline of potential projects. In particular, significant progress has been made towards two education-based outcomes contracts in Ghana and in Sierra Leone:

- The government of Sierra Leone has partnered with the Education Outcomes Fund and UNICEF to support an outcomes partnership targeting an improvement in learning outcomes in primary schools.
- The government of Ghana has partnered with the Education Outcomes Fund and the World Bank to design a similar education-focused outcomes contract to increase access to schooling for 26,000 out-of-school children, and in-school learning for ~40,000 school-going students.

Bridges' Outcomes team has world-leading experience, having supported over 60 outcomes partnerships in the UK over the last decade; its distinctive approach has already earned over £100m of successful outcomes payments, with an estimated value of over £1bn to the public purse. The Foundation is excited to see this pioneering vehicle continue its progress and expand this approach into new markets.

*Below:
children
learning in
classrooms*



Key achievements in 2021/22

Seed funding & Market-building: Bridges Evergreen

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

One of the Foundation's major seed investments was in Bridges Evergreen, a patient capital vehicle that provides flexible, values-aligned funding for highly impactful businesses looking to scale over time.

Evergreen delivered another strong performance in the year, as its focus on resilient, needs-driven businesses continues to bear fruit. At year-end, Net Asset Value was £74.8m, up £17.4m (or 30%) on the prior year.

Each of its four assets in the portfolio at year-end delivered impressive impact performance during the period, despite the challenges of the Covid-19 pandemic.

Skills Training UK (STUK), Evergreen's most recent investment, is a leading independent skills training provider. It designs and delivers employer-responsive apprenticeships and individual-focused skills programmes that align with business needs, creating sustainable employment and supporting social mobility. It has over 6,500 learners enrolled across a wide range of courses, almost half of whom are female and 30% from ethnic minority groups.

AgilityEco, a fuel poverty solutions provider, was able to serve over 45,000 households this year. Via energy efficiency measures and other methods of support, AgilityEco's work brought lifetime bill savings worth £169 million to vulnerable households over the year. Through improved stakeholder engagement, partnership initiatives and operational efficiencies, it has increased the number of tonnes of lifetime CO₂ emissions abated by 27%, and the MWh of lifetime energy savings from insulation/heating improvements by 32%.

Evergreen's first investment, New Reflexions, a Shropshire-based business that provides specialist residential care for children with complex needs, had another good year – delivering nearly 19,000 days of care across its sites, and opening its first school for children with learning disabilities (Longridge) in January. Almost half of New Reflexions' eligible services are now rated as 'Outstanding' by OFSTED; versus a market average of 15-17% – 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, increased the number of owned properties and properties under management by 18% and 25% respectively this year. Almost three-quarters of its tenants are in receipt of benefits to pay their rent, a clear indicator of the level of need in the region – which the pandemic only increased.

Evergreen's long-term, impact-focused approach continues to prove highly attractive to impact-driven founders and management teams, which is creating a strong pipeline of new investment opportunities. The Foundation is excited by Evergreen's potential to transform even more people's lives as it develops and scales over the coming years.

Right: Skills Training UK, a Bridges Evergreen investment



Key achievements in 2021/22

Seed funding & Market-building: The IMP & Turner MIINT

Thanks to the support of the Foundation and others, the IMP leaves behind a significant legacy; while in the U.S., the Turner MIINT inspires more graduates

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

Bridges Impact Foundation U.S., our U.S. sister organisation, also continues to support the thriving Turner MIINT programme.

The Impact Management Project

Hosted by Bridges' not-for-profit field-building arm Bridges Insights, the IMP was a time-bound global forum designed to combat the proliferation of proprietary impact methodologies – which had the potential to confuse investors and obscure progress on sustainability – by building a broad consensus on how to measure, manage and report on impact.

The IMP's influence has been significant. It created various useful analytical tools, including the five dimensions of impact and the 'ABC' investor contribution framework. Critically, it also brought together all the most influential standard-setters in this area, who agreed to collaborate and align their efforts. This led to two key outputs: the Impact Management Platform, an ongoing consensus-building effort to mainstream the practice of impact management; and the International Sustainability Standards Board (ISSB), a vital step towards truly integrated global corporate reporting and disclosure standards.

This initiative came to a close, as planned, at the end of 2021.

The Turner MIINT programme (U.S.)

The MIINT (MBA Impact Investing Networking and Training) programme is run by the Bridges Impact Foundation U.S., the Foundation's U.S. sister organisation, in partnership with the Wharton Social Impact Initiative at the University of Pennsylvania.

It 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.

Via teaching and mentorship, students are guided through their journey as impact investors-in-training. The program culminates in a competition where students pitch for investment for a real-life impact start-up.

This year's finalist pitches ranged from businesses using agricultural waste for clothing production to sustainable water provision, to a mental health platform. First place was awarded to a team from Yale School of Management, earning them the Moelis Family Foundation Prize, for their business proposing to transform CO₂ into industrial products. The prize means this company is eligible for a \$50,000 investment. Runner-up teams from Harvard Business School and The London School of Economics and Political Science won a potential \$25,000 investment each.

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. More information on the Turner MIINT programme at www.turnermiint.org.

Below: Turner MIINT 2022 winners from Yale School of Management (source: YSOM Twitter)



Key achievements in 2021/22

Bridges Family Activities

The Foundation contributed over £34,000 during the year to a group of charities close to the hearts of the Bridges team

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 £80,000, of which £70,086 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 seven requests in the year, totalling £14,253.

During the year, the team held a fundraising event in memory of a Bridges alumna, Jenny Dyer, who was tragically killed in a road accident. Jenny's family received incredible support from a specialist bereavement charity called Jigsaw South East, so the team decided to raise funds for the organisation via a 13-mile sponsored countryside walk.

Thanks to the generous support of colleagues' families and friends, this event raised over £16,500 for Jigsaw (following matched-giving from the Foundation, plus Gift Aid).

The Foundation was also proud to match-fund seven Bridges employees individually, as they physically pushed themselves to their limits in aid of various charitable causes. Two colleagues completed the 2021 London Marathon, one cycled almost 300 miles from Morecombe to Scarborough, one completed an Olympic-distance triathlon, and another ran 100km over the month of October. With the help of matched funding, these employees raised over £17,800.

Refugees and the war in Ukraine

In light of the ongoing tragic events unfolding in Ukraine, and the huge, rapid displacement of innocent people from their homes, the Bridges team felt very strongly that they should make a contribution towards supporting the refugee community. After thorough research, the Foundation made two donations:

- £10,000 to support charity Polish Humanitarian Action's significant efforts, within Poland, to help Ukrainian refugees; and
- £10,000 to support vital work in Afghanistan – with a specific focus on hunger and mal-nutrition in this severely restricted country – through the UK Disasters Emergency Committee



Below:
One of the Bridges team over half-way through the 2021 London Marathon

Key achievements in 2021/22

Bridges Family Activities

The Foundation is also supporting 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 four requests during the year, totalling £4,093 (taking the total spend to date to £13,108).

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, twelve requests were made during the year, totalling £22,710 (2021: £9,800).

Bursaries & Scholarships

Having worked closely with the Diversity & Inclusion Working Group established by the team at Bridges, the Foundation has explored

practical ways in which we can support efforts to create more diverse, inclusive and equitable culture within the business.

One of Bridges' specialist investment areas is in real estate, one of the least diverse sectors in the UK. With this in mind, we are delighted to be sponsoring a student on a three-year bursary programme run by the Worshipful Company of Chartered Surveyors.

The WCCS' programme supports underprivileged students studying a real estate degree, both financially and through mentoring and work experience opportunities. Having been introduced to the Foundation by members of the Property team, this student spent several weeks over the summer with the team at the Bridges office, and on the ground attending site visits.

We are keen to improve access to equal opportunities in the surveyor and real estate industry, and hope that this programme, and others like it, will help to attract a broader range of talented people into the sector.



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

Future Plans

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

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

Within these, we are also expanding our work in a number of key ways:

Venture Philanthropy:

Over the course of the year, we have identified and selected a second focus area for the Foundation, alongside our existing focus on supporting solutions and services relating to young people's mental health. In a firm-wide vote, the broader Bridges team decided that our resources also be directed towards combatting Gender-based Violence. The team has since made good progress researching the theme, and narrowed its focus down to two specific areas:

- Education and prevention of gender-based violence; *and*
- Access to justice for victims and survivors

The team is currently exploring opportunities within these two streams to which the Foundation will then be able to allocate resources.

Seed-funding & Market-building:

Following on from the huge success of Village Enterprise, the Foundation is exploring how it can provide further support to catalytic outcomes-based projects internationally and create further positive impact in the lives of vulnerable people, via the SDG Outcomes Fund (p.9). We are particularly excited to see the delivery and results of initial projects supported by this fund as their details are finalised and they begin official work on the ground.

We are also looking to identify impactful UK initiatives rooted in nature-based solutions that we can support. Given the urgent threat to our environment, and the huge value, power and resilience of nature and biodiversity, the emergence of nature-based solutions to the climate crisis as a distinct vertical means there is a growing and sophisticated array of methods, technologies, businesses and initiatives looking to harness nature for a more sustainable and inclusive future.

Below: The global SDG Outcomes Fund will focus on generating positive impact in lower- and middle-income countries



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.

There were donations of £163,387 in the year to March 2022 (2021: £nil). As a result, £33,891 Gift Aid was claimed (2021: £nil).

A number of exit processes delayed by Covid are now underway again. The Foundation expects this 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 £41,981 (2021: £11,535) and received total distributions of £151,180 (2021: £93,514).

SEF distributed £419k to investors in the year. This increased total distributions, net of PPS, by year-end to £6.52m, which equates to 59% of the capital and loan drawn down (£11.01m). The gross value of SEF at the year-end was £6.9m.

In relation to its commitment to Bridges Evergreen Holdings (BEH), the Foundation made contributions from its restricted funds totalling £506,083 (2021: £65,747) and distributions of £129,222 have been received in the year to March 2022 (2021: £120,599) in the form of a dividend payment.

As at 31 March 2022, £50.8m had been drawn down from investors since the commencement of BEH on 6 July 2016. This represents 93% of

current commitments, and has been used to fund investments into New Reflexions, Shaw Healthcare, the Ethical Housing Company, Skills Training UK and AgilityEco, as well as Priority Profit Share and other Fund expenses.

In the year, BEH distributed £2.23m to investors. This represents a yield of c.4% of commitments drawn (excluding amounts drawn for AgilityEco and a short-term liquidity facility provided to New Reflexions).

The Foundation has granted £150,000 to date into setting up the SDG Outcomes Fund. Separately, it has now received \$65,702 in distributions from its \$50,000 investment into the Village Enterprise development impact bond.

Governance costs for the Foundation were higher than the previous year, at £10,603 (2021: £10,366). 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.

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 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. BIF benefits from its relationship with Bridges Fund Management, for which it is not charged. The Foundation is administered by the staff of BFM Ltd, who support it by offering time, resource and support to charitable activities.

At the year-end, Trustee Michele Giddens was also a director of BFM Ltd. In addition, Kyle Bentwood and Aaron Vagarwal were employees 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; the fund’s term was due to expire in 2019, but this was subsequently extended to August 2021, so Bridges could continue driving impact and financial value in the remaining assets. The Fund is now in liquidation.

Bridges Evergreen Capital LP

Bridges Evergreen Capital LP 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 LP is Bridges Evergreen Capital (General Partner) LLP, 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.

SDG Outcomes Fund SCSp

Bridges Outcomes Limited acts as the portfolio manager for the SDG Outcomes Fund SCSp, the first vehicle of its kind dedicated to creating social and environmental outcomes through projects focused on health, education, women’s economic empowerment and the environment to benefit the world’s most vulnerable populations.

The Fund aims to achieve direct impact through potential positive outcomes estimated to be worth more than \$250m. The Fund also aims to achieve systemic impact through transforming the way donors commission and fund services for vulnerable people, as well as transforming the ecosystem of delivery partners, improving outcome payer engagement by achieving more outcomes and better value for money, and increasing the availability of more flexible, impact-focused capital through the establishment of a broader investor base.

Organisation and appointment of Trustees

The Bridges Impact Foundation is administered by the Board of 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 the law.

There must be at least four Trustees and no more than ten in office at any given time.

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

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.

The trustees remained the same throughout the year. However post year end, Duncan Kellaway stood down as Trustee, while Simon Ringer joined the Board as a senior member of the Bridges team.

In addition, Tom Mountford and Lucia Santirso Richards were elected as Bridges Employee Representatives, following the end of Kyle Bentwood's three-year term. Both Tom and Lucia were successful in a company-wide election which saw a number of colleagues put themselves forward for selection. The Foundation welcomes Tom and Lucia's expertise and enthusiasm!

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.

Alex Pitt, co-founder and Director of Growth at Mustard Seed, an early-stage generalist impact fund, has served as an independent trustee since 2020.

Post-year-end, Tim Simmonds, a partner at law firm Osborne Clarke, has been formally approved as another independent Trustee.

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.

Aaron Vagarwal is Secretary 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 quarterly finance updates presented at each board meeting – which analyse cashflow forecasts to manage financial risk – 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 £924,416 (2021: £799,134) of which £11,059 is designated and £913,357 is general, will be more than sufficient to cover ongoing expenses associated with its current operations.

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 at year-end totaled £5,184,546 (2021: £5,178,926).

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 previous 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.

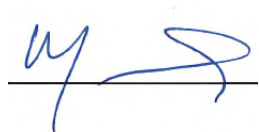
Insofar as the Trustees are aware:

- › 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

7th December 2022

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 2022 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 2022 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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.
- 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.

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

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.

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

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

- 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.

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

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.

Moore Kingston Smith LLP

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

Date: 31 January 2023

6th Floor
9 Appold Street
London
EC2A 2AP

Bridges Impact Foundation Limited
Statement of Financial Activities
For the year ended 31st March 2022

	Note	Unrestricted Funds £	Restricted Funds £	Year ended 31 March 22 £	Year ended 31 March 21 £
INCOME AND EXPENDITURE					
Income					
Donations and Grants	2	197,278	-	197,278	28,466
Investment income	3	129,222	-	129,222	120,382
Other income		47,120	-	47,120	-
Total Income		<u>373,620</u>	<u>-</u>	<u>373,620</u>	<u>148,848</u>
Expenditure					
Charitable expenditure	4	248,338	-	248,338	349,337
Total Expenditure		<u>248,338</u>	<u>-</u>	<u>248,338</u>	<u>349,337</u>
Revaluation/(impairment) of programme-related investment	7	-	5,620	5,620	1,326,841
Net Income and net movement in funds		125,282	5,620	130,902	1,126,352
Transfers between funds		-	-	-	-
Fund Balances at 1st April 2021		<u>799,134</u>	<u>5,178,926</u>	<u>5,978,060</u>	<u>4,851,708</u>
Total Funds at 31st March 2022	10,11	<u><u>924,416</u></u>	<u><u>5,184,546</u></u>	<u><u>6,108,962</u></u>	<u><u>5,978,060</u></u>

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 2022

	Note	2022 £	2022 £	2021 £	2021 £
Programme-Related Investments	7		4,542,418		4,139,913
Current Assets					
Debtors	8	141,259		-	
Cash at bank and in hand		<u>1,435,285</u>		<u>1,910,742</u>	
		1,576,544		1,910,742	
Creditors: Amounts falling due within one year	9	<u>(10,000)</u>		<u>(72,595)</u>	
Net Current Assets			1,566,544		1,838,147
Net Assets			<u>6,108,962</u>		<u>5,978,060</u>
Funds					
Unrestricted general funds	10		913,357		783,982
Unrestricted designated funds	10		11,059		15,152
Restricted funds	11		<u>5,184,546</u>		<u>5,178,926</u>
			<u>6,108,962</u>		<u>5,978,060</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:



31 January 2023

.....
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 2022

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

	2022 £	2021 £
Gift aid	33,891	-
Individual donations	163,387	28,466
	<u>197,278</u>	<u>175,984</u>

All donation and grant income was unrestricted in 2022 and 2021.

3 Investment Income

	2022 £	2021 £
Dividends received	129,222	120,599
Interest received	-	(217)
	<u>129,222</u>	<u>120,382</u>

All investment income was unrestricted in 2022 and 2021.

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 2022

4 Expenditure

Current year

	Direct Costs £	Support Costs £	Total 2022 £
Charitable expenditure			
Donations	61,056	-	61,056
Grants paid to institutions (see note 4b)	100,000	-	100,000
Consultancy fees	-	76,679	76,679
Governance (see note 4a)	-	10,603	10,603
Total	<u>161,056</u>	<u>87,282</u>	<u>248,338</u>

Prior year

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

Restricted expenditure included above for 2022 is £nil (2021: £nil).

Key management personnel comprise the Trustees and the Director of Strategy. Within Consultancy fees is £65,827 (2020: £64,429) paid to Bridges Fund Management for the services of the Director of Strategy.

4a Governance costs

	Total 2022 £	Total 2021 £
Legal & professional fees	-	-
Audit fees	10,000	10,000
Bank charges	603	366
	<u>10,603</u>	<u>10,366</u>

Restricted expenditure included above for 2022 is £nil (2021: £nil).

Bridges Impact Foundation Limited

Notes to the Accounts (continued)

For the year ended 31st March 2022

4b Grants paid to institutions	2022 £	2021 £
OnSide Youth Zones	-	25,000
Worship Company of Chartered Surveyors	20,000	-
Mental Health Innovation	50,000	20,000
The Difference	30,000	50,000
Bridges Outcomes Ltd	-	150,000
	<u>100,000</u>	<u>245,000</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 (2021: £nil). No costs were reimbursed to trustees during the period (2021: £nil).

6 Auditors' remuneration

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

	2022 £	2021 £
Current year audit fee	10,000	8,455
Prior year (over)/under accrual	-	1,545
	<u>10,000</u>	<u>10,000</u>

Bridges Impact Foundation Limited

Notes to the Accounts (continued)

For the year ended 31st March 2022

7 Programme-related investments	2022	2021
	£	£
Investment value at 1 April 2021	4,139,913	2,829,304
Loan investment additions in the year	548,065	77,282
Loan investment repayments in the year	(151,180)	(93,514)
Revaluation of programme-related investment	5,620	1,326,841
Value at 31 March 2022	<u>4,542,418</u>	<u>4,139,913</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 2022. 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 2022, is £1,012,500 (2021: £730,826).

In addition, total distributions of £93,514 have been received by the Foundation from the Fund in the year to 31 March 2022, 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 2022 was £3m (2021: £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 2022, is £nil (2021: £514,532).

Bridges Impact Foundation Limited
Notes to the Accounts (continued)
For the year ended 31st March 2022

8 Debtors	2022 £	2021 £
Accrued income	141,259	-
	<u>141,259</u>	<u>-</u>

9 Creditors: Amounts falling due within one year	2022 £	2021 £
Grants payable	-	45,000
Other creditors	10,000	27,595
	<u>10,000</u>	<u>72,595</u>

10 Unrestricted Funds

Current year

	At 1 April 2021 £	Income £	Expenditure £	Transfer £	At 31 March 2022 £
General funds	783,982	373,620	(209,992)	(34,253)	913,357
Designated funds					
(a) Benevolent fund	10,985	-	(4,093)	-	6,892
(b) Fund matching	4,167	-	(34,253)	34,253	4,167
	<u>15,152</u>	<u>-</u>	<u>(38,346)</u>	<u>34,253</u>	<u>11,059</u>
	<u>799,134</u>	<u>373,620</u>	<u>(248,338)</u>	<u>-</u>	<u>924,416</u>

Prior year

	At 1 April 2020 £	Income £	Expenditure £	Transfer £	At 31 March 2021 £
General funds	964,729	148,848	(329,595)	-	783,982
Designated funds					
(a) Benevolent fund	13,485	-	(2,500)	-	10,985
(b) Fund matching	21,409	-	(17,242)	-	4,167
	<u>34,894</u>	<u>-</u>	<u>(19,742)</u>	<u>-</u>	<u>15,152</u>
	<u>999,623</u>	<u>148,848</u>	<u>(349,337)</u>	<u>-</u>	<u>799,134</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 2022 a total of £4,093 (2021: £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 2022, a total of £14,253 (2021: £17,242) was paid out in donations.

Bridges Impact Foundation Limited

Notes to the Accounts (continued)

For the year ended 31st March 2022

11 Restricted Funds	2022 £	2021 £
(a) Funds acquired for Programme Investment in Bridges Social Entrepreneurs Fund		
Balance at 1 April 2021	1,122,807	1,118,414
Revaluation gain	14,905	4,393
Balance at 31 March 2022	<u>1,137,712</u>	<u>1,122,807</u>
(b) Funds acquired for Programme Investment in Bridges Evergreen Capital LP		
Balance at 1 April 2020	4,056,119	2,733,671
Revaluation gain	(8,781)	1,322,448
Balance at 31 March 2021	<u>4,047,338</u>	<u>4,056,119</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 (2021: £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 2022 £	Restricted Funds 2022 £	Total Funds 2022 £
Fixed Assets - Programme-related investments	-	4,542,418	4,542,418
Current Assets	924,416	652,128	1,576,544
Current Liabilities	-	(10,000)	(10,000)
	<u>924,416</u>	<u>5,184,546</u>	<u>6,108,962</u>
Prior 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>

Bridges Impact Foundation Limited

Notes to the Accounts (continued)

For the year ended 31st March 2022

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 £nil (2021: £93,514) 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 £282,660 (2021: £225,774).

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 £4,411,441 (2021: £3,914,139). The Foundation received a distribution by way of dividend of £129,222 (2021: £120,599).

Bridges Impact Foundation Limited operates under common control with Bridges Fund Management (BFM). Michele Giddens is a common Trustee (and Director of BFM). During the year a total of £65,827 (2021: £64,429) was paid to BFM representing consultancy fees. At the year end an amount of £nil (2021: £17,697) was payable to BFM.

Within the 2020 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. An amount of £50,000 (2021: £20,000) 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 for an amount of £150,000 which was paid in the prior year was paid on 5 March 2021. There was no amount outstanding at the year ended 31 March 2022 (2021: £nil).

14 Staff Numbers

There were no full time equivalent employees during the year (2021: non.). Total staff costs for the year were £nil (2021: £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 Ltd. is authorised and regulated by the Financial Conduct Authority.

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Bridges Fund Management, November 2021