



BRIDGES

Impact Foundation

Bridges Impact Foundation Ltd.

Trustees' Annual Report & Accounts

For the year ended 31 March 2019

Registered Company No. 06864617. Registered Charity No. 1129756

From the Chair



Dear friends,

I am delighted to present the Bridges Impact Foundation's 2018/19 Annual Report & Accounts, my third (and final) year as chair.

I want to begin by thanking our exceptional board of Trustees, all of whom have donated their time and expertise to the Foundation to great effect this year.

The Foundation has also benefited hugely from the appointment of Barbara Storch as our first Director of Strategy. Since joining, Barbara has made excellent progress on engaging with the Bridges team and refining our strategy for the coming years.

One consequence of this has been a renewed focus on venture philanthropy. Barbara ran an extensive consultation with the team, following which it was decided that the initial focus would be on supporting charities that sought better mental health outcomes for young people. This led us to our first investment in Shout, a 24/7 text-message-based counselling service for people in crisis (p. 4). In an era when over 200 school-age children commit suicide every year, Shout is doing vital work. And it has been great to see a number of the Bridges team volunteer as crisis counsellors, too.

Another notable highlight this year was the opening of the Onside Future Youth Zone in Barking & Dagenham, which the Foundation is supporting as a founder patron (p. 7). This amazing purpose-built site has only been open a few months and has already signed up over 5,000 young people – testament to the local demand for the kind of activities (and environment) it provides.

Further afield, the Village Enterprise programme that the Foundation is supporting (via a development impact bond) continues to deliver encouraging results in sub-Saharan Africa. The programme's aim is to reduce poverty by providing capital and support to help local entrepreneurs start small businesses (more than 4,500 of them by 2021, in fact). Here, the Manager's knowledge of outcomes contracts in the UK was extremely helpful to our decision to support the programme.

The trustees were also delighted to see another successful fundraising for Bridges Evergreen Holdings, Bridges' pioneering permanent capital vehicle. The Foundation invested £2m in Evergreen's first capital-raise back in 2016; during this year, it was able to complete a second capital-raise that took its total assets above the £50m mark. As we hoped, the early support of the Foundation and others (notably Big Society Capital) has catalysed additional investment from elsewhere, which will make it easier to prove this concept at scale.

Finally, I wanted to mention some changes to the board of Trustees for the coming year. I will be standing down as chair, to be replaced by Victoria Hornby (re-taking the role she performed with such distinction prior to my tenure). Antony Ross is joining as a senior Bridges representative. And (following a highly competitive election!) the Bridges team have selected Kyle Bentwood and Giuseppe Catarozzo to serve as their representatives. I wish them all every possible success in 2019/20.



On the front cover:

Village Enterprise: Backed by the Bridges Impact Foundation, Village Enterprise is a non-profit organisation that equips rural Africans with the resources to create sustainable local businesses

About the Foundation

Objectives and Summary of Activities

The Bridges Impact Foundation was set up in 2007 with three primary objectives:

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

Bridges began with a clear mission: 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 entirely by the Bridges team, who donate 10% of all their profits from the firm's investment funds. In addition to this financial contribution, the team helps shape the Foundation's strategy, and individual team members provide pro-bono office support and volunteering time to the Foundation, as well as organisations supported by the Foundation. This team engagement is an essential component of the Foundation's mission.

This past year, the Foundation has reviewed and refined its strategy, leading to the creation of a new mission statement: "to provide catalytic support for innovative solutions that drive better outcomes for underserved people and planet". This is closely aligned with the mission of Bridges Fund Management. "Catalytic" support includes flexible financial capital, and non-financial support in terms of pro-bono human capital. "Innovative solutions" are those that are deemed financially risky but with potential to be highly impactful. "Better outcomes" means meaningful change in a core impact theme. "Underserved people and planet" includes beneficiaries who are not currently receiving sufficient support with existing structures.

The Foundation will focus on three areas:

- > Venture Philanthropy
- > Market Building
- > Family Activities

In addition, the Foundation is working closely with its (newly) established sister foundation in the US, Bridges Impact Foundation US.

This year, the Foundation's board has welcomed two elected employee representatives from Bridges Fund Management, who join two senior Bridges partners, and four independent trustees. The trustees ensure that the Foundation is carrying out its purposes for the public benefit, manages its resources responsibly, and ensure accountability and compliance with law.

Regulatory Details

Company Registration Number: 06864617
Registered Charity Number: 1129756

Directors

The Trustees who served during the year were:

- Charles Mindenhall (Chair)
- Duncan Kellaway
- Anne-Marie Harris
- Michele Giddens (Bridges Fund Management representative)
- Victoria Hornby – reappointed May 2019
- Giuseppe Catarozzo – appointed May 2019
- Kyle Bentwood – appointed May 2019
- Antony Ross – appointed May 2019
- Mila Lukic (Bridges Fund Management representative) – resigned May 2019

Director of Strategy

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 2018/19

Venture Philanthropy: In with a Shout

Driven by the appointment of the Foundation's first dedicated Director, Barbara Storch, the Foundation has refined its overall strategy and developed its venture philanthropy offering. A new mission statement was agreed, and the giving model was refined: the Foundation will support its not-for-profit partners both with financial and *pro bono* support. Meaningful *pro bono* and volunteering opportunities for Bridges colleagues are a key consideration by which activities are selected by the Foundation.

Following an extensive consultation with the wider Bridges team, a specific focus area for the philanthropic activities of the Foundation for the next 18 months was selected via a democratic vote: to support programmes which improve mental health outcomes for children and young people. After detailed sector research and a 'deep dive' analysis of the organisation, the Foundation made its first investment in the form of a grant to Shout, a text-message-based counselling service for people in crisis. In addition to this financial support, we are working with the Shout team on its strategy, and have a Bridges team of about 12 colleagues who have trained as crisis counsellors, supporting people in need.

What are the challenges Shout is addressing?

- > 1/8 children in the UK have at least one diagnosable mental health problem
- > 3/8 children with a mental health condition do not get access to support needed
- > There are 4.3 suicides a week among school-aged children in the UK

Why have we chosen to partner with Shout?

The Foundation was looking for a universal preventative programme, using technology for reach and scalability. This was narrowed down to crisis helplines and services. Shout

encompasses best practice in the field: it is available 24/7, it is free for end-users, anonymous and confidential, the user is in control of the conversation, and the service is provided by trained volunteers, supervised at all times by clinical experts, including sign-posting users to services they may need.

The majority of Shout's users are young people. Its impact is being measured through satisfaction surveys at the end of each conversation, to assess if a calmer state of mind has been reached, as well as through prevention of suicide or self-harm. The programme has an active rescue process, which links emergency services with a user in severe crisis.

Shout is also able to collect anonymous text-based data, which is currently being analysed in collaboration with Imperial College, to provide insights into the underlying causes of mental health issues, and help identify underserved segments of the population. These learnings will be of significant benefit to the wider mental health sector. Moreover, the training of volunteer crisis counsellors contributes to building a broader workforce skilled in mental health issues.



Key achievements in 2018/19 – cont'd 7

The Foundation is also currently providing financial and operational support to two other programmes:

Village Enterprise: Tackling extreme poverty in Africa

Village Enterprise works to reduce extreme poverty in rural sub-Saharan Africa, by supporting local business through providing first-time entrepreneurs with cash grants, training and mentoring. To date, the charity has already started 43,000 businesses and impacted the lives of nearly 1 million people. Extensive evidence from randomised trials suggests that building locally-led enterprise is one of the most cost-effective ways of alleviating poverty in the developing world.

Through this programme, the charity is expanding its proven model in rural Kenya and Uganda. The programme has been commissioned via a development impact bond (DIB), meaning that backers will receive repayment only when certain targets have been successfully met. This approach helps drive better outcomes for beneficiaries and

better value for commissioners. It also places a greater focus on learning and driving best practice in the delivery of programmes.

The Village Enterprise DIB aims to launch more than 4,600 small sustainable businesses by 2021. If Village Enterprise succeeds in improving business owners' income levels, it will 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). The Bridges Impact Foundation is one of nine social investors providing the \$3.5m of working capital needed to deliver the programme – while the Bridges team also provides *pro bono* support as member of their working group, advising on impact and performance management, as well as on their scaling plans and fundraising.



Key achievements in 2018/19 – cont'd



Lily's story - business started in 2018 - Rhino Refugee Camp, Uganda

"I had no sense of purpose," Lily Peter said. Lily lives in the Rhino Refugee Settlement in Northern Uganda. She is one of the more than 1.5 million South Sudanese who have fled their war-torn homeland for the safety of Uganda. Every day she woke up and made porridge for her five children along with three orphans she cared for, collected firewood for the stove, and then waited for the day to end. Like most refugees in the camps, Lily's family depended on the beans and corn that the United Nations distributed once a month to keep her family from starving. But finding the funds to send the children to school, or to treat them when they fell ill, was impossible.

When Lily and two partners received the opportunity to start a business with the help of Village Enterprise, the feeling of hopelessness began to dissipate. Lily, Jane, and Asuku opened a restaurant, using their initial grant to rent a space, cookware and the ingredients needed to make the food. In just a few weeks, their business began to grow.

Now when you enter Lily, Jane, and Asuku's restaurant, the smell of caramelized onions and simmering beans fills the space with a welcoming aroma. Lily and her partners use their profits to buy vegetables for a more balanced diet and to pay for their children's school fees. They are also saving money to build a larger restaurant. "I feel proud to see people eating our food," Lily confessed proudly. "We want to run a good restaurant. Eventually we'll open a larger one.... Now when we wake up, we have hope."



Key achievements in 2018/19 – cont'd

Founder Patron of Future Youth Zone in Barking & Dagenham

This year, the Foundation also became a founder patron of the OnSide Future Youth Zone in Barking & Dagenham, which opened in May 2019. Located in an area where 37% of children live in poverty, the centre will offer young people aged 8-19 a safe space to engage in sport, music, and arts & crafts. Some will also be offered more targeted support, for example around employability or well-being.

Since opening, nearly 5,000 young people have signed up as members, and there have been over 25,000 visits to the centre.

The centre also operates a much-needed Holiday Club, providing young people with activities and a hot meal.

In addition to financial backing, the Bridges team provided OnSide with *pro bono* support on everything from marketing and impact measurement to catering best practice.



Key achievements in 2018/19 – cont'd

Social Investment

Bridges Social Entrepreneurs Fund continues its pioneering work

The Foundation's social investments have been catalytic, most notably, by seeding the pioneering social investment funds of Bridges, which have since had wide-ranging 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. Although the UK was already becoming a global leader in social enterprise, many of these organisations were still not able to access the capital they needed to achieve greater scale. 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. In addition, SEF was one of the first funds in the world to invest in social impact bonds (SIBs). This allowed us to develop a knowledge and skills base in this emerging field, which ultimately led to the Manager raising the dedicated Bridges Social Impact Bond Fund – the first of its type anywhere in the world. In total, SEF invested in 13 of these projects, either directly or through a co-investment arrangement with the Social Impact Bond Fund.

The investment period for SEF ended in February 2016, and the Manager continues to focus on driving impact and financial value in the remaining portfolio (which now consists of three social businesses and seven SIB co-investments). In terms of realised value, the Manager distributed £676k to investors in the year, increasing total SEF distributions at year-end to £6.9m.

We have also continued to deliver powerful social and environmental impact, with key metrics growing across the portfolio. Commonwealth Housing has now housed over 100 care leavers and rough sleepers in housing need; Unforgettable is now selling dementia care products to over 35,000 unique customers; and all 37 of LEYF's nurseries continue to be rated 'Good' or 'Outstanding' by OFSTED.

Meanwhile our SIB projects are continuing to help re-engage young people with education, keep children out of the care system, and support people with long-term chronic health conditions.

Crucially, SEF has also had a broader systemic impact. A number of its investments have catalysed similar models within their respective markets. Equally, it has itself catalysed the growth of the social investment market, by proving the fund model. A notable example of this is the subsequent launch of the Bridges Social Impact Bond Fund. Without SEF's pioneering SIB investments, this might never have been possible.

The total invested and committed by SEF at March 2019 was £7.7m, or 76% of the revised commitments. The gross value of the fund at year-end (after adjusting for the previously released commitments) was £8.5m.

LEYF, a Bridges Social Entrepreneurs Fund investment



Key achievements in 2018/19 – cont'd

Bridges Evergreen Holding completes a second fundraise

Bridges Evergreen Holdings is a long-term capital vehicle, providing flexible finance for mission-driven businesses looking to scale over time.

The Foundation has continued to support Bridges Evergreen Holdings, which completed a second fundraising during the year, taking its total capital raised to date to over £50m. The Foundation's early support of this pioneering investment vehicle continues to unlock financial commitments from other investors, which in turn will enable the Manager to prove the concept further.

Evergreen's first investment was in New Reflexions, a Shropshire-based business that provides specialist residential care for children with complex needs. Its placements combine care, education and therapy. Last year it delivered over 16,500 days of care to some of the most complex and challenging young people in the UK.

Evergreen has also invested in Shaw Healthcare, the UK's largest employee-owned residential care provider for the elderly. Shaw has around 2,000 care beds across the country and 3,000 employees. Its ethos is to provide high-quality 'care for a loved one' at accessible rates; two-thirds of its care beds are Local Authority-funded and the remainder

are privately-funded. It is one of the UK's top 10 employee-owned businesses, with a culture of employee engagement and person-centred care. Shaw chose to partner with Evergreen because of our long-term approach, strong values alignment and sector experience.

The Ethical Housing Company, Evergreen's third investment, is a new model that the Manager hopes can become an industry exemplar. In Teesside there is a real shortage of decent, affordable private rented housing for people on lower incomes or in receipt of benefits. To tackle this challenge, local entrepreneur Carla Keegans set up a social enterprise called The Ethical Lettings Agency (TELA), to manage third-party rental properties, let them to vulnerable people, and support these households to maintain their tenancies. The Ethical Housing Company model involves acquiring a portfolio of quality affordable homes for TELA to manage and let. So far the portfolio consists of around 50 houses; but over time, the Manager's ambition is to acquire 1,000+ homes in both Teesside and other areas of the country where there are individuals and families in housing need.

Evergreen made no new investments during the period.

Shaw Healthcare, a Bridges Evergreen Holdings investment



Key achievements in 2018/19 – cont'd

Market-building via the Impact Management Project

The Foundation has also supported social and sustainable market-building in the UK and globally, by funding thought-leadership work and publications. Recent notable initiatives include its support of the UK National Advisory Board on Impact Investing. Most recently, the Foundation has supported The Impact Management Project.

The Impact Management Project (IMP)

The IMP is a global initiative – facilitated by the team at Bridges Insights, the manager's non-profit field-building practice – to build consensus around the shared fundamentals of impact measurement and management.

In the last few years, the field of sustainable and impact investing has seen an unprecedented number of new entrants, as more and more investors recognise the opportunity it represents. This is a hugely exciting trend, but it also poses a significant challenge. Unless we agree some common definitions and standards, how will all these players be able to work together in pursuit of shared impact goals? How will investors be able to compare impact performance – and distinguish genuine impact from mere 'impact-washing'?

Enter the Impact Management Project (IMP). IMP is a global, sector-wide effort to agree a common framework for analysing, measuring and reporting on impact. Launched in 2016 as part of the Manager's field-building efforts (based on previous work done for family office clients and other large investors), IMP's first breakthrough was to bring together over 2,000 stakeholders from around the world to agree a common definition of impact.

Now an independent not-for-profit project, the IMP's focus is on translating this shared understanding into a complete set of end-to-end guidelines for impact measurement and management. To achieve this, IMP is currently facilitating an unprecedented collaboration – the IMP Structured Network – between some of the world's leading standard-setting organisations, including the United Nations Development Programme, the Principles for Responsible Investing, and the Global Reporting Initiative.

The launch of the IMP Structured Network at the UN General Assembly in New York in 2018



Key achievements in 2018/19 – cont'd

Family Activities

Family Activities supplement the Foundation's giving 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 initiative was started in 2014 with an allocation to date of £40,000, of which £22,000 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. Last year, we had 3 requests from Bridges colleagues, who have participated in cycling and running events to raise funds for 40tude, Fox School and Impetus-The Private Equity Foundation.

Two members of the Bridges team took part in a cycling event to raise funds for 40tude in aid of curing colon cancer. They cycled some 480km over 3.5 days with an elevation gain of 7,489 meters, which is marginally short of climbing the equivalent of Everest on a bike.

Currently, the Foundation is supporting a team of Bridges colleagues and friends who are running the Royal Parks Half Marathon in October to raise funds for The Brain Tumour Charity, in support of Bridges' former chairman Peter Englander. We have ambitious targets, both for finishing times, but especially to raise huge amounts for this worthwhile cause we all feel very strongly about.

The Benevolent Fund

The 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 since inception. To date, over £4,000 has been spent. There was no request made in the current time period.

40tude



Key achievements in 2018/19 – cont'd

Donor-Advised Pool gives away initial £26,000

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.

To date, over £43,000 has been given to a range of organisations. This year, 13 requests have been made, totalling over £26,000.

A donation of £4,400 has been made to the University of York's Futures Appeal, which enables the donor to support a student for a whole term. The National Osteoporosis Society has been given £2,000. Two donors have jointly given £5,000 to the United Kingdom Historic Building Preservation Trust, which specialises in the restoration and rejuvenation of heritage buildings at risk of decay or demolition. The Prince's Regeneration Trust (PRT), which backs community heritage 'at risk' projects throughout the UK and helps them to find a sustainable future, has been supported with £2,500.

A donation of £1,000 has been made to Afrikids, an organisation seeking to listen to local people and empower them to make

sustainable changes themselves so that every child in northern Ghana can be happy, healthy, safe and in school. £1,000 has also gone to Farm Africa, which works with farmers in East Africa to improve their productivity and business management. They promote sustainable management of fields, forests and grazing lands as well as helping farmers manage the impacts of climate change.

£1,000 has been given to the Big Change, a charity that helps the next generation to succeed in life. It looks to tackle the root causes of the problems faced by young people today, backing projects at a very early stage when no one else will. Dream Big, which helps girls from underprivileged backgrounds that have been subject to abuse, empowering them through sport and physical activity, has been awarded £1,000.

In addition, the Donor-Advised Pool has also supported The Royal National Lifeboat Institution, Cancer Research, a field-building research report, as well as the Oak Centre for Children and Young People at the Royal Marsden.

Afrikids



Key achievements in 2018/19 – cont'd

Link with Bridges Impact Foundation US

The Foundation has regular updates with its sister organisation in the US, as we look to align our efforts and engagement opportunities.

The MIINT programme

The MIINT (MBA Impact Investing Networking and Training) programme, which we run in partnership with the Wharton Social Impact Initiative, is an experiential training course 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.

The Foundation's US arm supports the MIINT through financial assistance and *pro bono* support from the wider Bridges team.

www.themiint.org



Future Plans

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

- › **Venture Philanthropy:** We are in the process of identifying another investment under our mandate to improve mental health outcomes for children and young people. We continue to further support our charity partners with *pro bono* support and volunteering where appropriate. We will review our focus area at the end of the calendar year, and discuss whether we continue with the same outcomes area, or whether we add a second outcomes area. We are also actively looking to work in partnership with other funders and stakeholders.
- › **Social Investing and Market-building:** We will review our current activities and refine our strategic focus going forwards.
- › **Bridges Family Activities:** We are excited to support a big Bridges team fundraising event for the Brain Tumor Charity. The team, called Peter's Park Pounders, is signed up to run the October Royal Parks Half Marathon, and we have ambitious goals for our fundraising in support of this cause.

Financial Review

Fundraising

During the year, a number of the funds managed by Bridges Fund Management Limited were able to achieve a profit and therefore make a payment of carried interest ('carry') to the Bridges Fund Management team.

The Bridges Fund Management team, both existing and those that have now moved on to other workplaces, have committed to donate a portion of their carry to benefit the Impact Foundation. This resulted in the Foundation receiving donations totalling £32,168 during the period. Gift Aid has also been claimed on these donations and will be received in the 2019/2020

financial year. The Foundation had received donations totalling £737,600 in respect of carry received during the prior period (18/19).

As more of the Bridges funds enter the realisation phase, and particularly as some of the larger investments in the Bridges portfolio start to be exited, the Foundation expects this arrangement to create a steady funding stream for the Foundation – and one 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 from its restricted funds totalling £28,284 (2018: £58,497) and received total distributions of £244,017 (2018: £643,999).

The gross value of the Fund at the year-end after adjusting for released commitments was £8.5m. Of the 16 investments that remained in the portfolio at the prior year end, two have been fully realised with positive returns, five have been revalued upwards, four have been held at cost and two investments have been fully provided for. In addition, a further £1m was committed to the second hand of fundraising. These funds have not yet been drawn down.

In relation to its commitment to Bridges Evergreen Holdings, the Foundation made contributions from its restricted funds totalling £90,191 (2018: £1,059,485) and distributions have been received of £46,257 in the year to March 2019 (2018: NIL) in the form of a Dividend payment.

At the year-end, £18.1m had been drawn down from investors in the Bridges Evergreen Capital Fund since the commencement of the Fund on 6 July 2016. This represents 35% of commitments and has been used to fund Evergreen's investments in New Reflexions, Shaw Healthcare and The Ethical Housing Company, as well as Priority Profit Share and other fund expenses.

Governance costs for the Foundation were higher than the previous year at £22,756 (2018: £9,214). 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 procurement, both in the UK and beyond, by delivering better outcomes and better value for the public purse.

The Trust's seed investment in Unforgettable has helped to launch a thriving online social business which has clear potential to help the 50 million or so people who are struggling to deal with dementia around the world.

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

To ensure best practise 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 charity 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

The incorporated charitable company Bridges Impact Foundation was connected to Bridges Capital Ltd by virtue of the fact that it held B shares in the company. The Foundation did not exercise control or significant influence over Bridges Capital Ltd as the B shares are non-voting shares. Bridges Capital Ltd was dissolved on April 9th 2019 via voluntary strike off.

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 control or significant 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 except in the event of a sale or liquidation.

The Foundation occupies office space and shares management personnel with BFM Ltd. In addition, BFM Ltd provides fund management services to the Foundation in connection with its income funds.

At the year end, one of the Trustees, Michele Giddens was a director of Bridges Fund Management Ltd. In addition, Mila Lukic was an employee of Bridges Fund Management Ltd.

Bridges Social Entrepreneurs Fund LP

Bridges Social Entrepreneurs Fund LP is constituted under a Limited Partnership Agreement and attracts funding which is invested in social enterprise initiatives that have strong potential philanthropic benefit.

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

Social Entrepreneurs Fund LP are managed by Bridges Fund Management Ltd.

The investors in the Bridges Social Entrepreneurs Fund, 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 Evergreen Holdings

Bridges Evergreen Holdings is constituted under a Limited Partnership Agreement and attracts funding which is invested in social enterprise initiatives that have strong potential philanthropic benefit.

The general and controlling partner of Bridges Evergreen Holdings 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 Holdings, 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.

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.

We currently have four independent trustees, two of whom will step down in the coming year: Charles Mindenhall will step down and hand over the chair role to Victoria Hornby, and Anne-Marie Harris will also step down.

Mila Lukic, a Bridges trustee, will also step down. We are most grateful for the contributions of our retiring trustees.

Antony Ross will join the board as a senior partner of Bridges Fund Management, to join Michele Giddens. We have also run a process and elected two Bridges colleagues to the Board: Kyle Bentwood and Giuseppe Catarozzo.

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.

The Foundation will continue to seek out new independent Trustees as appropriate.

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 Social Entrepreneurs Fund and Bridges Evergreen Holdings 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.



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 and obviate 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 totalling £896,856 (2018: £1,075,399) of which £33,394 is designated and £896,856 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 totalled £3,668,509 (2018: £3,789,083) at the year end, but are pending 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 Foundations'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.

In so far 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:



Charles Mindenhall

Chair of Board

Date: 23rd September 2019

BRIDGES

Impact Foundation

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Bridges Fund Management, September 2019