



The Bridges Charitable Trust

Trustees' Annual Report & Accounts

For the year ended 31 March 2016

Registered Company No. 06864617

Registered Charity No. 1129756

From the Chair



Dear friends

I am delighted to present the Bridges Charitable Trust 2015/16 Annual Report & Accounts.

Five years ago, the Trust seeded the launch of a new fund, to be managed by Bridges Ventures. The Bridges Social Entrepreneurs Fund (SEF), which reached the end of its investment period in 2015/16, was the first investment vehicle of its type in the UK: an institutional closed-ended fund providing quasi-equity to ambitious social sector organisations. In doing so, it has blazed

a trail for others to follow: there are now a number of other similar funds in the market, all of which have contributed to the development of a much broader and more vibrant social investment market.

As well as being pioneering in its own right, SEF also supported the development of another innovative fund model: the Bridges Social Impact Bond Fund, the first fund in the world dedicated to helping social sector providers deliver public sector outcomes contracts. Again, this has played an important role in proving the concept, and the lessons the Bridges team have learned from the 13 contracts they have supported to date are now playing a vital role in informing the development of outcomes-based commissioning around the world (p. 7).

In addition to its clear systemic impact, we are very proud of some of the Fund's individual success stories. On p. 4, we look at one such example: CASA, an innovative employee-owned social enterprise, which provided an exit for the Fund during this financial year. Its commercial growth has been impressive – a 250% increase in top-line revenue during the period of Bridges' investment. But crucially, what this means in practice is that it has been able to provide an additional 12,000 hours of care a week to elderly, disabled and vulnerable patients across the North of England – people like [Ian in Wythenshawe](#), who receives 24/7 care from a four-strong CASA team.

In light of these successes, SEF was an extremely deserving winner of the 'Institutional Social Investment Award' at the prestigious Cabinet Office Social Investment Awards recently – a category that recognises "an investment deal or product that has created demonstrable social impact at scale".

So what next? We are pleased to report that the Trust has agreed to support Bridges' latest innovative fund model: Bridges Evergreen Capital, a new permanent capital vehicle that will provide long-term financial, strategic and operational backing for mission-driven organisations (p. 5).

The Trust is funded primarily by the Bridges Ventures team, who have committed to donate 10% of their individual profits to the charity – and as Bridges' assets under management grow, and the various funds successfully exit their investments, this is resulting in a growing stream of income for the Trust. Supporting new funds like Evergreen (where appropriate) is one way for us to utilise this additional firepower. But we are also actively working with the Bridges team to identify new ways of achieving our objectives. As always, your ideas and feedback would be welcome.

Victoria Hornby

About the Trust

Objectives and Summary of Activities

The Bridges Charitable Trust was first set up in 2007 to provide a philanthropic complement to the work of Bridges Ventures LLP, a fund manager that specialises in sustainable and impact investment.

In 2009, the Trust was incorporated as a charitable company, with all the trustees of the original charity becoming directors of the new company.

The trustees are able to use the charity's resources to support and promote any purposes which are exclusively charitable according to the laws of England and Wales.

Its primary objective is: **"the promotion for the benefit of the public of urban or rural regeneration in areas of social and economic deprivation"**.

This could involve (for example):

- The relief of financial hardship
- The advancement of education, training or retraining, particularly among disadvantaged young people and the unemployed
- The provision of housing for those in conditions of need
- The provision of public health facilities and childcare
- The protection of the environment
- The advancement of the education of the public

The Bridges Ventures team (both past and present) have committed to donate the equivalent of 10% of the 'carried interest' (profits) arising from the funds managed by Bridges Ventures to the Charitable Trust. These donations are then to be distributed by the trustees to support charitable activities that relate to the work and interests of the team members.

The Trust therefore provides a means for the Bridges team to:

- Channel and amplify their philanthropy;
- Promote the broader social impact investing market;
- Engage in community activities and support.

The first initiative of the Trust was to act as cornerstone investor in the creation of the Bridges Social Entrepreneurs Fund, which was established to provide equity and equity-like capital to fast-growing social enterprises seeking to scale.

In addition, the Trust has also been able to use its charitable status to commission and support various initiatives that have helped to support the growth of the broader social investment market, usually working in conjunction with members of the Bridges Ventures team.

Regulatory details

Company Registration Number: 06864617
Registered Charity Number: 1129756

Directors

The trustees who served during the year were:

- Victoria Hornby (Chair)
- Charles Mindenhall
- Anne-Marie Harris
- Mila Lukic (Bridges Ventures representative)
- Mark Norbury (resigned 01/10/15)
- Carolyn Maddox (resigned 01/10/15)

Secretary

Helen Senior

Registered Office

38 Seymour Street
London W1H 7BP

Auditors

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

Bankers

HSBC Bank Plc
Coventry DSC
Harry Weston Road
Binley
Coventry
CV3 2TQ

Key achievements in 2015/16

Another significant exit for the Social Entrepreneurs Fund

The Bridges Social Entrepreneurs Fund (SEF), which the Trust seeded in 2009 with a £4.2m commitment, reached the end of its investment period during the year.

SEF was the first of its kind in the UK: an institutional closed-ended fund designed to provide quasi-equity – plus strategic and operational support – to help ambitious social sector organisations achieve greater scale.

By providing additional capital to enable growth, and by working with management to develop more sustainable processes, SEF has allowed social sector organisations to compete with private sector businesses on a more equal footing. Moreover, it has shown that in some cases, social business can actually have a competitive advantage – because they are more attractive to Government commissioners, for example, or because their higher levels of employee engagement help them to deliver a better service, or because they enjoy greater customer loyalty.

An excellent example of this is CASA, an employee-owned social enterprise that provides high-quality domiciliary and complex health and social care to older, disabled and vulnerable people. Bridges invested £400k in CASA in 2011. At this point, CASA was providing about 4,500 hours of care a week.

To combat the high staff turnover often found in this market, Bridges helped CASA develop an employee-owned (but centrally-run) model whereby staff can influence decision-making, achieve more career progression and share in

its financial success. As a result, staff turnover is about one-third lower than the sector average, which leads to higher quality and consistency of care for service users.

Four years on, CASA provides more than 16,000 hours of care a week, a rise of over 250%. By positioning itself as a flexible, socially-minded, locally-focused partner, CASA has been able to secure a number of new contracts from local commissioners, boosting revenues by over 250%. Across its six branches in Newcastle, North Tyneside, Knowsley, Leeds, Manchester and Warrington, CASA now employs over 700 people, over 93% of whom are drawn from traditionally underserved areas (CASA paid out £7m in remuneration to these employees in 2015).

Indeed, CASA has been so successful that this year, it was able to raise a second round of social investment, this time led by Big Issue Invest. This allowed SEF to exit its investment, generating a distribution to the Trust of just under £450k in the process.

This exit – like the earlier successful exit from HCT (a community transport company) – provides another clear illustration of the impact SEF has been able to achieve, thanks to the Trust's support. More broadly, its innovative model created a template that was easily replicable by other fund managers; and a number of similar vehicles have since been developed along these lines. So the fund has also had a catalytic impact on the broader social investment market.

CASA, Social Entrepreneurs Fund



Key achievements in 2015/16 - cont'd

Supporting the launch of a pioneering new fund vehicle

In light of the success of the Trust's investment in SEF – and via SEF, its subsequent support of the Bridges Social Impact Bond Fund (p. 7) – the Trustees have continued to work with the Bridges team to explore new fund models with the potential to have a powerful impact at both an investment and systemic level.

As a result, the Trustees chose during the period to commit £2m to Bridges Evergreen Capital ("Evergreen"), a new kind of investment vehicle developed by the Bridges team. Structured as a holding company, it is designed to provide permanent capital as well as hands-on support to mission-led businesses, generating its returns through ongoing yield rather than exits. This will enable it to help ambitious organisations grow over the longer term, freed from the typical constraints of a closed-ended fund model.

It is expected that Evergreen will employ a 'social buyout' model to acquire a range of assets – including private companies, government-owned entities and trading charities – and support them to become mission-locked businesses (that is, their commitment to their societal mission will be enshrined in their articles). It will invest within Bridges' four impact 'themes' (health

& wellbeing, education & skills, sustainable living, underserved markets), with a particular focus on organisations that deliver public sector contracts and/or have a model that would make an exit or other liquidity event difficult (for instance, if they are employee-owned).

The structure of SEF meant that it could only invest in organisations like these for a finite period, because of the need to provide an exit for the fund. The Bridges team believes Evergreen's model will allow them to provide the sort of patient, mission-aligned capital that the likes of CASA (p. 4) really value – and will mean that Bridges can support their growth over a much longer time frame.

Since Evergreen is intended to be a natural successor of Bridges' previous social sector funds – all of which have been supported by the Trust – the Trustees firmly believed that it made sense for the Trust to support this latest pioneering vehicle too. Evergreen held its first close at £16.5m in the summer following the end of the period, so the £2m commitment will be reflected in next year's accounts. It is expected to begin investing during the current financial year.

HCT, Social Entrepreneurs Fund



Key achievements in 2015/16 - cont'd

A strong start for Unforgettable

In October 2014, the Trust provided seed funding of £44k to Unforgettable, a business that aims to improve the lives of those affected by dementia and memory loss.

This funding allowed founder James Ashwell to work with the Bridges team to incubate the idea and develop the business plan – as a result of which, the Social Entrepreneurs Fund subsequently committed £700k to support the launch the business. This, in turn, allowed Unforgettable to go to market and raise an additional round of funding in June 2015, including a £500k investment from Impact Ventures UK. As such, the Trust's original seed investment has now catalysed almost £1.5m of additional social investment.

At the start of this period, Unforgettable moved into its own premises, and in September, publicly launched its site – which brings together specialised products, practical advice and a supportive community – for the first time.

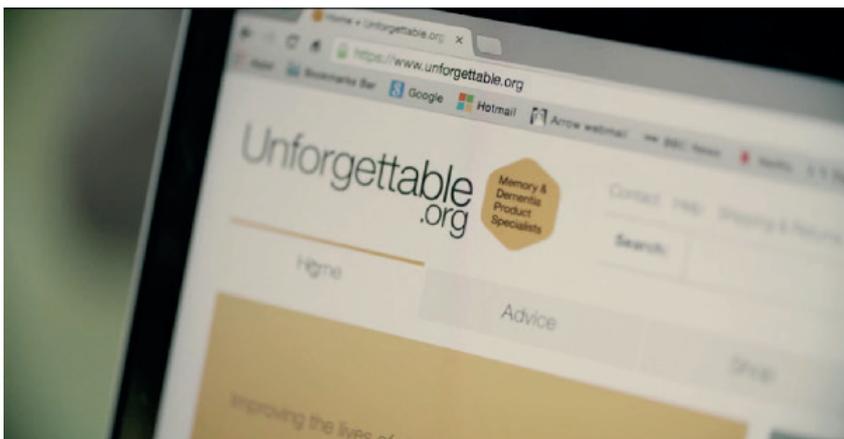
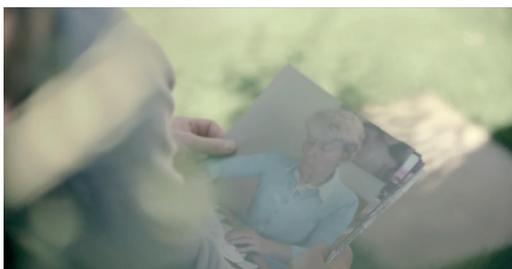
We are pleased to report Unforgettable.org has gone on to enjoy a highly successful first year. It has already welcomed over 250,000 unique visitors to the site, and traffic is currently growing at 30% month on month; this has been supported by a strong content

creation strategy (it has already published over 500 proprietary articles covering all areas of dementia) as well as some highly successful public relations activity; for instance, it was recently shortlisted as 'Startup of the Year' in the Guardian Sustainable Business Awards. It has also established partnerships with all the leading dementia charities in the UK.

Commercially, it now offers over 2,000 products and has acquired more than 3,000 customers – more than a third of whom are from under-served areas. Revenue grew by 70% month on month in the quarter following the end of the period, putting the current run rate at over £400k per annum. Customer feedback has been strong: 93% said Unforgettable's products had helped them, while over 90% of its products are currently rated 4* and above.

Unforgettable's mission is "to improve the quality of life of all those living with dementia & other neurodegenerative diseases by creating the world's best marketplace for dementia products and services". The Trust welcomes the progress it has made in its first year of operation, and fully expects it to go from strength to strength in the coming year – which is also likely to see another round of fundraising to support its next phase of growth.

Unforgettable, Social Entrepreneurs Fund
James Ashwell, Unforgettable



Key achievements in 2015/16 - cont'd

Building the market for social impact bonds

The Bridges Social Impact Bond Fund (SIBF) is managed by Bridges Ventures and indirectly supported by the Trust via a £2.5m co-investment allocation within the Social Entrepreneurs Fund (SEF).

SIBF was the first (and remains to date the only) investment vehicle in the world dedicated specifically to investment in social impact bonds (SIBs). It provides working capital and, importantly, operational support to help social sector organisations deliver outcomes contracts in areas such as homelessness, healthcare, children's services and youth employment. As such, it chimes well with the Trust's stated aim to support the advancement of education and training, particularly among disadvantaged young people.

Although this was a quiet year for new investments, the SIBF team has been working hard to deliver strong impact performance from its existing portfolio of SIBs.

Notably, Ways to Wellness – a 'social prescribing' programme in Newcastle that helps people manage long-term health conditions more effectively – has got off to a strong start: in its first year of operation, it exceeded its ambitious target with 1,126 successful new patient referrals, and delivered an average improvement in patient-reported wellbeing of four points on the Well-being Star (more than twice its target).

Meanwhile, Bridges' Fair Chance Fund SIBs – which target improved outcomes for homeless and unemployed people aged 18-24 – have worked with more than 900 young people in their first 15 months of operation, helping over 650 into accommodation and about 150 into employment.

Bridges has also made significant progress in its ongoing efforts to support the growth of the broader market for outcomes-based commissioning. Again, this clearly aligns with the Trust's aims to advance the education of the public about the value of outcomes-based

commissioning in the public sector, and to promote the broader social impact investing market.

A key aspect of this was the publication of '[Better Outcomes, Better Value: The Evolution of the SIB Market in the UK](#)', a short report intended to encapsulate some of the lessons Bridges has learned from its experience of investing in SIBs to date. The report argues (*inter alia*):

- Outcomes-based contracting is already delivering better results for Government in key policy areas
- SIBs/outcomes contracts should be seen as a tool to drive greater efficiency in existing services, not just to de-risk innovative new ones
- Outcomes contracts will ultimately have to offer better value than any available alternative, or there is no reason to think they will succeed at scale

The team has also been working closely with the Cabinet Office to support its policy development around outcomes-based commissioning. A notable consequence of this process was the establishment (subsequent to the end of the period) of the Government Outcomes Lab at the Blavatnik School of Government, part of the University of Oxford. This is intended to provide data and resources that will make it easier for central and local Government to commission contracts on an outcomes basis.

The Trustees continue to be impressed with the impact the SIBF is delivering at a programme level, and the catalytic impact the team is having on the broader market. It is our hope that these efforts – and the ongoing policy support from central Government – will result in a substantial increase in the pipeline of new investment opportunities for the fund in the coming year.

Birmingham Children in Care, Social Impact Bond Fund
Ways to Wellness, Social Impact Bond Fund



Key achievements in 2015/16 - cont'd

Funding the secretariat for the UK National Advisory Board

The Global Impact Investment Steering Group is a successor to the Social Impact Investment Taskforce, which was established by former Prime Minister David Cameron during the UK's presidency of the G8. Its aim is to advance the global impact investment agenda across a wider membership of 13 countries plus the EU (the G8 countries minus Russia plus Australia, Brazil, India, Israel, Mexico and Portugal).

To participate, each member country must have a National Advisory Board (NAB). During the period, Michele Giddens (co-founder of Bridges Ventures and the Bridges Charitable Trust) was appointed as chair of the UK NAB. To assist her in this important leadership role, the Trust agreed to fund a part-time secretariat, at a cost of £15k as well as expenses. This enabled Bridges to offer a full-time role (split between the NAB and the Bridges funds) to Zoe Burgess.

Michele and Zoe have since been able to bring together an impressive group of senior leaders to sit on the NAB; they include David Blood, co-founder of Generation Investment Management; Sacha Romanovitch, CEO of Grant Thornton; Saker Nusseibeh, CEO of Hermes Investment Management; and Alan Milburn, former Cabinet Minister and now chair of the Social Mobility and Child Poverty Commission.

They have also been able to put together a strong Practitioners Council, featuring many of the leading impact investors in the UK – including Cliff Prior, CEO of Big Society Capital; James Perry, co-founder of UK B Lab; Kieron Boyle, CEO of Guy's and St Thomas' Charity, and Rod Schwartz, CEO of ClearlySo.

The UK National Advisory Board and Practitioners' Council have agreed to focus on five key areas over the next year:

- Raising the profile of profit-with-purpose businesses
- Tackling the 'financial intermediary challenge'
- Placing impact effectiveness at the heart of public sector procurement
- Encouraging a more systematic approach to impact measurement and management
- Supporting the growth of impact investing in the developing world

As such, the aims of the NAB are very much in line with the Trust's own aims of supporting and promoting the growth of the broader social investment market. The NAB's work will ultimately inform three to five recommendations to strengthen and scale the UK impact investment sector, which the group plans to publish in a report in Q1 2017. The role of the secretariat will be crucial to the achievement of that goal, and so the Trust is delighted to be able to support it.



Michele Giddens



Zoe Burgess



www.uknabimpactinvesting.org

Key achievements in 2015/16 - cont'd

A new Matched Giving programme

This was the first full year of operation for the Matched Giving facility, which the Trust introduced in the previous financial year.

An initial allocation of £20,000 has been made available to match charitable fundraising or donations by individual members of the Bridges team to a maximum of £1,000 per team member per annum, thus amplifying their contribution to their chosen charity.

During the year, the Trust made a number of awards from the facility:

- £1,000 for the National Orchestra for All
- £250 to support disaster relief in Nepal
- £1,000 to Myeloma UK
- £1,000 to Great Ormond Street Hospital Children's Charity
- £650 to the Brain Tumour Trust
- £3,000 to the St Mark's Hospital Foundation (N.B. three team members fundraising; see below)
- £1,000 to Shelter

Post year-end, the Trust has also made matching donations of:

- £722 to Save the Children
- £1,000 to Teens & Toddlers
- £724 for Cancer Research UK (pending)

The Trustees will continue to work with the Bridges team to raise awareness of this facility and to encourage applications.

Fighting bowel cancer with St. Mark's Hospital Foundation



Bowel cancer is the fourth most common cancer in the UK, with over 100 new cases diagnosed every day (cf. Cancer Research UK). The early detection and treatment of bowel cancer is vital, since it is one of the easiest cancers to treat if detected early but one of the most difficult to treat if detected late. Early screening and detection of bowel cancer and the diagnosis and treatment of other bowel disorders are vital tools in avoiding preventable deaths.

St. Mark's Hospital Foundation in Harrow works to bring about a future free from the fear of bowel disease, by supporting cutting-edge research, education and the dissemination of clinical excellence worldwide.

In September 2015, three of the Bridges Ventures team took on the challenge of raising funds for St. Mark's Hospital Foundation. Philip Newborough, Managing Partner, Steve Morrison, COO, and Paul Richings, CFO, took part in the *40tude 2015 Rewind Cycle Challenge* from Paris to London – a mammoth 3-day, 480km bike ride to raise funds to help the Foundation's vital research. 'Team Bridges' hoped to raise £6,000, but ultimately – thanks in part to a matched donation of £3,000 from the Trust – they were able to raise an impressive £11,800.



Other activities and achievements

A new online portal for SIBs

In the previous financial year, the Trust made a restricted grant of up to £7k available to help the Bridges Ventures team develop the concept of an online portal for social impact bonds.

The team’s vision was to create a web-based portal that could act as a central repository for data, analysis, and commentary related to all the social impact bonds commissioned globally – and in doing so, help to accelerate the growth of this nascent market. In the team’s view, this would be best achieved if the site was an independent, market-wide initiative. So the Trust agreed that any further funding would be predicated on Bridges bringing together an alliance of interested parties.

As part of this process, Bridges developed a strong relationship with the Brookings

Institution, a leading and highly-regarded U.S. think-tank doing an increasing amount of work on social and development impact bonds. We are pleased to report that Brookings has since taken the decision to design, finance and build its own SIB portal – which will include many of the features Bridges had included in its original proposal (a Bridges representative may also sit on the advisory board for the portal post-launch).

The end goal of the Bridges team was always the creation of a rigorous, independent online portal with a global outlook. It believes Brookings is ideally placed to deliver this. Since the work of the Bridges team clearly contributed significantly to this very positive outcome, the Trustees are delighted that its grant has had the desired catalytic impact.

Future Plans

The trustees expect to continue with all their current activities and functions, while also exploring additional possibilities to generate impact.

The emergence of a new funding stream via carried interest-related donations in the last three financial years has already increased the Charity’s balance sheet strength, and the Trustees expect this trend to continue in the coming years. This should give the Trustees the capacity to support a broader range of charitable causes.

As such, the Trust is actively engaging with the Bridges team to establish what those causes should be. During a recent series of internal strategy days, Bridges staff were asked to think about what the Trust should be looking to achieve. This led to a number of interesting suggestions about future strategies, which will be assessed and evaluated in due course.

Depaul UK, Social Impact Bond Fund
Teens & Toddlers, Social Impact Bond Fund



Financial Review

Fundraising

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

The Bridges Ventures team, both existing and those that have now moved on to other workplaces, have committed to donate the equivalent of 10% of their carry to benefit the Charitable Trust. This resulted in the Trust receiving donations totalling £234,263. With the addition of Gift Aid of £59,358 – which has not been accrued but will be claimed during the 2016/17 financial year - the Trust will ultimately receive donations totalling £293,621 in respect of carry received during the period.

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 Trust expects this arrangement to create a steady funding stream for the Charity – and one that is likely to rise over time. This should allow the Charity to expand its activities further in the coming years.

Post year-end, a further £10,995 pre-Gift Aid was received by the Charity.

Investments

The Trust made contributions in the period from its restricted funds totalling £279,798 (2015: £553,921) and received total distributions of £963,322 (2015: £406,634) in relation to its investment in Bridges Social Entrepreneurs Fund LP.

The amount drawn down to date is shown as long-term programme related investments in the Balance Sheet at 31 March 2016.

The gross value of the Fund at the year-end was £10.1m after allocating the General Partner's priority profit share of £0.2m. All of its 21 investments are held at cost, with the exceptions of Call Britannia which has been written off, Auto 22 which has been fully provided for, IAAM which has had a £55k provision, and the Triodos New Horizons, Teens & Toddlers Innovation Fund and Action for Children's Children Support Services SIBs which have had a £7k, £60k and £242k uplift respectively.

Total funds committed by the charity to Bridges Social Entrepreneurs Fund LP remain the same as at 31 March 2015, amounting to £4,240,252. The remaining commitment will be drawn down from the charity as requested by Bridges Social Entrepreneurs Fund LP. After the end of the year, the Fund elected to cancel some commitments as they are no longer required. This has reduced the outstanding commitment of the charity to the Fund from £1.4m to £0.8m.

Governance costs for the Trust were broadly in line with the previous year at £13,377 (2015: £12,691), covering legal and audit fees. Administration and investment services are performed by Bridges Ventures LLP (previously Bridges Ventures Limited) on a pro bono basis. It is not possible to quantify the value of this work.

Action for Children, Social Impact Bond Fund
LEYF, Social Entrepreneurs Fund



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 a cornerstone investor in the Bridges Social Entrepreneurs Fund, which in turn co-invests alongside the Bridges Social Impact Bond Fund, the Trust has helped to channel capital to innovative and ambitious

social sector organisations looking to create long-term, sustainable impact at scale.

The Trust's seed investment in Unforgettable has helped to launch an 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 new Matched Giving facility amplifies and thus incentivises individual charitable fundraising by members of the Bridges team.

The SIB portal will, it is hoped, help to provide a knowledge bank that is publicly available that will enable more SIBs or SIB type programmes to be created worldwide.

Community Links, Social Impact Bond Fund
St Basils, Social Entrepreneurs Fund



Relationship with other entities

Bridges Capital Limited (previously Bridges Ventures Limited) and Bridges Ventures LLP

The incorporated charitable company Bridges Charitable Trust is connected to Bridges Capital Ltd by virtue of the fact that it holds B shares in the company. The Trust does not exercise control or significant influence over Bridges Capital Ltd as the B shares are non-voting shares.

Bridges Charitable Trust is connected to Bridges Ventures LLP by virtue of the fact that it is a corporate member of the partnership. Under the terms of the LLP agreement, it has no right to any of the profits or losses of the LLP except in the event of a sale or liquidation. It does not exercise control or significant

influence over Bridges Ventures LLP as it has no voting control except in certain situations governing a change of the mission of the LLP or in the event of a sale or wind up.

The Trust occupies office space and shares management personnel with Bridges Ventures LLP. In addition Bridges Ventures LLP provides fund management services to the Trust in connection with its income funds.

At the year end, one of the trustees, Anne-Marie Harris was a member of Bridges Ventures LLP. In addition, Mila Lukic was an employee of Bridges Ventures LLP.

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 Ventures Holdings Ltd which is itself a wholly owned subsidiary of Bridges Ventures LLP). The investments of Bridges Social Entrepreneurs Fund LP are managed by Bridges Ventures LLP.

The investors in the Bridges Social Entrepreneurs Fund, including Bridges Charitable Trust, are members of the fund's advisory board where the manager updates the investors on progress to date and future plans for the Fund.

LEYF, Social Entrepreneurs Fund
The Foundry, London, Social Entrepreneurs Fund



Organisation and appointment of trustees

The Bridges Charitable Trust is administered by the Board of Trustees. There must be at least three trustees and no more than seven in office at any given time, of whom a majority must be independent of Bridges Ventures LLP.

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

During the year, Carolyn Maddox and Mark

Norbury stood down as independent trustees, with the Board's grateful thanks for their years of service. They have been instrumental in the board's work over the last few years, and we thank them for their contributions.

Anne-Marie Harris, a former Bridges partner, and Charitable Trust trustee since 2014, resigned from the Board in 2016.

The Trust is also actively seeking new external trustees.



Mark Norbury



Carolyn Maddox



Anne-Marie Harris

Trustee Induction and Training

New trustees of Bridges Charitable Trust 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 Ventures LLP 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 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 Trust.

Risks and Risk Management

The key risks faced by the Trust relates to the performance of funds managed by Bridges Ventures.

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

Equally, the Trust's biggest funding stream derives from the Bridges Ventures 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 Ventures to the Trust. If

the funds fail to generate carried interest, the funding of the Trust 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 Ventures 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 Trust.

Reserves Policy

The Bridges Charitable Trust'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 Trust's mission

The Charity incurs minimal costs of operation, including governance costs. It considers that the unrestricted reserves at the year-end totalling £244,434 (2015: £121,316), of which

£22,100 is designated and £222,334 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 £3,716,652 (2015: £3,362,375) at the year end, but are pending further draw-down to Bridges Social Entrepreneurs Fund.

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) and changed its name to Bridges Charitable Trust on 17 August 2009.

During the period, the Charity adopted revised articles of association which clarified and extended the number and composition of the board of trustees.

HCT, Social Entrepreneurs Fund
LEYF, Social Entrepreneurs Fund



Statement of Trustees' Responsibilities

The trustees (who are also directors of Bridges Charitable Trust 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).

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
- 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

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

Signed on behalf of the Trustee Board by:



Victoria Hornby

Chair of Board

Date:



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