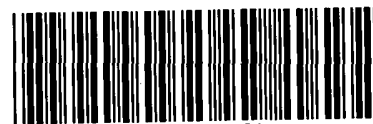


BRIDGES FUND MANAGEMENT LTD
REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM INCORPORATION ON 29 SEPTEMBER 2016 AND ENDED ON 31 MARCH 2017

Company No 10401079

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COMPANY INFORMATION

Directors
*(non-executive) Dr Peter Englander (Chairman) *
Michele Giddens
Philip Newborough
Antony Ross

Company Secretary Paul Richings

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Legal Advisers Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Independent Auditor Deloitte LLP
Hill House
1 Little New Street
London
EC4A 3TR

Strategic Report

for the period from 29 September to 31 March 2017

Bridges Fund Management Limited ("the company") was incorporated on 29 September 2016, and commenced trading on 1 March 2017, the date on which, pursuant to a business transfer agreement, it took over the private equity fund management business of Bridges Ventures LLP. The business transfer entailed a share for share exchange, following which the company became parent entity to all the former subsidiaries of Bridges Ventures LLP ("the LLP"), together comprising the Bridges Group ("the group"). As of that date the company also took on all the fund management and other contracts to which the LLP was formerly party.

Review of the business

The group's business is that of a mission-driven investment manager and/or adviser. It invests in solutions to pressing environmental and social challenges via four strategies: Growth businesses; Property; Social businesses and Outcomes contracts, in the UK and in the US. In addition, its specialist in-house impact team, Impact+, works with the group's investment professionals, providing expertise and tools to optimise the impact of the group's investments, and to capture the lessons learned. It then uses this accumulated knowledge to support the growth of the broader market, via third-party advisory work and proprietary publications.

The business transfer has been accounted for using merger accounting, and therefore the activity reflected in the group financial statements for the period ended 31 March 2017 comprises the company's first month of trading activity to 31 March 2017 together with the final five months of trading of the LLP, the predecessor managing entity. The prior financial period of the LLP covered the 18 months to 30 September 2016, which is the comparative period presented in these financial statements. The comparatives have been restated to show the results and financial position of the LLP as if it were a limited Company during the period and at 30 September 2016 respectively.

Key performance indicators

The group made total comprehensive income of £536,393 in the six month period ended 31 March 2017 (18 month period ended 30 September 2016: £1,299,325). This derived predominantly from the management of 12 private equity funds. A further two had terminated shortly before the beginning of the period, in relation to which the company is now acting as liquidating trustee. The group raised additional commitments totalling £5.85m during the period, bringing to £829.4m the total commitments raised since inception of the Bridges platform in 2002.

Principal risks and uncertainties**Performance risk**

The group manages primarily closed-ended alternative investment funds. Its ability to continue to trade relies on its success in raising new funds in the future. This will be determined both by the prevailing market conditions when funds are raised, and also the performance of previous funds, both in financial and impact terms. In the event that fund performance falls below expectations, future fund raising may be difficult. The group mitigates this risk in a number of ways. It has honed its investment strategy over a number of years, and will target investments where its thematic approach can add value throughout the investment cycle. The group has a clear, replicable investment process, and employs a high calibre, experienced team to execute its strategy.

Strategic Report(continued)

for the period from 29 September to 31 March 2017

Regulatory risk

As a financial services business authorised and regulated by the Financial Conduct Authority ("the FCA"), the company is subject to relevant FCA regulations, including the requirement to maintain appropriate levels of regulatory capital and liquid capital. The company is therefore exposed to the risk that it will breach one or more regulatory rules, including those governing the level of capital. The company closely monitors its current and forecast regulatory capital position, and ensures that it will at all times have sufficient headroom over the requirements.

The company is also registered in the US with the Securities and Exchange Commission ("SEC") as an Exempt Reporting Adviser by virtue of the fund management activity of its US subsidiary, Bridges Ventures Inc. ("BV Inc. "). Once the level of relevant assets managed by the group from the US exceeds €150m, the company will need to become a full SEC registered adviser, and as such will become subject to the full suite of SEC rules. The group closely monitors current and forecast levels of assets under management for the purposes of the SEC rules, which will allow it to adapt its compliance procedures well in advance of any change in its regulatory status. Total committed funds for BV Inc. at the reporting date is £69.8m.

The group constantly monitors external regulatory developments, and regularly updates its compliance framework and processes to ensure that it is taking into account relevant changes to the regulatory landscape.

Future developments

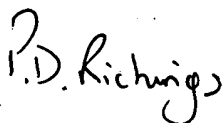
The directors expect that the group will continue to provide private equity fund management services for the foreseeable future, and will seek to find, develop and then realise investments on behalf of the funds that it manages.

The activity levels of the group have increased over time as it has successfully raised additional and larger funds. The directors expect that this trend will continue for the foreseeable future.

The terms on which the UK will eventually leave the European Union ("Brexit") are as yet unclear, but may have an impact on the group's ability to market its funds within the EU.

Following the Balance Sheet date, Bridges Community Development Venture Fund II LP and the Care Places LP each reached their termination dates following which the company, as manager of each fund, has assumed the role of liquidating trustee as envisaged by the respective limited partnership agreements.

There have been no other significant events between the Balance Sheet date and the date of signing these accounts.



Paul Richings
Company Secretary
26 July 2017

Directors' Report

For the period ended 31 March 2017

The directors present their report on the affairs of the group, together with the financial statements and auditor's report, for the period ended 31 March 2017.

Future developments and events after the Balance Sheet date

Details of future developments and events that have occurred after the Balance Sheet date can be found in the Strategic Report on page 3 and form part of this report by cross-reference.

Going concern

The directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies on page 15 of the financial statements.

Financial risk management objectives and policies

The group's activities expose it to a number of financial risks including credit risk, liquidity risk and cash flow risk. The group does not use derivative financial instruments for speculative purposes.

Credit risk

The group's principal financial assets are bank balances and cash, trade and other receivables.

The group's credit risk is primarily attributable to its management and monitoring fee receivables. Management fees account for substantially all of the group's revenue, and arise from the group's fund management contracts. To the extent that the underlying limited partners in a fund do not advance capital when requested to do so, there may be insufficient cash available to cover the management fee. This risk is mitigated by the due diligence undertaken by the group before admitting investors to a fund; by the binding nature of commitments created by each fund agreement, and because the exposure is spread across a number of funds and investors.

The group is also entitled to receive monitoring fees from portfolio companies. There is a risk that portfolio companies may be unable to pay these amounts due to trading or general economic circumstances.

The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited, because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The group is exposed to the risk that it maintains insufficient liquidity to ensure that funds are available for ongoing operations and future developments. However, to comply with its liquid capital regulatory obligation, it is required to hold substantially all of its reserves in liquid assets, primarily cash. There is therefore a minimal risk that insufficient liquidity will be available.

Directors' Report

For the period ended 31 March 2017

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issue or factors affecting similar financial instruments traded in the market. The unquoted investments managed by the group are susceptible to market risk arising from uncertainties about their fair values and also the impact of changes in the market prices of the comparable multiples used to value each investment portfolio. This in turn may affect the group's ability to raise further investment funds.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group typically has no investments that are directly linked to market interest rates, and is therefore not subject to a significant risk exposure due to changes in the level of market interest rates.

In the current prevailing low interest rate environment, any surplus cash is held in non-interest-bearing bank accounts.

Dividends

The directors do not recommend that a dividend be paid in respect of the period ended 31 March 2017 (2016: Nil)

Directors

The directors, who served throughout the period and up to the date of this period except as noted, were as follows:

Dr. Peter Englander (appointed 20 January 2017)

Michele Giddens (appointed 20 January 2017)

Philip Newborough

Antony Ross

Directors' indemnities

The group has arranged professional indemnity insurance and also a Directors' and Officers' insurance policy for the benefit of its directors and other staff. These policies have been in place throughout the period and are in force at the date of this report.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



Antony Ross
Director
26 July 2017
38 Seymour Street
London
W1H 7BP

Directors' Responsibility Statement

The directors are responsible for preparing the Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's Report

We have audited the financial statements of Bridges Fund Management Limited (the 'company') and its subsidiaries (together the 'group') which comprise:

- the consolidated statement of comprehensive income and other comprehensive income;
- the consolidated and company balance sheets;
- the consolidated and company statement of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 19.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the company's affairs as at 31st March 2017 and of the group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 group and the 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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Independent Auditor's Report-(continued)**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors 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 directors 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 directors are responsible for assessing the group's and the parent 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 directors either intend to liquidate the group or the 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Report on other legal and regulatory requirements**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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.



Garrath Marshall (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
26 July 2017

Consolidated Statement of Comprehensive Income & Other Comprehensive Income
Period Ended 31 March 2017

	Note	6 months ended 31 March 2017 £	18 months ended 30 September 2016 **(restated) £
Turnover	2	682,355	1,176,646
Administrative expenses			
Staff costs *	5	(3,762,095)	(11,127,076)
Other Operating Expenses		(1,608,823)	(4,189,403)
Operating Loss		(4,688,563)	(14,139,833)
Share of results of associated undertakings		5,117,052	15,290,206
Finance costs (net)	3	13,988	55,049
Profit on ordinary activities before taxation		442,477	1,205,422
Tax on profit on ordinary activities	7	-	-
Profit on ordinary activities after taxation		442,477	1,205,422
Foreign currency gains		93,916	93,903
Total comprehensive income attributable to equity shareholders of the company		536,393	1,299,325

All results derive from continuing operations.

*Members' remuneration charged as an expense within the former LLP has been included within staff costs

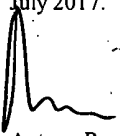
** Prior period numbers have been restated to reflect the equivalent limited company presentation

See accompanying notes to the Financial Statements

Consolidated Balance Sheet
As at 31 March 2017

	Note	31 March 2017 £	30 September 2016 £ (restated)
Fixed assets			
Tangible assets	8	451,527	508,802
Investments	9	720	720
		452,247	509,522
Current assets			
Debtors	10	1,299,334	2,203,132
Cash at bank and in hand		3,371,284	2,863,503
Creditors: amounts falling due within one year	11	(1,550,173)	(1,936,575)
Net current assets		3,120,445	3,130,060
Total assets less current liabilities		3,572,692	3,639,582
Creditors: amounts falling due after one year			
Provisions for liabilities	12	(556,564)	(574,084)
Net assets		3,016,128	3,065,498
Share capital		112,741	112,741
Other reserves		2,366,994	1,653,432
Profit and loss account		536,393	1,299,325
Shareholders' funds		3,016,128	3,065,498

The financial statements of Bridges Fund Management Limited were approved by the board of directors and authorised for issue on 26 July 2017. They were signed on its behalf by:



 Antony Ross
 Director

See accompanying notes to the Financial Statements

Company Balance Sheet
As at 31 March 2017

	Note	31 March 2017 £	30 September 2016 £ (restated)
Fixed assets			
Tangible assets	8	435,706	499,357
Investments	9	12	14
		435,718	499,371
Current assets			
Debtors	10	2,093,825	2,569,686
Cash at bank and in hand		3,203,559	2,436,913
Creditors: amounts falling due within one year	11	(1,348,794)	(1,366,301)
Net current assets		3,948,590	3,640,298
Total assets less current liabilities		4,384,308	4,139,669
Creditors: amounts falling due after more than one year			
Provisions for liabilities	12	(556,564)	(574,084)
Net assets		3,827,744	3,565,585
Capital and reserves			
Called-up share capital		112,741	112,741
Other reserves		2,277,294	2,340,186
Profit and loss account		1,437,709	1,112,658
Shareholders' funds		3,827,744	3,565,585

The profit for the financial period dealt with in the financial statements of the company was £1,437,709 (2016: £6,696,130). As permitted by Section 408 of the Companies Act 2006, no separate statement of comprehensive income is presented in respect of the parent company. The financial statements of Bridges Fund Management Limited (registered number 10401079) were approved by the board of directors and authorised for issue on 26 July 2017. They were signed on its behalf by:


 Antony Ross
 Director

See accompanying notes to the Financial Statements

Consolidated Statement of Changes in Equity
As at 31 March 2017

	Share Capital £	Other Reserves £	Profit & Loss £	Total £
Balance at 1 October 2016	112,741	1,653,432	1,299,325	3,065,498
Movement to creditors *	-	-	(1,299,325)	(1,299,325)
Adjustment to other reserves	-	713,562	-	713,562
Comprehensive income for the period	-	-	536,393	536,393
Balance at 31 March 2017	<u>112,741</u>	<u>2,366,994</u>	<u>536,393</u>	<u>3,016,128</u>

Company Statement of Changes in Equity
As at 31 March 2017

	Share Capital £	Other Reserves £	Profit & Loss £	Total £
Balance at 1 October 2016	112,741	2,340,186	1,112,658	3,565,585
Movement to creditors *	-	-	(1,112,658)	(1,112,658)
Adjustment to other reserves	-	(62,892)	-	(62,892)
Comprehensive income for the period	-	-	1,437,709	1,437,709
Balance at 31 March 2017	<u>112,741</u>	<u>2,277,294</u>	<u>1,437,709</u>	<u>3,827,744</u>

* Transaction relates to distribution of profits to former LLP members

See accompanying notes to the Financial Statements

**Consolidated Cash Flow Statement
For the period ended 31 March 2017**

	Note	6 months ended 31 March 2017 £	18 months ended 30 September 2016 £ (restated)
Cash flows from operating activities	14	(4,283,350)	(13,837,792)
Cash flows from investing activities			
Income from associated undertakings		5,117,052	15,290,206
Purchase of equipment		(7,994)	(109,116)
Interest received	3	29,374	55,049
Interest paid	3	(15,385)	-
Net cash flows from investing activities		5,123,047	15,236,139
Cash flows from financing activities			
Cash flows from financing activities of predecessor LLP *		(238,000)	(1,107,246)
Net cash flows from financing activities		(238,000)	(1,107,246)
Net increase in cash and cash equivalents		601,697	291,101
Cash and cash equivalents at beginning of period		2,863,503	2,666,305
Effect of foreign exchange rate changes		(93,916)	(93,903)
Cash and cash equivalents at end of period		3,371,284	2,863,503
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		3,371,284	2,863,503
Cash equivalents		-	-
Cash and cash equivalents		3,371,284	2,863,503

* Cash flows for the period up to 1 March 2017 when trading as an LLP

See accompanying notes to the Financial Statements

Notes to the Financial Statements
For the period ended 31 March 2017**1. Accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and to the preceding period.

a. General information and basis of accounting

Bridges Fund Management Limited ("the company") is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the group's operations and its principal activities are set out in the Strategic Report on pages 3 to 4. Prior year figures have been restated to convert from an LLP presentation to a limited company format in accordance with FRS 102 following the common control transaction on incorporation of the company. There has been no impact on the comprehensive income statement, or the net assets, of the prior year figures as a result of this restatement.

The financial statements have been prepared under the historical cost convention, modified to include items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' issued by the Financial Reporting Council subject to the true and fair override described below. As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the consolidated financial statements. The functional currency of the company is pounds sterling because that is the currency of the primary economic environment in which the company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

b. Basis of consolidation

The consolidated financial statements include the results of Bridges Fund Management Ltd. as an individual limited company and all of its subsidiary undertakings as at 31 March 2017, using the acquisition method of accounting (except for those subsidiaries as described below). Intra-group transactions are eliminated on consolidation.

All subsidiary undertakings in which the company has a 100% ownership interest (as detailed in note 9) have been consolidated in full using the acquisition method of accounting. When the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

The group and its subsidiary general partner companies manage various private equity limited partnerships, details of which are given in note 9 of the financial statements. Investments held through the limited partnerships are made with the express intention of capital appreciation.

The company has elected to apply a true and fair override to the method of consolidation of the limited partnerships as the acquisition method of accounting does not represent the nature of the interest in these subsidiary undertakings, which have therefore been accounted for under the equity method. This departure is necessary to give a true and fair view of the financial statements of the Bridges Fund Management group. If an acquisition accounting approach to consolidation had been applied the total assets and liabilities of the underlying entities which Bridges Fund Management controls would have been consolidated in total and a non-controlling interest deducted, which would result in no material difference to the underlying net asset position of the group.

The group consolidates its attributable proportion of the assets and income of the private equity limited partnerships which it manages on the basis that the general partners control the private equity limited partnerships.

Notes to the Financial Statements
For the period ended 31 March 2017

1. Significant accounting policies (continued)

These partnerships are subsidiary undertakings and under the terms of the Companies Act 2006 should be consolidated in full. However, the directors consider the accounts would not give a true and fair view if the assets and income as a whole were to be consolidated since the group's interest in these assets is merely that of investment manager.

These partnerships have taken advantage of the exemption from regulations 4 to 6 of The Partnership (Accounts) Regulations 2008, as conferred by regulation 7, on the basis that they have been dealt with on a consolidated basis in these group accounts.

c. Going concern

The group has considerable financial resources together with long-term contracts to manage a number of fund partnerships. As a result, the directors believe that the group is well placed to manage its business risks successfully despite the current economic outlook.

The directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

d. Tangible fixed assets

Tangible fixed assets are stated at net book value. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Furniture & fittings, equipment and motor vehicles – 33.3% straight-line (3 years)

Leasehold improvements – 6.7% straight-line (15 years)

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

e. Operating Leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis.

f. Pension costs and other post-retirement benefits

The company makes payments into defined contribution personal schemes, for members of staff who have completed the required qualifying service. Contributions are charged to the Statement of Comprehensive Income as they become payable in the period in accordance with the rules of the schemes. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the Balance Sheet.

g. Income from associated undertakings

Income from associated undertakings relates to the priority profit share due from the subsidiary undertakings which is recognised on an accruals basis

h. Foreign currency

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the Balance Sheet date. Exchange differences arising on the translation of the opening net assets and results of overseas operations are reported in the Statement of Comprehensive Income.

Notes to the Financial Statements
For the period ended 31 March 2017**1. Significant accounting policies (continued)****i. Turnover**

Turnover, which is stated net of value added tax, is attributable to the receipt of consultancy fees, and rental income from a sub-lease agreement. Fees are recognised as earned in accordance with the underlying contracts and agreements. Turnover arising from advisory team projects is recognised over the life of the project.

j. Taxation

Current tax, including UK corporation tax and foreign tax, is provided to reflect amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Balance Sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the Balance Sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

k. Acquisition Reserve

The Acquisition Reserve arose following the acquisition by Bridges Ventures LLP of the assets and business of Bridges Capital Limited (formerly Bridges Ventures Limited) on 1 December 2011, and represents the difference between the cash consideration paid and the value of the net assets acquired. The negative value, which was subject to independent valuation, reflects the acquisition of a number of management contracts for funds which were beyond their investment periods and on which management fees had stepped down and were below the cost of managing and exiting the remaining portfolios. The Acquisition Reserve is being released to the Statement of Comprehensive Income over the remaining life of these management agreements.

l. Critical Judgements and key sources of estimation

The preparation of the financial statements requires management to make significant judgements and estimates. Items in the financial statements where judgments and estimates have been made include the Acquisition Reserve which arose following the acquisition by Bridges Ventures LLP of the assets and business of Bridges Capital Limited as discussed in point (i) above. The non-consolidation of partnerships that the group controls is also as a key judgement, which is discussed at point (b) on page 15. Revenue arising from advisory team projects being recognised over the life of the project is also an area of judgement.

The business transfer has been accounted for using merger accounting, and therefore the activity reflected in the group financial statements for the period ended 31 March 2017 comprises the company's first month of trading activity to 31 March 2017 together with the final five months of trading of the LLP, the predecessor managing entity. The prior financial period of the LLP covered the 18 months to 30 September 2016, which is the comparative period presented in these financial statements. The comparatives have been restated to show the results and financial position of the LLP as if it were a limited company during the period and at 30 September 2016 respectively.

m. Financial Instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the relevant instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Notes to the Financial Statements
For the period ended 31 March 2017

2. Turnover

Turnover is attributable to monitoring, advisory and consultancy fees which arise worldwide, and to rental income from a sub-lease agreement within the United Kingdom.

	6 months ended 31 March 2017			18 months ended 30 September 2016		
	UK	USA	Total	UK	USA	Total
	£	£	£	£	£	£
Monitoring Fees	150,071	-	150,071	587,835	58,400	646,235
Advisory Fees	480,116	-	480,116	368,408	-	368,408
Rental Income	49,751	2,417	52,168	153,692	7,102	160,794
Other	-	-	-	1,209	-	1,209
	679,938	2,417	682,355	1,111,144	65,502	1,176,646

3. Finance costs and income

	6 Months Ended 31 March 2017 £	18 Months Ended 30 September 2016 £
Interest payable and similar charges	(15,385)	-
Other finance income	29,374	55,049
	13,989	55,049

4. Profit on ordinary activities before taxation is stated after charging/(crediting):

	6 Months Ended 31 March 2017 £	18 Months Ended 30 September 2016 £
Depreciation of tangible fixed assets (note 8)	65,269	173,859
Release of acquisition reserve	(70,631)	(256,445)
Operating lease rentals	11,206	30,677
	5,844	(51,909)

Notes to the Financial Statements
For the period ended 31 March 2017

4. Profit on ordinary activities before taxation is stated after charging/(crediting):	6 Months Ended	18 Months Ended
	31 March	30 September
	2017	2016
	£	£

The analysis of the auditor's remuneration is as follows:

**Fees payable to the company's auditor and its associates
for the audit of the company's annual accounts**

34,000 26,000

Total audit fees

34,000 26,000

Audit-related assurance services

34,000 26,000

Other assurance services - pursuant to legislation

12,000 8,375

Total audit and non audit fees

46,000 34,375

There were no other non audit services provided to the group by the auditor in the current or previous period.

Fees payable to Deloitte LLP and its associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements of the parent company disclose such fees on a consolidated basis.

No services were provided pursuant to contingent fee arrangements

Notes to the Financial Statements
For the period ended 31 March 2017

5. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	6 Months Ended 31 March 2017	18 Months Ended 30 September 2016
No of employees	48	47*
* does not include LLP members	£	£
Their aggregate remuneration comprised:		
Wages and salaries	2,522,237	6,370,727
Members' remuneration	815,990	3,645,562
Social security costs	275,318	733,700
Pension fund contributions	100,984	244,038
Other employee benefits	47,566	133,049
	3,762,095	11,127,076

6. Directors' remuneration and transactions

	6 Months Ended 31 March 2017	18 Months Ended 30 September 2016
	£	£
Directors' remuneration		
Emoluments	821,990	3,645,562
Company contributions to money purchase pension schemes	833	-
	822,823	3,645,562
Remuneration of the highest paid director comprising :		
Emoluments	174,893	762,711 **
	174,893	762,711

** includes £209,211 share of retained profits from Bridges Ventures LLP.

Notes to the Financial Statements
For the period ended 31 March 2017

7. Tax on profit on ordinary activities

	6 Months Ended 31 March 2017 £	18 Months Ended 30 September 2016 £
Group profit on ordinary activities before tax	442,477	1,205,422
Add back staff costs subject to personal tax	815,990	3,645,562
	<u>1,258,467</u>	<u>4,850,984</u>
Tax on group profit on ordinary activities at standard UK corporation tax rate of 20% per cent (2016: 20% per cent)	251,693	970,197
Effects of:		
- Expenses not within scope of UK Taxation	-	6,071
- Income not included in determining taxable profit	(23,564)	370,497
- Movement on deferred tax liability not recognised	(19,710)	(7,538)
- Profits subject to personal tax not corporation tax	(208,419)	(1,339,227)
Group total tax charge for period	<u>-</u>	<u>-</u>

The group has tax losses carried forward of £35,578,173 (2016: £33,511,051) at the Balance Sheet date. No deferred tax asset has been recognised in respect of the losses due to the unpredictability of future profit streams in the companies where the losses reside. The deferred tax amount not recognised is £6,048,289. (2016: £5,696,879).

Notes to the Financial Statements
For the period ended 31 March 2017

8. Tangible fixed assets - group

	Office Equipment £	Furniture & Fittings £	Leasehold Improvements £	Motor Vehicles £	Total £
Cost or valuation					
At 1 October 2016	176,116	139,419	414,900	39,663	770,098
Additions	-	7,819	175	-	7,994
At 31 March 2017	176,116	147,238	415,075	39,663	778,092
Depreciation					
At 1 October 2016	75,786	103,964	57,224	24,322	261,296
Provided for the period	28,701	16,113	13,845	6,610	65,269
At 31 March 2017	104,487	120,077	71,069	30,932	326,565
Net book value					
At 30 Sept 2016	100,330	35,455	357,676	15,341	508,802
Net book value					
At 31 March 2017	71,629	27,161	344,006	8,731	451,527

Notes to the Financial Statements
For the period ended 31 March 2017

8. Tangible fixed assets - company

	Office Equipment £	Furniture & Fittings £	Leasehold Improvements £	Motor Vehicles £	Total £
Cost or valuation					
At 1 October 2016	170,627	139,419	409,756	39,663	759,465
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 March 2017	170,627	139,419	409,756	39,663	759,465
Depreciation					
At 1 October 2016	74,757	103,965	57,064	24,322	260,108
Provided for the period	27,269	16,113	13,659	6,610	63,651
On items disposed in the period	-	-	-	-	-
At 31 March 2017	102,026	120,078	70,723	30,932	323,759
Net book value					
At 1 October 2016	95,870	35,454	352,692	15,341	499,357
Net book value					
At 31 March 2017	68,601	19,341	339,033	8,731	435,706

9. Fixed asset investments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cost	720	720	12	14
Net book Value	720	720	12	14

The group investment relates to Bridges Community Ventures (Scotland) Limited's investment in Bridges Community Ventures (Founder Partner) LP.

Management consider that the fair value of the investments is equal to their cost; they have assessed these fair values for impairment at the reporting date, but did not determine there to be any indicators of impairment

Notes to the Financial Statements
For the period ended 31 March 2017

9. Fixed assets investments (continued)

Subsidiary undertakings - company

Principal Activity	% of Ownership	Country of Incorporation	Shares Held	
Holding company	100%	England & Wales	Ordinary £1	Bridges Ventures Holdings Ltd
Fund management	100%	USA	Ordinary \$0.0001	Bridges Ventures Inc. *
General partner	100%	England & Wales	Ordinary £1	Bridges Community Ventures Nominees Ltd *
General partner	100%	England & Wales	Ordinary £1	Bridges Ventures (General Partners) Ltd *
General partner	100%	England & Wales	Ordinary £1	Bridges Community Ventures (General Partner) Ltd *
General partner	100%	Scotland	Ordinary £1	Bridges Community Ventures (Scotland) Ltd *
General partner	100%	England & Wales	Ordinary £1	Bridges CDV Fund II (General Partner) Ltd *
General partner	100%	Scotland	Ordinary £1	Bridges CDV Fund II (Scotland) Ltd *
General partner	100%	England & Wales	Ordinary £1	Bridges Ventures III (General Partner) Ltd *
General partner	100%	Scotland	Ordinary £1	Bridges Ventures III (Scot) Ltd *
General partner	100%	England & Wales	Ordinary £1	Bridges Social Entrepreneurs Fund (General Partner) Ltd *
General partner	100%	England & Wales	Ordinary £1	Bridges Social Entrepreneurs Fund (Scotland) Ltd *
General partner	100%	Scotland	Ordinary £1	Bridges Social Impact Bond Fund (General Partner) Ltd *
General partner	100%	England & Wales	Ordinary £1	Bridges Social Impact Bond Fund (Scotland) Ltd *
General partner	100%	Scotland	Ordinary £1	Bridges Social Impact Bond Fund (Scotland General Partner) Ltd *
General partner	100%	England & Wales	Ordinary £1	Bridges Evergreen Capital (General Partner) LLP *
General partner	100%	England & Wales	n/a	Bridges Evergreen Capital GP LLP *
General partner	100%	England & Wales	n/a	Bridges Evergreen Capital (Founder Partner) GP LLP *
General partner	100%	Scotland	Ordinary £1	Bridges SP Fund (General Partner) Ltd *
General partner	100%	England & Wales	Ordinary £1	Bridges SP Fund (Scotland) Ltd
General partner	100%	England & Wales	n/a	Bridges Property Alternatives Fund III (General Partner) LLP
General partner	100%	England & Wales	n/a	Bridges Property Alternatives Fund III (Founder Partner GP) LLP *
General partner	100%	England & Wales	n/a	Bridges Property Alternatives Fund IV (General Partner) LLP
General partner	100%	England & Wales	n/a	Bridges Property Alternatives Fund IV (Founder Partner GP) LLP
General partner	100%	England & Wales	n/a	Bridges Property Alternatives Fund IV (UK) Limited
Investment vehicle	100%	Guernsey	Ordinary £1	Bridges Property Alternatives IV (Guernsey) Limited
General partner	100%	England & Wales	Ordinary £1	The CarePlaces (General Partner) Limited *
General partner	100%	England & Wales	Ordinary £1	UK Healthcare Property (Scotland) Limited *

* Held indirectly through Bridges Ventures Holdings Ltd.
** Related by common control

All subsidiaries incorporated in England and Wales have a registered office at 38 Seymour St, London, W1H 7BP.
All subsidiaries incorporated in Scotland have a registered office at 50 Lothian Road, Festival Square Edinburgh, EH3 9WJ with the exception of Bridges Social Entrepreneurs Fund (Scotland) Limited which has a registered office at 12 Hope Street, Edinburgh, EH2 4DB and Bridges SP Fund (Scotland) Limited and UK Healthcare Property (Scotland) Limited which have registered offices at 15 Atholl Crescent, Edinburgh, EH3 8HA.
BV Inc. has a registered office at 505 Eighth Avenue, Suite 1805, New York, 10018.

10. Debtors

Company	2017	2016	2017	2016
Trade debtors	211,379	237,678	414,575	524,250
Other debtors	48,592	16,102	284,390	1,208,638
Amounts due from related parties (Note 18)	284,390	216,464	340,398	1,265,914
Prepayments and accrued income	284,390	265,686	259,271	1,865,686
VAT	48,592	23,692	13,902	13,902
	1,299,334	2,203,132	2,569,686	2,569,686

All amounts shown under debtors fall due within one year.

Notes to the Financial Statements
For the period ended 31 March 2017

11. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	5,029	94,738	5,029	94,738
Amounts payable to related parties (Note 18)	634,306	381,891	601,937	186,873
Other tax and social security	130,432	144,376	130,432	144,688
Accruals and deferred income	640,686	1,057,447	464,715	884,810
Other creditors	139,720	258,123	146,681	55,192
	1,550,173	1,936,575	1,348,794	1,366,301

Creditors: amounts falling after more than one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Rent reserve and dilapidations provision	556,564	574,084	556,564	574,084
	556,564	574,084	556,564	574,084

12. Provisions for liabilities

	Group	Company
	£	£
Rent and Dilapidations Provision		
At 1 October 2016	574,084	574,084
Movement during the period	(17,520)	(17,520)
At 31 March 2017	556,564	556,564

At 31 March 17 the company had a rental provision of £534,444 that accrued during the rent free period after it moved office. This provision is being unwound over the remaining life of the rental contract.

A dilapidation provision is being built up to restore the office of the company back to its original state once the rental agreement expires in July 2029. The provision is calculated at £15 sq/ft on 8,295 sq ft in total, giving a provision of £22,120 at 31 March 2017.

Notes to the Financial Statements
For the period ended 31 March 2017

13. Called-up share capital and reserves Bridges Fund Management Limited

	Period Ended 31 March 2017 £	Period Ended 30 September 2016 £
Allotted, called-up and fully-paid		
70,000 A Ordinary shares of £1 each	70,000	70,000
30,000 B Ordinary Shares £1 each	30,000	30,000
1,244,710 C Preference shares of 0.01 each	12,741	12,741
	112,741	112,741

The group and company's other reserves are as follows: Profit and Loss reserve represents cumulative profits or losses net of dividends paid and other adjustments. The Acquisition Reserve arose following the acquisition by Bridges Ventures LLP of the assets and business of Bridges Capital Limited (formerly Bridges Ventures Limited) on 1 December 2011 (more detail at note 1).

The comparatives have been restated to show the results and financial position of the LLP as if it were a limited company during the period and at 30 September 2016 respectively.

A ordinary shares – carry the right to receive distributions on a winding-up or partial sale, after first deducting any proceeds due in relation to the B shares; also the right to receive any dividends declared on the A shares (having first settled any amounts owed to the C shareholders).

B ordinary shares – have the right to receive 30% of the proceeds in the event of a sale of the business or a majority stake in it, and also the right to veto a change of mission. The B shares have no other rights.

C preference shares – entitle holders to rights to receive, pro rata to the number of shares held, any C preference dividend that is declared.

Notes to the Financial Statements
For the period ended 31 March 2017

14. Cash Flow Statement

Reconciliation of operating loss to cash generated by operations:

	6 Months Ended 31 March 2017 £	18 Months Ended 30 September 2016 £
Operating Loss	(4,688,563)	(14,139,833)
Depreciation and amortisation	55,823	173,859
Release of Acquisition reserve	(70,631)	(256,445)
Reclassification of predecessor LLP equity	(79,855)	-
	(4,783,226)	(14,222,419)
Operating cash flow before movement in working capital		
Decrease/(Increase) in debtors	903,798	(763,316)
(Decrease)/Increase in creditors	(403,922)	1,147,943
Cash flows from operating activities per cash flow statement	(4,283,350)	(13,837,792)

Notes to the Financial Statements
For the period ended 31 March 2017

15. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	Land & Buildings		Other	
	2017	2016	2017	2016
	£	£	£	£
Group: expiring				
- within one year	-	-	-	-
- between one and five years	-	-	89,204	9,158
- after five years	6,837,551	7,079,262	13,600	84,268
	6,837,551	7,079,262	102,804	93,426
Company: expiring				
- within one year	-	-	-	-
- between one and five years	-	-	83,491	3,445
- after five years	6,413,333	6,673,333	13,600	84,268
	6,413,333	6,673,333	97,091	87,713

16. Employee benefits

The company operates defined contribution pension schemes for its employees. The pension costs during the period amounted to £92,926 (2016: £218,133) for the company, and £100,984 (2016: £244,038) for the group. The assets of the schemes are held separately from those of the company in independently administered funds. There company had outstanding contributions of £21,542 at 31 March 2017 (2016: £26,457).

17. Subsequent events

Following the Balance Sheet date, Bridges Community Development Venture Fund II LP and the Care Places LP each reached their termination dates following which the company, as a Manager of each fund, has assumed the role of liquidating trustee as envisaged by the respective limited partnership agreements.

There are no other events after the end of the reporting period.

18. Related party transactions

There were loans totalling £222k to directors at the period end 31 March 2017. These loans are unsecured and no interest was charged during the period.

Other related party transactions

The total remuneration for directors and LLP members for the period totalled £822,823 (2016: £3,645,562), as disclosed in note 6.

Notes to the Financial Statements
For the period ended 31 March 2017

18. Other related party transactions (continued)

The group receives a management fee in respect of certain of the entities listed in note 9 under the terms of the relevant limited partnership agreements. The amounts received during the period are as detailed below:

	6 Months Ended 31 March 2017 £	18 Months Ended 30 September 2016 £
Bridges Community Development Venture Fund II LP	191,379	837,662
Bridges Ventures Fund III LP *	1,159,047	4,556,024
Bridges Social Entrepreneurs Fund LP	90,827	324,507
Bridges Social Impact Bond Fund LP *	246,273	741,527
Bridges Social Interim LP *	4,986	15,369
Bridges Evergreen Capital LP *	149,589	83,014
Bridges Sustainable Property Fund LP	49,458	216,654
Bridges Property Alternatives Fund III LP *	148,961	5,955,594
Bridges Property Alternatives Fund IV LP *	1,049,587	687,366
The CarePlaces LP	1,251,480	518,354
Bridges Ventures U.S. Sustainable Growth Fund LP *	624,236	1,800,395
Bridges Urban View/Seed Fund LP	273,075	40,401
Bridges Community Ventures (Scotland) Limited	114	744
Bridges SP Fund (Scotland) Limited	-	626
Bridges CDV Fund II (Scotland) Limited	849	206
	5,239,861	15,778,443

The fees shown above are reduced by the whole of any underwriting or abort fees and by 50% (*100%) of any transaction fees, investment fees, corporate finance fees and other fees received by the group from the investments held by the funds.

Amounts outstanding as at 31 March 2017 from the funds and related group parties were:

	31 March 2017 £	30 September 2016 £
Bridges Community Development Venture Fund 'A' LP	-	75
Bridges Community Development Venture Fund 'B' LP	-	75
Bridges Community Development Venture Fund II LP	153	6,772
Bridges Ventures Fund III LP	848	918
Bridges Social Entrepreneurs Fund LP	550	36
Bridges Social Impact Bond Fund LP	864	27
Bridges Social Interim LP	6,406	3,342
Bridges Evergreen Capital LP	20,475	309,024
Bridges Sustainable Property Fund LP	411	(997)
Bridges Property Alternatives Fund III LP	(582)	4,079
Bridges Property Alternatives Fund IV LP	1,896	395,489
The CarePlaces LP	362	(931)
Bridges Community Ventures (General Partner) Ltd	405	405
Bridges Community Ventures (Scotland) Ltd	1,660	1,660
Bridges CDV Fund II (General Partner) Ltd	3,140	3,140
Bridges CDV Fund II (Scotland) Ltd	642	51
Bridges Ventures III (General Partner) Ltd	73	73
Bridges SP Fund (General Partner) Ltd	2	2
Bridges SP Fund (Scotland) Ltd	209	365
Bridges Property Alternatives Fund III (General Partner) LLP	300	300
Bridges Property Alternatives IV (Guernsey) Limited	4,416	30,355
The CarePlaces (General Partner) Ltd	34	34
Bridges Ventures Holdings Ltd	783,215	767,159
Bridges Ventures Inc.	440,435	344,233
	1,265,914	1,865,686

Notes to the Financial Statements
For the period ended 31 March 2017

18. Other related party transactions (continued)

Amounts owing as at 31 March 2017 to the funds and related group parties were:

	31 March 2017 £	30 September 2016 £
Bridges Community Development Venture Fund 'A' LP	7,553	10,158
Bridges Community Development Venture Fund 'B' LP	23	23
Bridges Community Development Venture Fund II LP	48,962	29,224
Bridges Ventures Fund III LP	77,872	86,283
Bridges Social Entrepreneurs Fund LP	406,782	15,290
Bridges Social Impact Bond Fund LP	52,427	43,573
Bridges Social Interim LP	6,463	2,322
Bridges Evergreen Capital LP	1,855	-
	601,936	186,874

19. Ultimate controlling parties

Philip Newborough, Michele Giddens, Antony Ross and Simon Ringer, who between them own 100% of the A Ordinary Shares, are deemed to have ultimate control of the company.