

BRIDGES FUND MANAGEMENT LIMITED

ANNUAL REPORT AND AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

COMPANY NO 10401079

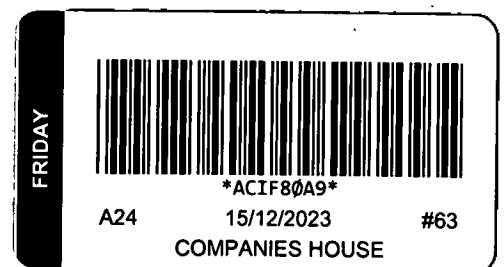


TABLE OF CONTENTS

Company information	2
Strategic report	3
Directors' report	7
Statement of directors' responsibilities	10
Independent auditor's report	11
Consolidated Statement of Comprehensive Income and Other Comprehensive Income	14
Consolidated Statement of Financial Position	15
Company Statement of Financial Position	16
Consolidated Statement of Changes in Equity	17
Company Statement of Changes in Equity	18
Consolidated Cash Flow Statement	19
Notes to the financial statements	20

Company information

Directors:	Christophe Evain Michele Giddens Philip Newborough Paul Richings Simon Ringer Clive Sherling Brian Trelstad
Company Secretary	Paul Richings
Registered Office	38 Seymour Street London United Kingdom W1H 7BP
Registration Number	10401079
Date of incorporation	29 September 2016
Place of incorporation	England & Wales
Auditor	Deloitte LLP 2 New Street Square London EC4A 3BZ

Strategic report

Bridges Fund Management was founded in 2002, originally as Bridges Ventures; it has been trading as Bridges Fund Management ("the Company") since 1 March 2017. The group comprises Bridges Fund Management and its subsidiaries ("the Group"), which can be seen in more detail in Note 10 to the financial statements.

Review of the business

The Group's business is that of a mission-driven investment manager and adviser. As a pioneer in the Impact investment space, the Group's funds invest in a range of private markets solutions that support the transition to a more inclusive and more sustainable economy, seeking to achieve both attractive financial returns and measurable social and environmental impact.

Based in the UK, with a subsidiary in the US and an affiliate in Israel, the Group's funds invest via four strategies: Growth Business, Long-term Capital, Property and Outcomes Contracts. Across all these strategies, its investment teams focus on four themes to help them source and select compelling investment opportunities: Healthier Lives, Future Skills, Sustainable Planet and Stronger Communities. Closely aligned with the UN's Sustainable Development Goals, these themes reflect social and environmental trends that are reshaping our world.

The Group is also recognised for its industry-leading expertise in impact measurement and management. Its specialist in-house impact team works closely alongside the Group's investment professionals, providing expertise and tools to optimise the commercial, as well as impact performance, of the investments managed by the Group by utilising the experience gained since inception. The Group then draws on this accumulated knowledge to support the growth of the broader market through its non-profit field-building and thought leadership activities.

After emerging in good shape from the pandemic, the Group's investments have been further tested during the year by market disruption created by the conflict in Ukraine, rising inflation and interest rates and political uncertainty. However, in spite of these challenges the Group's portfolios have continued to demonstrate resilience, with encouraging performance and progress towards both financial and impact goals.

The year has seen a number of portfolio exits, with the Bridges Sustainable Growth Funds realising the investments in Hub Pharmacy and Impact Food Group and consequently returning over £40m of proceeds to investors. The Bridges property funds successfully exited their investments at Hastings and Havant.

As reported last year, the Group held a successful final closing for its fifth Property Alternatives fund during the year, in May 2022, with commitments totalling almost £350m secured. The Group raised additional capital during the year for its sustainable growth and outcomes strategies, and following the deployment or allocation of commitments to the new property fund we anticipate additional fundraising in the year ahead for the successor vehicle in that strategy.

The Group continues to benefit from managing a diversified range of funds at varying stages of their respective cycles, and as such enjoys a stable and predictable revenue stream. The funds completed 14 (2022: 17) new investments during the year.

Highlights included Sustainable Growth Fund IVB's acquisition of Evora, Storetec and Hycube. Evora is a software-enabled sustainability services organisation, providing ESG strategy consulting, data management and data reporting to real estate and infrastructure investors. The company's consulting services and proprietary data management software help real estate asset owners and managers make decisions on portfolio allocation, structuring and management that facilitate the transition to net zero in the built environment. In a market driven by increasing climate regulation and investors' need to mitigate climate risks in their real estate portfolios, Evora is differentiated by its combined services and software proposition and has a strong reputation as a managed services provider within its niche. By investing in Evora, our vision is to create a technology-enabled global leader in ESG advisory, data management and analytics to real estate investors.

Strategic report (continued)

Storetec is an ESG services provider that provides digitisation and data storage services, helping customers build secure and sustainable digital workflows. Data security is a significant and growing threat: companies are increasingly transitioning to digital workflows, a megatrend that will accelerate over the next 10 to 15 years, and the UK ranks third in Europe for incidence of data breaches. Storetec is differentiated by its expertise in digitising a wide range of valuable records from paper to film and micro fiche and is one of few UK service providers with the 'gold standard' BSI 10008 accreditation. Its proprietary SaaS-based data storage platform - with zero data breaches to date - adds to Storetec's competitive advantage and security credentials. By investing in Storetec our vision is to create an impact-led exemplar in its sector, facilitating the transition to digital workflows with data security at its core.

Hycube is a German business which provides clean energy systems to residential customers - combining solar electricity panels, battery storage, electric vehicle wall boxes, and proprietary software. Hycube enables customers to reduce their grid electricity consumption by 80-90%, which reduces energy bills as well as carbon emissions from fossil fuel usage. The market for residential energy management systems in Germany is large, and expected to grow from €5bn today to €10bn in five years, with demand driven by: (i) interest in sustainability and renewable energy, (ii) growing desire for self-sufficiency, which has been accelerated by the war in Ukraine, and (iii) increasingly compelling product economics. The investment will enable Hycube to target accelerated growth as well as implement impact management best practices across the business and its product lifecycle.

Property Alternatives Fund V acquired an additional five sites during the year, with a number of further sites progressing through the pipeline and likely to result in additional investments being completed over the coming months. The Fund continues to target growth locations and alternative needs-driven sectors, with a focus on lower-cost housing, healthcare and low-carbon logistics.

New investments during the year included the Fund's first European asset, an industrial/logistics development in Dublin, and a development that will provide much-needed student accommodation in Belfast.

Social Outcomes Fund II launched one new project in the year: Standing Strong, a programme to reduce falls for senior citizens (aged 70+) in the area of North Limburg in the Netherlands. It is the Fund's first programme outside of the UK, and builds on the Group's deep expertise in health and care. Outcomes payers include local health insurers, municipalities and long-term care organisations.

In recent years, the Group has benefited hugely from the insights emerging from the Impact Management Project (IMP), an ambitious global collaboration hosted by Bridges.

The goal of IMP was to combat the proliferation of proprietary impact methodologies – which had the potential to confuse investors and obscure progress on sustainability – by building a broad consensus on how to measure, manage and report on impact.

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

Key members of the Group's impact team had been seconded to the IMP. Since the project's conclusion in 2021, they have returned to Bridges to apply this emerging best practice to the Group's own processes – with a focus on using data to prioritise actions that result in the creation of value for all stakeholders.

This understanding of the complex interplay between impact and commercial considerations underpins the Group's integrated investment approach – which was underlined this year by the Group's selection as a 'Best for the World' B Corporation.

The current focus of the team at the Group's US subsidiary, BV Inc, is on achieving profitable realisations of the US fund's remaining portfolio. The timing of any successor fund remains unclear at this point, and as such for prudence we have provided £748,059 (2022: £554,992) against the full remaining balance of the Group's investment in the subsidiary, following the partial provision reflected in the prior year's accounts.

Strategic report (continued)

Key performance indicators

The total assets raised and managed by the Group and the income generated by its funds under management represent the Group's primary key performance indicators.

The Group has raised commitments exceeding £1.4bn since inception of the Bridges platform in 2002, including £1.2bn which is committed to 'live' funds currently under management. This includes almost £100m raised since the previous year-end for the fifth fund in the Group's real estate strategy; £7m of additional capital for the private equity strategy, and a further £20m (\$25m) for the SDG Outcomes Fund, which invests into outcomes-based contracts in developing markets. In addition, the Group has access to additional capital provided by certain of its investors for co-investment. At 31 March 2023, the Group had cash reserves totaling £9.1m (31 March 2022: £7.6m).

The Group generated total comprehensive income of £4.5m in the year to 31 March 2023 (year to 31 March 2022: £2.2m). The Group's income is derived predominantly from the management of 11 private investment funds, with a further six funds having reached the end of their fixed lives during prior periods and one, the Social Impact Bond Fund, during the year ended 31 March 2023. The Company acts as liquidating trustee to terminated funds pending completion of the winding-up process, which was previously achieved for the Care Places Fund and, in the current year, for the Bridges Sustainable Property Fund. This leaves five funds currently in liquidation.

Principal risks and uncertainties

a) *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 the performance of previous funds, both in financial and impact terms. In the event that fund performance falls below expectations, future fundraising may be difficult. The Group mitigates this risk in a number of ways. It has refined 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.

b) *Regulatory risk*

As a financial services business authorised and regulated by the Financial Conduct Authority ("the FCA"), the Group is subject to relevant FCA regulations. The Group is therefore exposed to the risk that it may breach one or more regulatory rules, including those governing the maintenance of appropriate levels of regulatory capital and liquid capital. The Group closely monitors its current and forecast regulatory capital position, ensuring that it will at all times have sufficient headroom above the requirements. Furthermore, it has in place a comprehensive risk and control framework which it reviews on an ongoing basis and amends where appropriate in response to changes in its activities or developments in the external regulatory environment.

The Company and its US subsidiary are also registered in the US with the Securities and Exchange Commission ("SEC") as Exempt Reporting Advisers, by virtue of the fund management activity of the US subsidiary, Bridges Ventures Inc. ("BV Inc."). Once the level of relevant assets managed by the Group from a place of business within the US exceeds \$150m, the US Subsidiary, BV Inc. will need to become a fully registered adviser, and as such will become subject to the full suite of SEC rules. The directors do not expect that this threshold will be exceeded in the short term; current US assets are excluded from the calculation by virtue of the exemption available to Small Business Investment Companies. 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.

c) *Bridges climate goals*

Climate change is the single biggest threat to our lives and ecosystems, and the lives of future generations. All organisations will be affected by the two big risks posed by climate change: the inestimable physical impacts, and the unknown path to transition to a lower-carbon economy. This transition may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements, which in turn will likely pose varying levels of financial and reputational risk to organisations.

Strategic report (continued)

Bridges has adopted a climate policy which builds on our long-standing investment philosophy to support the transition to a more inclusive and sustainable economy. As a first step, we have certified as a 'carbon neutral' organisation. By 2030, our goal is that 100% of investments have set science-based targets or are otherwise aligning with a 1.5°C climate warming scenario. Then our ultimate goal is to reach Net Zero by 2040 or sooner.

There is still not much guidance on achieving Net Zero goals as an asset manager, so we have also committed to working with peers to develop this guidance, while also leading by example in our decarbonisation efforts. This includes more investment in climate solutions, and also looking beyond carbon to other areas of natural scarcity, such as water and biodiversity.

d) Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, liquidity risk and market risk. The Group does not use derivative financial instruments for speculative purposes. More detail on these risks can be found in the Directors' report on pages 7 to 9.

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 scope of the Group's activities has increased over time as it has successfully raised additional and larger funds. The directors believe that this trend will continue, and that the transition towards a more inclusive and sustainable economy will be given additional impetus by external factors such as COVID-19 and the energy supply issues resulting from the war in Ukraine.

While the impact of the COVID-19 crisis and in particular of the conflict in Ukraine and consequent inflationary pressures and 'cost of living crisis' continue to be felt, there have been no significant new events between the date of the Statement of Financial Position and the date of signing these accounts. The directors do not believe that the Russia/Ukraine conflict will have any direct impact on the Group; in particular, the Group has no investors or investments that are subject to economic sanctions.

Approved by the Board and signed on its behalf



Paul Richings
Director
12 July 2023

Directors' report

The directors present their report on the affairs of the Group, together with the strategic report and audited financial statements, for the year ended 31 March 2023.

Future developments

Details of future developments and events that have occurred after the Statement of Financial Position date can be found in the Strategic Report on pages 3 to 6 and form part of this report by cross-reference.

Going concern

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. The Group's revenue is primarily derived from investment management fees, coming from a diversified body of investors across the Group's range of funds, of whom the majority by value are financial institutions. The directors believe that the Group's investors are financially secure and that the possibility that they will default when capital is called is remote. No investors have defaulted on capital calls since the firm's inception in 2002, and there is no expectation that any will do so in future. The Group prepares detailed annual budgets and updates its forecasts on an ongoing basis; those forecasts confirm that the Group will continue to trade profitably. The Russia/Ukraine conflict has not had a direct impact on the Group to date, and the directors do not believe that this position will change; in particular, the Group has no investors or investments that are subject to or have been affected by economic sanctions. Furthermore the Group has no external debt, and is not directly affected by rises in interest rates. Certain of the Group's operating costs have increased as a result of current inflationary pressures, but the impact from a going concern perspective has been more than mitigated by increases in revenue following additional fundraising during the year.

Further details regarding the adoption of the going concern basis can be found in the accounting policies listed in Note 1 to the financial statements.

Financial risk management objectives and policies

As mentioned in the Strategic Report on page 5, the Group's activities expose it to a number of financial risks including credit risk, liquidity risk and market 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 its 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 receipt of monitoring fees is in general accompanied by an equivalent reduction in management fees earned from the relevant fund. In the event that monitoring fees are not received, there would be a commensurate reduction in the management fee offset.

The amounts presented in the Statement of Financial Position 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 a receivable.

The credit risk relating to liquid funds is mitigated by using more than one bank, and using only institutions with high credit-ratings assigned by international credit-rating agencies.

Directors' report (continued)**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 regulatory obligations, it is required to hold a significant proportion of its reserves in liquid assets, primarily cash. There is therefore a minimal risk that insufficient liquidity will be available

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. Such uncertainties would reflect the impact of the war in Ukraine or of pandemics such as COVID-19. 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.

Financial risk management objectives and policies

The directors have summarised the Company's key risks and the manner in which they are managed within the Strategic Report on pages 3 to 6.

Dividends

The Company paid interim A ordinary dividends totaling £675,046 during the year (2022: £838,558). In addition, interim dividends totaling £1,427,492 were paid on the C preference shares (2022: £1,211,938). No final dividend is proposed.

Directors

The directors, who served throughout the year and up to the date of this report, were as follows:

Christophe Evain
Michele Giddens
Philip Newborough
Paul Richings
Simon Ringer
Clive Sherling
Brian Trelstad

There are no key management personnel other than those listed above.

Directors' report (continued)

Directors' indemnities

The Group has arranged professional third party 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 year and are in force at the date of this report.

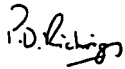
Auditor

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 Group's auditor is unaware in accordance with the provisions of s418 of Companies Act; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Deloitte LLP have expressed their willingness to be reappointed for another term and a resolution to reappoint them was proposed at the 12 July 2023 Board meeting.

Approved by the Board and signed on its behalf



Paul Richings
Director
12 July 2023

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 the Group and of the profit or loss of the Company and the Group 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 and Group will continue in business.

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

Independent auditor's report to the directors of Bridges Fund Management Limited**Report on the audit of the financial statements****Opinion**

In our opinion the financial statements of Bridges Fund Management Limited (the 'Company') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the Company's affairs as at 31 March 2023 and of the Group's profit for the year 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.

We have audited the financial statements which comprise:

- the Consolidated Statement of Comprehensive Income and Other Comprehensive Income;
- the Consolidated Statement of Financial Position;
- the Company Statement of Financial Position;
- the Consolidated and Company Statements of Changes in Equity;
- the Consolidated Cash Flow Statement; and
- the related notes 1 to 20.

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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatement, we are required to determine whether this gives rise to a material misstatement in the financial

Independent auditor's report to the directors of Bridges Fund Management Limited (continued)

statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this Other information, we are required to report that fact.

We have nothing to report in this regard.

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 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This included UK Companies Act and tax legislations; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including relevant internal specialists such as tax and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- The priority profit share (PPS) charged to the underlying funds is calculated based on fund commitments or invested contributions and fee rates as set out in the underlying Limited Partnership Agreements. There is a risk that inputs relating to fund commitments, invested contributions or fee rates are incorrect or transactions are not accurate and complete in the current period. To respond to this risk, we obtained an understanding of the relevant internal controls and evaluated the effectiveness of the design and implementation of these controls. We further developed an understanding of the process for calculating and accruing the PPS, and tested a sample of PPS transactions to the respective notices and bank statements to ensure that the correct

Independent auditor's report to the directors of Bridges Fund Management Limited (continued)

inputs were used in the calculation.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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 during 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 Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

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.

Daniel Quiligotti

Daniel Quiligotti (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
12 July 2023

Consolidated Statement of Comprehensive Income and Other Comprehensive Income
for the year ended 31 March 2023

	Note	31 March 2023 £	31 March 2022 £
Turnover	3	4,017,320	4,691,818
Administrative expenses			
Staff costs	5	(10,429,066)	(9,489,411)
Other operating expenses*	4	(4,300,360)	(6,428,232)
Operating loss		(10,712,106)	(11,225,825)
Share of results of associated undertakings		16,343,962	13,609,102
Other finance income	7	74,639	23,256
Profit on ordinary activities before taxation		5,706,495	2,406,533
Tax on profit on ordinary activities	8	(1,244,126)	(190,304)
Profit on ordinary activities after taxation		4,462,369	2,216,229
Profit attributable to:			
Shareholders of the parent company		4,450,510	2,216,229
Non-controlling interest		11,859	-
Profit for the year		4,462,369	2,216,229
Other comprehensive loss for the year			
Foreign exchange differences on translation of foreign operations*		(35,828)	(7,160)
Total comprehensive income for the year		4,426,541	2,209,069
Total comprehensive income attributable to:			
Shareholders of the parent company		4,414,682	2,209,069
Non-controlling interest		11,859	-
Total comprehensive income for the year		4,426,541	2,209,069

*The 2022 financials presented £286,314 foreign exchange losses subsequent to Profit on ordinary activities after taxation. These foreign exchange losses have now been assigned to Other operating expenses (£279,154) and to foreign exchange differences on translation of foreign operations (£7,160).

All results are derived from continuing operations.

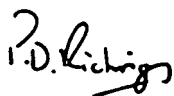
The notes on pages 20 to 37 form an integral part of the financial statements.

Consolidated Statement of Financial Position
 as at 31 March 2023

	Note	31 March 2023 £	31 March 2022 £
Fixed assets			
Tangible assets	9	290,691	333,840
Investments	10	675,880	804
		966,571	334,644
Current assets			
Debtors	11	4,543,630	4,796,963
Cash at bank and in hand	12	9,105,674	7,589,099
Creditors: amounts falling due within one year	13	(3,551,881)	(3,930,682)
Net current assets		10,097,423	8,455,380
Total assets less current liabilities		11,063,994	8,790,024
Creditors: amounts falling due after one year			
Provisions for liabilities	14	(407,095)	(450,428)
Net assets		10,656,899	8,339,596
Capital and reserves			
Called-up share capital	15	112,741	112,741
Other reserves		1,299,704	1,306,452
Profit and loss account		9,232,546	6,920,403
Equity attributable to shareholders of the parent company		10,644,991	8,339,596
Minority interest		11,908	-
Shareholders' funds		10,656,899	8,339,596

The notes on pages 20 to 37 form an integral part of the financial statements.

The financial statements of Bridges Fund Management Limited were approved by the Board of directors and authorised for issue on 12 July 2023. They were signed on its behalf by:



Paul Richings
Director

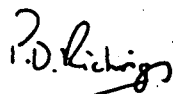
Company Statement of Financial Position
 as at 31 March 2023

	Note	31 March 2023 £	31 March 2022 £
Fixed assets			
Tangible assets	9	283,417	328,274
Investments	10	96	96
		283,513	328,370
Current assets			
Debtors	11	3,988,362	5,299,176
Cash at bank and in hand	12	7,984,859	6,566,764
Creditors: amounts falling due within one year	13	(2,185,521)	(3,082,297)
Net current assets		9,787,700	8,783,643
Total assets less current liabilities		10,071,213	9,112,013
Creditors: amounts falling due after one year			
Provisions for liabilities	14	(407,095)	(450,428)
Net assets		9,664,118	8,661,585
Capital and reserves			
Called-up share capital	15	112,741	112,741
Other reserves		2,184,916	2,184,916
Profit and loss account		7,366,461	6,363,928
Shareholders' funds		9,664,118	8,661,585

The profit for the financial year dealt within the financial statements of the Company was £3,105,071 (2022: £2,562,029).

As permitted by Section 408 of the Companies Act 2006, no separate Statement of Comprehensive Income is presented in respect of the Company.

The financial statements of Bridges Fund Management Limited were approved by the Board of directors and authorised for issue on 12 July 2023. They were signed on its behalf by:



Paul Richings
Director

Consolidated Statement of Change in Equity
for the year ended 31 March 2023

	Called-up share capital	Merger reserve*	Profit & loss account	Minority interest	Total
	£	£	£	£	£
Opening balance at 1 April 2021	112,741	1,306,452	6,368,948	-	7,788,141
Comprehensive income/(loss) for the year					
Movement in other reserves	-	-	392,881	-	392,881
Profit for the year	-	-	2,216,229	-	2,216,229
Other comprehensive (loss)	-	-	(7,160)	-	(7,160)
Comprehensive income/(loss) for the year	-	-	2,601,950	-	2,601,950
Transactions with owners recorded directly in equity					
Dividends	-	-	(2,050,496)	-	(2,050,496)
Total transactions with owners	-	-	(2,050,496)	-	(2,050,496)
Closing balance at 31 March 2022	112,741	1,306,452	6,920,402	-	8,339,595
Comprehensive income/(loss) for the year					
Movement in other reserves	-	(6,748)	-	-	(6,748)
Minority interest in the year	-	-	-	49	49
Profit for the year	-	-	4,450,510	11,859	4,462,369
Other comprehensive (loss)	-	-	(35,828)	-	(35,828)
Comprehensive income/(loss) for the year	-	(6,748)	4,414,682	11,908	4,419,842
Transactions with owners recorded directly in equity					
Dividends	-	-	(2,102,538)	-	(2,102,538)
Total transactions with owners	-	-	(2,102,538)	-	(2,102,538)
Closing balance at 31 March 2023	112,741	1,299,704	9,232,546	11,908	10,656,899

*The 2022 financial statements disclosed the Merger reserve as 'Other reserve' which has subsequently been renamed. The Merger reserve came into effect upon the corporate conversion of Bridges Ventures LLP in March 2017.

Company Statement of Change in Equity
 for the year ended 31 March 2023

	Called-up share capital £	Merger reserve* £	Profit & loss account £	Total £
Opening balance at 1 April 2021	112,741	2,184,916	5,852,395	8,150,052
Comprehensive income for the year				
Profit for the year	-	-	2,562,029	2,562,029
Comprehensive income for the year	-	-	2,562,029	2,562,029
Transactions with owners recorded directly in equity				
Dividends	-	-	(2,050,496)	(2,050,496)
Total transactions with owners	-	-	(2,050,496)	(2,050,496)
Closing balance at 31 March 2022	112,741	2,184,916	6,363,928	8,661,585
Comprehensive income for the year				
Profit for the year	-	-	3,105,071	3,105,071
Comprehensive income for the year	-	-	3,105,071	3,105,071
Transactions with owners recorded directly in equity				
Dividends	-	-	(2,102,538)	(2,102,538)
Total transactions with owners	-	-	(2,102,538)	(2,102,538)
Closing balance at 31 March 2023	112,741	2,184,916	7,366,461	9,664,118

*The 2022 financial statements disclosed the Merger reserve as 'Other reserve' which has subsequently been renamed. The Merger reserve came into effect upon the corporate conversion of Bridges Ventures LLP in March 2017.

Consolidated Cash Flow Statement
for the year ended 31 March 2023

	Note	31 March 2023 £	31 March 2022 £
Cash flow from operating activities			
Profit before taxation		5,706,495	2,406,533
Adjustments for:			
Depreciation & amortisation	9	79,436	88,201
		5,785,931	2,494,734
(Increase) / decrease in debtors	11	(176,977)	19,284
(Decrease) / increase in creditors	13,14	(1,010,421)	616,538
Tax paid		(225,479)	(1,072,509)
Net cash inflow from operating activities		4,373,054	2,058,047
Cash flow from investing activities			
Acquisition of investments	10	(675,076)	-
Acquisition of subsidiary*		(6,748)	-
Acquisition of tangible fixed assets	9	(35,496)	(55,011)
Net cash used in investing activities		(717,320)	(55,011)
Cash flows from financing activities			
Dividends	18d	(2,102,538)	(2,050,496)
Net cash used in financing activities		(2,102,538)	(2,050,496)
Net increase / (decrease) in cash and cash equivalents		1,553,196	(47,460)
Cash and cash equivalents at 1 April		7,589,099	7,658,739
Effects of exchange rate fluctuations on cash held		(36,621)	(22,180)
Cash and cash equivalents at end of the year		9,105,674	7,589,099

*This is part of the merger that came into effect upon conversion of BV LLP to Bridges Fund Management Limited

Notes to the financial statements*for the year ended 31 March 2023***1. Corporate information**

Bridges Fund Management Limited (the "Company") is a private company limited by shares incorporated on 29 September 2016 in England and domiciled in the United Kingdom. The principal activities of the Company are described in the Strategic report.

The financial statements are prepared to present the consolidated results of the Company and its subsidiaries, together "the Group".

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, 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, Cash Flow Statement or Statement of Comprehensive Income is presented in respect of the 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.

For the year ended 31 March 2023, a number of the Company's subsidiaries are entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies. Note 10 shows all the subsidiaries that are entitled to the exemption.

b) Basis of consolidation

The consolidated financial statements include the results of Bridges Fund Management Limited as an individual limited company and all of its subsidiary undertakings as at 31 March 2023, 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 10) 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 non-controlling interest reflected is in relation to Birchgrove Management Services Limited and Birchgrove Team Limited. These entities provide services to the assets within the Birchgrove assisted living for rent platform that were previously owned by the Bridges property funds but which have now been sold. The remaining equity is held by members of the Birchgrove management team.

The Group manages various private equity limited partnerships, details of which are given in Note 10 to the financial statements. Investments held through the limited partnerships are made with the express intention of achieving 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 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.

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.

Notes to the financial statements (continued)*for the year ended 31 March 2023***c) Going concern**

The Group has considerable financial resources together with long-term contracts to manage a number of investment partnerships. As a result, the directors believe that the Group is well placed to manage its business risks successfully despite the current economic outlook. More detail can be found in the Strategic and Directors' reports.

The directors have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of financial statements. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

2. Accounting policies**2.1 Financial instruments**

Financial assets and liabilities are recognised when the Group or the Company becomes a party to the contractual provision of the instrument.

2.1.1 Financial assets

Basic financial assets, including trade and other debtors, amounts due from related parties and cash and cash equivalents, are initially recognised at transaction price. Financial assets are classified at initial recognition.

At the end of each reporting period financial assets are assessed for objective evidence of impairment. If an asset is impaired, where the impairment loss is the difference between carrying value and present value of estimated future cash flows discounted at the asset's original effective interest rate, then the impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Trade debtors are generated as a result of recognising fee income, advisory fees, rental income and other revenue. The Group performs ongoing evaluations of the collectability of its trade debtors, and doubtful debt allowances are estimated based on the debtors' current financial position, debtors default experience and management's best estimate. All accounts or portions thereof determined to be uncollectible are provided in profit and loss.

Other debtors consist of a rent deposit.

Amounts due from related parties except shareholders' loans are unsecured, non-interest bearing advances made to entities controlled by the shareholders that are repayable on demand.

Shareholders' loans carry annual interest at the HMRC Official Rate, where the interest is due at the end of the accounting period.

2.1.2 Financial liabilities

Financial liabilities include trade and other payables, accruals and amounts due to related parties, and are initially recognised at cost.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are initially recognised at the transaction price and subsequently measured at amortised cost using the effective interest method.

Amounts due to related parties are unsecured, non-interest bearing advances made to entities controlled by the shareholders that are repayable on demand.

Notes to the financial statements (continued)*for the year ended 31 March 2023***2.1.3 Investment in subsidiaries**

Investments in subsidiaries are carried at cost less accumulated impairment losses.

2.1.4 Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, albeit that investments in equity instruments that are not publicly traded and whose fair value cannot be measured reliably are measured at cost less impairment.

2.2 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. 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:	33.3% straight line (3 years)
Office equipment:	33.3% straight line (3 years)
Leasehold improvements:	6.7% straight line (15 years)

2.3 Operating leases**Lessee**

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

Lessor

The Group has subleased a portion of its leasehold interest which is classified as an operating lease from a lessor perspective. The Group has classified this lease as an operating lease because the lease agreement does not transfer all of the risk and rewards of the ownership to the lessee.

Rental income receivable under the sublease agreement is reflected in the Statement of Comprehensive Income on a straight line basis net of any rent incentives and VAT. The annual rent and any VAT in respect of it is paid in four equal instalments in advance on or before the relevant rent payment dates.

2.4 Pension costs and other post-retirement benefits

The Company makes payments into defined contribution pension schemes from the date an employee joins in accordance with auto-enrolment legislation. Contributions are charged to the Statement of Comprehensive Income as they become payable in the year in accordance with the rules of the schemes.

Differences between contributions payable in the year and contributions actually paid are shown as an Other Creditor in the Statement of Financial Position.

2.5 Income from associated undertakings

Income from associated undertakings relates to the priority profit share or management fees due from the subsidiary undertakings, which is recognised on accrual basis. This is shown net of transaction/monitoring fees received and rebates paid in the year. Fees are recognised as earned in accordance with the underlying contracts and agreements.

Notes to the financial statements (continued)*for the year ended 31 March 2023***2.6 Foreign currency****i) Transactions and balances**

Foreign currency assets and liabilities are initially translated into GBP in the Statement of Financial Position at the date when the transaction first qualifies for recognition. Subsequently, monetary assets and liabilities are translated into GBP based on the prevailing rate of exchange at the reporting date. Exchange rate differences arising are dealt within the profit and loss account. Non-monetary items are translated at historical cost.

ii) Overseas group operations

The results of overseas operations are translated into GBP at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average rates of exchange during the financial year. The exchange differences arising on translation for consolidation purposes are recognised in Other Comprehensive Income ("OCI"). On disposal of overseas operations, the component of OCI is reclassified to profit or loss.

2.7 Turnover

Turnover, which is stated net of value added tax, is attributable to the receipt of advisory fees, consultancy fees rental income from the sub-tenancy agreement, and fees relating to management services provided to the assisted-living-for-rent business, Birchgrove. Fees are recognised as earned in accordance with the underlying contracts and agreements.

2.8 Taxation

Current tax, including UK Corporation Tax and foreign tax, is provided for to reflect amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of Financial Position 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 years different from those in which they are recognised in the financial statements.

2.9 Critical judgements and key sources of estimation

In application of the Group's accounting policies, which are described in this Note 2, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There are no critical estimates or estimation uncertainty.

The preparation of the financial statements requires management to make significant judgements and estimates:

a) Non consolidation of partnerships

The non-consolidation of partnerships that the Group controls is a key judgement, which is discussed at point 1b on page 20.

b) Advisory fee income

A further area of judgement is the recognition of revenue arising from advisory projects over the life of those projects. Judgement is required to determine when and how to recognise grants as they may have different conditions attached to them. The Group recognises a grant when there is reasonable assurance that it will comply with the relevant conditions and therefore judgement is required to establish if the conditions have been complied with. Revenue for each project is recognised on a funder by funder basis.

Notes to the financial statements (continued)*for the year ended 31 March 2023***2.9 Critical judgements and key sources of estimation (continued)****c) Deferred tax**

The Company has not recognised a deferred tax asset due to the unpredictability of future profit streams in the companies where the losses reside or other group entities in which the losses could be applied.

d) Key source of estimation uncertainty

Having considered the nature of the Group's business, key sources of income and expenditure, the Statement of Financial Position and the Group's accounting policies, the directors do not believe there are any key sources of estimation uncertainty.

2.10 Operating expenses

Operating expenses comprise amounts incurred in the operations of the business and are recognised as incurred.

3 Turnover

Worldwide turnover consist of monitoring, advisory and consultancy fees, and UK turnover also includes rental income from a sublease agreement (Note 2.3).

	31 March 2023 £	31 March 2022 £
By activity		
Monitoring fees	1,995,095	2,561,545
Advisory fees	98,105	1,752,582
Rental income (Note 16.2)	75,599	98,823
Birchgrove Management Fees	1,082,400	
Other	766,121	278,868
	4,017,320	4,691,818
By geographical market		
United Kingdom	3,287,907	3,986,391
United States of America	729,413	705,427
	4,017,320	4,691,818

Notes to the financial statements (continued)

for the year ended 31 March 2023

4 Operating profit

Operating profit is stated after charging:

	31 March 2023 £	31 March 2022 £
Consultancy fees	833,618	760,303
General office expenses	829,366	943,514
Professional fees	748,883	553,694
Rent	503,908	504,184
Other operating expenses	398,410	782,621
Other staff costs	388,300	254,152
Irrecoverable VAT	345,214	220,930
Audit, accounting and tax	282,835	256,392
Marketing	138,721	112,273
Entertainment	93,090	75,379
Depreciation of tangible fixed assets (note 9)	79,436	88,200
Travel	58,149	51,975
Donations	703	687,884
Monitoring fees	-	658,593
Bad & doubtful debts*	(400,273)	478,138
	4,300,360	6,428,232

*This relates to the reversal of an intercompany loan impairment.

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

	31 March 2023 £	31 March 2022 £
Fees payable to the Company's auditor and its associates for the audit of the Group's annual accounts	95,086	69,190
Total audit fees	95,086	69,190
Other assurance services - pursuant to legislation	22,515	21,050
Total audit and non audit fees	117,601	90,240

There were no other non-audit services provided to the Group by the auditor in the current or previous period. The amount paid for the audit of the Group's accounts includes amounts relating to the auditing of subsidiaries of the Company.

Notes to the financial statements (continued)

for the year ended 31 March 2023

5 Staff numbers and costs

Group	31 March 2023	31 March 2022
Average no. of employees*	<u>79</u>	<u>57</u>
Their aggregate remuneration comprised:		
	£	£
Wages and salaries	8,647,937	8,116,164
Social security costs	1,095,555	1,033,385
Pension fund contributions	301,233	287,628
Other employee benefits	384,341	52,234
	<u>10,429,066</u>	<u>9,489,411</u>

* During the year to 31 March 2023, Birchgrove Management Services Limited had an average of 28 employees. However, the costs for 22 of those employees were recharged to entities outside of the Group and are not reflected in the Group's staff cost figures. Accordingly, those employees are not included within the Group's average number of employees for the year.

Company	31 March 2023	31 March 2022
Average no. of employees	<u>58</u>	<u>53</u>
Their aggregate remuneration comprised:		
	£	£
Wages and salaries	7,229,770	6,725,424
Social security costs	982,398	878,506
Pension fund contributions	263,011	241,856
Other employee benefits	328,310	111,442
	<u>8,803,489</u>	<u>7,957,228</u>

The Company recharges some of its payroll costs to its subsidiary companies in relation to time relevant employees spend supporting the respective entities.

6 Directors' remuneration

	31 March 2023	31 March 2022
	£	£
Directors' remuneration		
Salaries	631,324	730,138
Company contributions to money purchase pension schemes	4,000	4,000
	<u>635,324</u>	<u>734,138</u>
Remuneration of the highest paid director comprising:		
Emoluments	318,709	490,759
	<u>318,709</u>	<u>490,759</u>

Notes to the financial statements (continued)*for the year ended 31 March 2023***7 Other finance income**

	31 March 2023 £	31 March 2022 £
Other finance income	<u>74,639</u>	<u>23,256</u>

8 Tax on profit on ordinary activities

	31 March 2023 £	31 March 2022 £
UK Corporation tax at 19% (2022: 19%)	<u>1,244,126</u>	<u>190,304</u>
Group profit on ordinary activities before tax	5,706,495	2,399,373
Tax on group profit on ordinary activities at the standard UK corporation tax rate of 19% (2022: 19%)	1,084,234	455,881
Effects of:		
- Expenses not within the scope of UK taxation	(216,611)	353,822
- Income not included in determining taxable profit	92,545	(117,885)
- Non-taxable income	(13,835)	-
- Movement on deferred tax liability not recognised	1,052,992	-
- Movement on deferred tax assets not recognised	(1,099,220)	(691,818)
- Prior year tax charge adjustment	344,021	190,304
Group total tax charge for year	<u><u>1,244,126</u></u>	<u><u>190,304</u></u>

The Group had tax losses carried forward as at 31 March 2023 of £6,521,202 (2022: £12,306,569). The recognition of a deferred tax asset is a key judgement of the directors. While the directors believe there will be sufficient profits in future years to utilise the relevant temporary differences, the profit streams of the group entities in which the losses reside is uncertain therefore no deferred tax asset has been recognised in the Group accounts. The deferred tax amount not recognised is £1,630,301 (2022: £3,076,642)

Notes to the financial statements (continued)*for the year ended 31 March 2023***9 Tangible fixed assets
Group**

	Office equipment £	Furniture & fittings £	Leasehold improvements £	Total £
Cost or valuation				
At 1 April 2022	337,326	156,520	551,279	1,045,125
Additions	28,745	6,751	-	35,496
Disposal	-	-	-	-
Foreign exchange	1,457	138	296	1,891
At 31 March 2023	367,528	163,409	551,575	1,082,512
Depreciation				
At 1 April 2022	267,780	154,523	288,982	711,285
Charge for the year	41,559	1,896	35,981	79,436
Disposal	-	-	-	-
Foreign exchange	1,234	33	(167)	1,100
At 31 March 2023	310,573	156,452	324,796	791,821
Net book value				
At 31 March 2023	56,955	6,957	226,779	290,691
At 31 March 2022	69,546	1,997	262,297	333,840
Company				
	Office equipment £	Furniture & fittings £	Leasehold improvements £	Total £
Cost or valuation				
At 1 April 2022	313,437	155,797	546,181	1,015,415
Additions	24,970	6,751	-	31,721
Disposal	-	-	-	-
At 31 March 2023	338,407	162,548	546,181	1,047,136
Depreciation				
At 1 April 2022	246,519	153,945	286,677	687,141
Charge for the year	39,197	1,769	35,612	76,578
Disposal	-	-	-	-
At 31 March 2023	285,716	155,714	322,289	763,719
Net book value				
At 31 March 2023	52,691	6,834	223,892	283,417
At 31 March 2022	66,918	1,852	259,504	328,274

Notes to the financial statements (continued)*for the year ended 31 March 2023***10 Investments**

Group	31 March 2023	31 March 2022
	£	£
Cost	804	720
Additions*	675,076	84
Net book value	<u>675,880</u>	<u>804</u>

Company	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Cost	96	12
Additions	-	84
Net book value	<u>96</u>	<u>96</u>

*The additional Group investment during the year represents an interest in the GP commitment in the US Sustainable Growth Fund managed by the Group's US subsidiary. This investment was previously warehoused in the name of a director and funded by the Group by way of a loan, with the intention that the underlying fund interest be transferred directly to the Group once the necessary regulatory permission had been obtained. This transfer was completed during the year.

Notes to the financial statements (continued)

for the year ended 31 March 2023

10 Investments (continued)

	% Ownership	Country of incorporation	Entity registration number
Bridges Ventures Holdings Ltd*	100%	England & Wales	07858658
Bridges Ventures Inc.	100%	USA	
Bridges Community Ventures Nominees Ltd *	100%	England & Wales	04444612
Bridges Ventures (General Partners) Ltd *	100%	England & Wales	08860766
Bridges Community Ventures (General Partner) Ltd *	100%	England & Wales	04395822
Bridges Community Ventures (Scotland) Ltd *	100%	Scotland	SC230747
Bridges CDV Fund II (General Partner) Ltd *	100%	England & Wales	05760816
Bridges CDV Fund II (Scotland) Ltd *	100%	Scotland	SC298254
Bridges Ventures III (General Partner) Ltd	100%	England & Wales	07790936
Bridges Ventures III (Scot) Ltd *	100%	Scotland	SC408288
Bridges Sustainable Growth Fund IV (General Partner) LLP	100%	England & Wales	OC414079
Bridges Sustainable Growth Fund IV (Founder Partner GP) LLP *	100%	England & Wales	SO305836
Bridges Sustainable Growth IV(B) (General Partner) LLP *	100%	England & Wales	OC438088
Bridges Sustainable Growth IV(B) (Founder Partner GP) LLP*	100%	England & Wales	SO307302
Bridges Social Entrepreneurs Fund (General Partner) Ltd *	100%	England & Wales	06937576
Bridges Social Entrepreneurs Fund (Scotland) Ltd *	100%	Scotland	SC361356
Bridges Social Impact Bond Fund (General Partner) Ltd *	100%	England & Wales	08349759
Bridges Social Impact Bond Fund (Scotland General Partner) Ltd *	100%	Scotland	SC439243
Bridges Social Interim (General Partner) LLP *	100%	England & Wales	OC398341
Bridges Evergreen Capital GP LLP *	100%	England & Wales	OC404650
Bridges Evergreen Capital (Founder Partner) GP LLP *	100%	Scotland	SO305628
Bridges SP Fund (General Partner) Ltd *	100%	England & Wales	07030469
Bridges SP Fund (Scotland) Ltd *	100%	Scotland	SC366079
Bridges Property Alternatives Fund III (General Partner) LLP *	100%	England & Wales	OC390593
Bridges Property Alternatives III (Founder Partner GP) LLP *	100%	Scotland	SO304794
Bridges Property Alternatives Fund IV (General Partner) LLP	100%	England & Wales	OC411667
Bridges Property Alternatives Fund IV (Founder Partner GP) LLP *	100%	Scotland	SO305691
BFM (GP Commit) Limited *	100%	England & Wales	011195267
Bridges Social Outcomes Fund II (General Partner) LLP *	100%	England & Wales	OC423252
Bridges Social Outcomes Fund II (Scotland) General Partner LLP *	100%	Scotland	SO306469
Bridges Insights Limited *	100%	England & Wales	11877128
Bridges Property Alternatives Fund V (General Partner) LLP *	100%	England & Wales	OC431098
Bridges Property Alternatives Fund V (Founder Partner GP) LLP *	100%	Scotland	SO306907
Bridges Outcomes Ltd	100%	England & Wales	12638672
Bridges Northwest Co-Investment Founder Partner GP LLP *	100%	England & Wales	SO306140
Bridges/GMPF Co-Investment Vehicle (General Partner) LLP *	100%	England & Wales	OC418373
Bridges/Merseyside Co-Investment Vehicle (General Partner) LLP *	100%	England & Wales	OC423425
Lotus BFM GP LLP *	100%	England & Wales	OC443806
Birchgrove Management Services Limited	51%	England & Wales	13574280
Birchgrove Team Limited**	51%	England & Wales	13577028
Bridges Property Alternatives III (Feeder GP) LLP *	100%	England & Wales	SO305382

*Subsidiaries that are entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

**Held indirectly through Birchgrove Management Services Limited

Notes to the financial statements (continued)

for the year ended 31 March 2023

11 Debtors

Group	31 March 2023	31 March 2022
	£	£
Trade debtors	1,837,387	936,011
Other debtors	156,992	494,820
Amounts due from related parties (Note 18a)	1,800,792	1,970,053
Prepayments and accrued income	378,356	372,701
Advance payment of Corporation Tax*	293,374	723,734
VAT and other taxes	76,729	299,644
	4,543,630	4,796,963

Company	31 March 2023	31 March 2022
	£	£
Trade debtors	1,038,490	936,011
Other debtors	156,992	465,029
Amounts due from related parties (Note 18b)**	1,404,014	218,786
Amounts due from subsidiaries***	957,742	2,533,915
Prepayments and accrued income	44,551	289,799
Advance payment of Corporation Tax*	293,374	723,734
VAT and other taxes	93,199	131,902
	3,988,362	5,299,176

Amounts due from related parties relate to fund limited partnerships and are not eliminated on consolidation.

*The 2022 financial statements included the advance payment of Corporation Tax as part of Prepayments & accrued income.

**In the 2022 financial statements the related party balance consisted of amounts due from related parties of £218,786 and amounts due from subsidiaries of £2,533,915.

*** Amounts due from subsidiaries are unsecured, bear no interest and are receivable on demand. These amounts are eliminated on consolidation.

Notes to the financial statements (continued)*for the year ended 31 March 2023***12 Cash at bank and in hand**

Group	31 March 2023	31 March 2022
	£	£
Cash at bank and in hand	<u>9,105,674</u>	<u>7,589,099</u>

Company	31 March 2023	31 March 2022
	£	£
Cash at bank and in hand	<u>7,984,859</u>	<u>6,566,764</u>

13 Creditors: amounts falling due within one year

Group	31 March 2023	31 March 2022
	£	£
Trade creditors	175,966	2,811
Amounts payable to related parties (note 19a)	810,099	1,853,678
Other tax and social security	344,178	277,730
Accruals and deferred income	1,007,381	1,387,550
Corporation tax payable	588,287	-
Other creditors	625,970	408,913
	<u>3,551,881</u>	<u>3,930,682</u>

Company	31 March 2023	31 March 2022
	£	£
Trade creditors	4,398	-
Amounts payable to related parties (note 19b)	375,893	1,810,116
Other tax and social security	308,632	265,987
Accruals and deferred income	880,156	1,005,944
Corporation Tax payable	525,299	-
Other creditors	91,143	250
	<u>2,185,521</u>	<u>3,082,297</u>

Amounts payable to related parties are due to fund limited partnerships and are therefore not eliminated on consolidation.

Notes to the financial statements (continued)*for the year ended 31 March 2023***14 Creditors: amounts falling due after one year**

	Group & Company		
	Rent reserve £	Dilapidation £	Total £
At 1 April 2022	317,778	132,650	450,428
Movement during the year	(43,333)	-	(43,333)
At 31 March 2023	274,445	132,650	407,095

At 31 March 2023, the Company had a rental provision of £274,445 (2022: £317,778) representing the balance of amounts originally accrued during the rent free period after it moved into its current premises. The provision is being unwound over the remaining life of the rental contract.

A dilapidation provision is being maintained in anticipation of the expected costs required to restore the premises of the Company back to their original state once the rental agreement expires in July 2029. The provision is estimated at £15 sq/ft on 8,295 sq ft in total giving a provision of £132,650 at 31 March 2023 (2022: £132,650). In accordance with FRS102 a corresponding asset is shown in the Statement of Financial Position within Tangible fixed assets.

15 Called up share capital

	31 March 2023 £	31 March 2022 £
Allotted, called-up and fully-paid		
70,000 A Ordinary shares of £1 each	70,000	70,000
30,000 B Ordinary shares of £1 each	30,000	30,000
1,274,130 C Preference shares of £0.01 each	12,741	12,741
	112,741	112,741

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

Class 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 the right to veto a change of mission. The B shares have no other rights.

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

Notes to the financial statements (continued)*for the year ended 31 March 2023***16 Operating leases****16.1 Amounts due under operating leases**

Group	Land & buildings		Other	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£	£	£	£
Within one year	540,000	540,000	6,225	6,225
Between one and five years	2,160,000	2,160,000	14,256	20,258
After five years	720,000	1,260,000	-	-
	<u>3,420,000</u>	<u>3,960,000</u>	<u>20,481</u>	<u>26,483</u>

Company	Land & buildings		Other	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	£	£	£	£
Within one year	540,000	540,000	6,225	6,225
Between one and five years	2,160,000	2,160,000	14,256	20,258
After five years	720,000	1,260,000	-	-
	<u>3,420,000</u>	<u>3,960,000</u>	<u>20,481</u>	<u>26,483</u>

16.2 Amounts receivable under operating leases

The rental income recognised in 2023 is £75,999 (2022: £98,823) (Note 3)

Group	Land & buildings	
	31 March 2023	31 March 2022
	£	£
Within one year	69,859	76,985
Between one and five years	106,644	176,503
After five years	-	-
	<u>176,503</u>	<u>253,488</u>

Notes to the financial statements (continued)*for the year ended 31 March 2023***16.2 Amounts receivable under operating leases (continued)**

	Land & buildings	
	Year ended 31 March 2023	Year ended 31 March 2022
Company	£	£
Within one year	69,859	76,985
Between one and five years	106,644	176,503
After five years	-	-
	176,503	253,488

17 Employee benefits

The Company operates defined contribution pension schemes for its employees. Pension costs during the year amounted to £310,022 (2022: £287,268) for the Group and £263,011 (2022: £241,856) for the Company. The assets of the schemes are held separately from those of the Company in independently administered funds. The Company had outstanding contributions of £48,027 at 31 March 2023 (2022: £48,950).

18 Related party transactions**a. The Group**

During the year the Group entered into transactions in the ordinary course of business with various related parties. Transactions with entities under common control relate to management fees, recharge of operating expenses incurred on behalf of fund limited partnerships and monitoring fees payable under the various partnership agreements. The balances at the year-end were:

	31 March 2023	31 March 2022
	£	£
Amounts due from related parties	945,792	1,970,053
Amounts due to related parties	(725,742)	(1,853,678)
	220,050	116,375

Related party transactions are non-interest bearing, unsecured and repayable on demand.

Notes to the financial statements (continued)*for the year ended 31 March 2023***18. Related party transactions (continued)**

The Group receives a management fee in respect of certain entities listed in Note 10 under the terms of the relevant partnership agreements. The amounts received during the year are summarised below:

	31 March 2023	31 March 2022
	£	£
Management fees	<u>16,343,962</u>	<u>14,864,829</u>

The fees shown are reduced by the whole of any underwriting or abort fees and by a proportion of any transaction fees, investment fees, corporate finance fees and other fees received by the Group from the investments held by the funds. The proportion is determined by each fund's limited partnership agreement.

b. The Company

During the year the Company entered into transactions in the ordinary course of business with various related parties. Transactions with entities under common control relate to management fees, recharge of operating expenses incurred on behalf of fund limited partnerships and monitoring fees payable under the underlying investment agreements. The balances at the year-end were

	31 March 2023	31 March 2022
	£	£
Amounts due from related parties	549,014	218,786
Amounts due to related parties	(375,893)	(1,810,116)
	<u>173,121</u>	<u>(1,591,330)</u>

Related party transactions are non-interest bearing, unsecured and repayable on demand.

Notes to the financial statements (continued)*for the year ended 31 March 2023***18. Related party transactions (continued)****c. Transactions with directors**

	31 March 2023	31 March 2022
	£	£
Directors' remuneration (Note 6)	635,324	734,138
Receivable from directors	-	529,965
Payable to directors	(84,357)	-
	<u>(84,357)</u>	<u>529,965</u>

Amounts payable to directors are non interest bearing and unsecured.

d. Transactions with shareholders

During the year, the Company entered into transactions with its shareholders which are summarised below:

	31 March 2023	31 March 2022
	£	£
Shareholders' loans		
Loans advanced to shareholders	855,000	-
Dividends paid	2,102,538	2,050,496

The loans made to certain of the shareholders are interest bearing at the HMRC official rate and the interest applicable to these loans is paid at the end of the financial year.

Dividend distributions of £2,102,538 (2022: £2,050,496) were made to the shareholders of the parent company during the year.

19 Post balance sheet events

After the year-end, the SDG Outcomes Fund, to which Bridges Outcomes Limited provides Investment Management services, closed in a further \$14.92m of commitments, taking total commitments to \$65.92m. There were no other subsequent events affecting the Group to report.

20 Ultimate controlling parties

Philip Newborough and Michele Giddens are deemed to have ultimate control of the Company.