

UBS UK Donor-Advised Foundation

Annual Report and Financial Statements

31 December 2020

Company Limited by Guarantee
Registration Number
08619664 (England and Wales)

Charity Registration Number
1153551

Contents

Reports

Legal and administrative information	3
Strategic report	4
Trustees' report	8
Statement of Trustees' responsibilities	13
Independent auditor's report	14

Financial statements

Statement of Financial Activities	18
Balance Sheet	19
Statement of Cash Flows	20
Principal accounting policies	21
Notes to the financial statements	25

Legal and administrative information

Trustees/Directors	Richard Hardie (Chair) William Day Alexandra Deane Andrew Elliot A. Magdalena Haslinger Sarah Payne Nicholas Wright
Company Secretary	Buzzacott Secretaries Limited
Registered office	5 Broadgate London EC2M 2QS
Company registration number	08619664 (England and Wales)
Charity registration number	1153551
Auditor	Ernst & Young LLP 25 Churchill Place London E14 5EY
Bankers	UBS AG London Branch 5 Broadgate London EC2M 2QS
Investment managers	UBS AG London Branch 5 Broadgate London EC2M 2QS
Solicitors	Bates Wells 10 Queen Street Place London EC4R 1BE

Review of the business

The UBS UK Donor-Advised Foundation (the "Foundation", the "charity" or the "charitable company", the "DAF") was approved by the Charity Commission on 28 August 2013. The objectives of the Foundation are charitable purposes for the benefit of the public as the Trustees may from time to time see fit and no other purposes.

It was the Trustees' belief that the combination of regulatory complexity and running costs often prevented money being given to charity. The Foundation was created to make it easier to give money to United Kingdom ("UK") registered and exempt charities and the strategy remains to further this aim.

In pursuit of the objectives above, the principal achievements of the Foundation in 2020 are raising funds totalling £96.9m from donors and granting £29.0m to 492 registered charities. Grant expenditure was lower in 2020 when compared to 2019 but in line when compared to previous years. Grant expenditure is at the recommendation of DAF account holders and occurs over time. As the DAF is growing, it is expected that income will exceed expenditure. Grant expenditure since inception is monitored by the Trustees and is in line with expectations when viewed on a multi-year basis. The Trustees expect that all funds will be distributed in due course. Further, the continued execution of the Foundation's strategy to leverage the existing infrastructure and expertise within UBS AG London Branch (the "Member") enables the Foundation to maintain a low cost base and focus on its core principal activity of making it easy for donors to give to UK registered and exempt charities.

Risk management

The primary objective of the Foundation's risk and financial management framework is to protect the Foundation's financial resources from events that hinder the sustainable achievement of the financial performance of the Foundation. The Foundation has identified governance, operational, financial, law and regulation and financial instrument risk as its main risks. Risks are documented in a Risk Framework and Register which is reviewed by the Trustees frequently and by the Member as an additional measure. The Register also outlines the systems, procedures and controls in place to manage those risks. This Framework is reviewed by the Trustees at least once per year.

The Foundation takes advice from its solicitors, Bates Wells on any matters identified by the Trustees as requiring external legal Counsel.

The Trustees of the Foundation have assessed the impact of the United Kingdom's withdrawal from the European Union ("Brexit") and have considered the implications of Brexit on the operations of the Foundation. In this regard, the Trustees noted the official departure on 31 January 2020 and the transition period ending 31 December 2020 with the future relationship between the United Kingdom and the European Union being further defined. The Trustees do not anticipate any direct impact of Brexit on the operation of the charity and they will continue to monitor the impact and take action as appropriate.

Key identified risks include:

Governance framework

Risk: Inappropriate organisational structure and conflicts of interest.

Strategic report 31 December 2020

Mitigate risk: The Trustees follow best practice and take advice on the organisational structure. A register of interests is maintained by the Secretary.

Operational risks

Risk: Fraud and misappropriation of assets and/or cash.

Mitigate risk: The operation of the charity and its donors' accounts are monitored by the risk management team of the Member and are subject to both external and internal audit.

Financial risks

Risk: Accuracy and timeliness of financial information, adequacy of reserves and cash flow, diversity of income sources and investment management.

Mitigation: Donors are aware of the liquidity and risk profile of their investments and receive regular statements informing them of the current asset value and the risks profile of those investments. The Foundation's financial information is subject to annual external audit.

Law and regulation risks

Risk: Breach of charity law, company law, and regulatory requirements of particular activities undertaken by the charity.

Mitigate risk: The Trustees are advised by specialists in areas of charity law, company law and financial regulation.

Financial instrument risk

Main risks:

- **Currency risk:** Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- **Equity price risk:** Equity price 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 currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.
- **Liquidity risk:** Liquidity risk is the risk that the Foundation may be unable to meet short term financial demands. This usually occurs due to the inability to convert a security or hard asset to cash without a loss of capital and/or income in the process.

Mitigation: The financial risk management objectives and policies of the Foundation are in place to protect the Foundation's ability to meet cash flow requirements. The Foundation primarily holds funds and makes grants in Sterling.

Review of the business (continued)

Risk management (continued)

Programme-related investment (PRI)

Risk: Intended outcomes may not be achieved.

Mitigation: The same risk of not achieving intended outcomes applies to grants. This risk shall be mitigated through a thorough due diligence process on loan recipients (which shall include a review of the Borrower's strategy and the project the PRI loan will support, finances, governance and social impact), which shall be documented in the PRI Due Diligence Form. The risk is managed through the robust due diligence process and then subsequent monitoring through regular interaction with the Borrower.

Risk: Borrowers may default on their loan.

Mitigation: See comments above in relation to due diligence, which includes a review of finance. The risk is managed through the robust due diligence process and then subsequent monitoring through regular interaction with the Borrower. Where a Borrower is unable to make a loan repayment, the Trustees consider all the relevant issues and take advice where appropriate, and reach a reasonable decision with regard to enforcement.

Effect of Coronavirus

During the year 2020 to the date that the Financial Statements were approved, the coronavirus disease 2019 (COVID-19) outbreak had spread globally and caused extensive disruptions to businesses as well as economic activities globally with no exception for the UK.

We have considered the effects of COVID-19 on the charity's operations and have concluded that the impact on it is likely to be limited. Following the advice issued by the UK Government regarding employees working from home and other social distancing measures, the Member has enacted procedures to facilitate this and has a detailed plan that enables effective operation to continue whilst employees are not physically present in the Foundation's offices.

We do not foresee this having an impact on the entity's ability to continue as a going concern as the Foundation's immediate controlling party, its sole member, has sufficient financial resources to commit to providing additional funding in the event that it is required to fund the Foundation's continuing operations.

In terms of continuity of business operations, UBS UK Donor-Advised Foundation is included in the Business Continuity Strategy of UBS AG. With regard to fundraising, UBS UK Donor-Advised Foundation will continue to partner with the UBS Wealth Management business to grow its donor base. Therefore, the Foundation expects to be able to continue normal operations through working from home for as long a period as may be advised.

Future plans

The primary objective for 2021 and beyond is to continue to facilitate and grow the philanthropy of UK donors. The Trustees plan to continue engagement in innovative offerings, such as programme-related investment, to offer donors a state-of-the-art philanthropy service. The Trustees also note that philanthropic entities within UBS AG, namely the UBS Optimus Foundation UK and UBS Community Affairs, will continue to raise awareness amongst DAF donors of the added power this combination can bring to their grant making.

The Trustees will continue to monitor the Charity Commission's consultation on responsible investment and adhere to any guidance issued. They will also follow the recommendations of the DAF's Investment Manager on this topic, in accordance with the DAF's investment policy.

Approved by the Trustees and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Rhonda', is positioned below the text 'Approved by the Trustees and signed on their behalf by:'. The signature is fluid and cursive.

Trustee

Approved by the Trustees on: 24 September 2021

Trustees' report 31 December 2020

The Trustees (who are the directors of the company for the purpose of the Companies Act), present their annual report incorporating the strategic report and audited accounts of UBS UK Donor-Advised Foundation for the year ended 31 December 2020.

The report has been prepared in accordance with Part 8 of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out on pages 21 to 24 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, Companies Act 2006, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

Aims and objectives

The Foundation was created to make it easier to give money to United Kingdom ("UK") registered and exempt charities. To achieve this aim, infrastructure and other support are provided to donors to facilitate charitable giving, and education is provided to Client Advisors to expand the offering. Client Advisors will engage with the Philanthropy Services team in order to provide their clients with relevant advice based on the clients' charitable objectives. The objectives of the Foundation are charitable purposes for the benefit of the public, facilitating and helping the clients to donate part of their wealth with a very cost effective vehicle, as the Trustees may from time to time see fit and no other purposes. Further information is contained in the Strategic Report on pages 4 to 7.

The Trustees confirm that they have complied with the duty set out in Section 11 of The Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission in determining the activities undertaken by the Foundation.

Governance, structure and management

Constitution

UBS UK Donor-Advised Foundation (the "Foundation") is a registered charity (1153551) with the Charity Commission for England and Wales and company limited by guarantee registered in England and Wales (08619664) incorporated on 22 July 2013. Governance is by a Board of Trustees (the "Board") and Memorandum and Articles incorporated 22 July 2013 as amended by special resolutions 02 September 2013.

Guarantor/Member

The Guarantor and Member of the Foundation are UBS AG London Branch. In the event of the Foundation being wound up, the liability of the Member is limited to £1.

Trustees

The Trustees constitute directors of the charity for the purposes of company law and Trustees of the charity for the purposes of charity legislation.

Governance, structure and management (continued)

Trustees (continued)

The Trustees who held office during the year and after the year end were as follows:

Trustee	Appointment / Resignation
Richard Hardie (Chair)	Reappointed on 08 July 2021
William Day	Appointed on 06 October 2020
Alexandra Deane	Appointed on 06 October 2020
Andrew Elliot	Appointed on 06 October 2020
A. Magdalena Haslinger	Appointed on 05 December 2018
Alexander Justham	Resigned on 13 October 2020
Sarah Payne	Appointed on 05 December 2018
Miranda Richards	Resigned on 08 September 2020
Nicholas Wright	Appointed on 22 July 2013

The Board is comprised of UBS AG employees as well as individuals with no affiliation to UBS. All were nominated and approved by the Member. The addition of two Board Members with no affiliation to UBS occurred in 2020 in order to improve the governance and independence of the charity.

The Foundation has indemnified all Trustees in respect of any liabilities properly incurred in running the Foundation to the extent permitted by the Companies Act. When recruiting new Trustees, the Board look for individuals with skills and experience which are of value to the Foundation. Training is arranged annually for all Trustees and all Trustees must sign a Trustee declaration, which states that they understand their duties as a Trustee and have read the relevant conflict of interest policies. The Board is responsible for the oversight and governance of the Foundation, which includes approval of all grants made by the Foundation.

The Trustees have delegated the responsibility for the investment management, custody, and bookkeeping of the Foundation to the Member. The Member provides office space, support staff, IT, marketing, operations, finance, and in-house legal support to the Foundation.

Key management personnel

The key management personnel of the charity in charge of directing, controlling, running and operating the charity comprise the following staff employed by UBS AG: Head of Philanthropy Services UK; two Business Managers; and one Philanthropy Manager.

These staff are employed by and remunerated by UBS AG, who are also responsible for setting their remuneration. The Trustees receive no remuneration or reimbursement of expenses in connection with their duties as Trustees.

Donations process

All donations have to be approved by two Trustees and can only be received from UBS AG clients. Donations can be cash or financial investments gifted to the Foundation.

Activities and achievements

The activities and objectives of the Foundation are outlined in the Strategic Report under Review of the Business.

Financial review

Statement of financial activities

The results and performance of the Foundation are set out on page 17. This shows total income of £100.8m (2019 - £85.6m), expenditure of £29.0m (2019 - £50.1m) and net gains on investments and other gains arising due to foreign exchange of £20.4m (2019 – gains of £27.6m). There have been 24 (2019 - 39) donor accounts opened and 890 (2019 - 796) grants approved totalling more than £28.4m (2019 - £49.7m) to 492 (2019 - 350) UK registered and exempt charities.

Balance sheet

The Foundation holds £247.7m (2019 - £157.4m) in investments and holds £33.2m (2019 - £24.2m) cash.

The Foundation's balance sheet shows total funds of £280.8m (2019 - £187.8m) all relating to restricted funds. All the Foundation's operating costs are paid by UBS AG, and no unrestricted funds are held.

Grant making policy

All grant-making decisions shall be made by the Trustees. As a donor-advised charity, the Foundation will invite donors to provide an indication of which UK registered or exempt charities they would like to see supported, who will seek independent legal advice where needed. Donors recommend grants to the Trustees for approval. Where grant recommendations have been received from donors, these are not binding on the Trustees; the Trustees will in each case make their own assessment of the suitability of the charity in question and will in all cases exercise their own discretion as to whether to make the grant that has been proposed. Grants shall only be made to charities that have been registered with the UK Charity Commission.

Investment policy

The Member acts as the Foundation's Investment Manager. Each donor's investment portfolio has its own investment strategy that is agreed with the Investment Manager. Investments held within each donor account are approved by the Member for inclusion in donors' portfolios. These can be managed on either a discretionary, advisory or execution only basis. The performance of all investments is reported at least annually to the donor. The Foundation is not dependent on income from its donated investments, but income received from investments is available for grant making.

The Foundation is in the process of refining its investment policy and governance arrangements relating to investment matters. It has also undertaken an independent review to provide reassurance that the services provided by its investment manager are appropriate, and so that the Trustees can continue to make well informed decisions around investment management.

Reserves policy

The Foundation has no future expenditure commitments and all running costs are met by the Member. The Foundation consists of irrevocable restricted funds so has no reserves which are freely available.

Related parties

The principal funding source of the Foundation is the Member, which provides in kind support by way of office space, support staff, IT and telephone marketing, operations, finance, and in-house legal support, and clients of UBS AG who can make donations. Gifts in kind in the form of donated services received from UBS AG London Branch (the "Member") that cannot be quantified with reasonable accuracy are not recognised by the Foundation. All other donated services are recognised.

Going concern

The Foundation's business activities, together with the factors likely to affect its future development, performance and position, are set out within this report. The financial position of the Foundation is reflected on the balance sheet. The Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future. In making their going concern assessment the Trustees have given consideration to the effects of the Coronavirus pandemic on the charity's operations and finances, as described on page 20. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Disclosure of information to the auditor

So far as each person who was a Trustee at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow Trustees, each Trustee has taken all the steps that he/she is obliged to take as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Fundraising statement

The Foundation does not actively solicit donations directly from the public and therefore is not registered with the Fundraising Regulator and does not subscribe to any fundraising codes of practice. Were donations to be received from individuals or trusts and foundations outside of UBS bank's client-base, the Foundation would ensure personal data is appropriately protected.

Approved by the Trustees and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Rhonda', written in a cursive style.

Trustee

Approved by the Trustees on: 24 September 2021

Statement of Trustees' responsibilities 31 December 2020

The Trustees (who are also directors of UBS UK Donor-Advised Foundation for the purposes of company law) are responsible for preparing the Trustees' Report incorporating the Strategic Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

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

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 charitable company will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Trustees confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Trustees and signed on their behalf by:



Trustee

Approved by the Trustees on: 24 September 2021

Independent auditor's report to the Member of UBS UK Donor-advised Foundation

Opinion

We have audited the financial statements of UBS UK Donor-Advised Foundation (the "charitable company") for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows, Principle accounting policies and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the trustee's ability to continue as a going concern.

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 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 themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter 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 Trustees' report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic report and the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic report or the Trustees' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 13, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the charitable company or to cease operations, or has 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

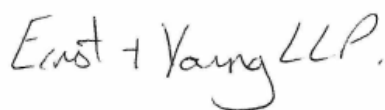
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are Charities Act 2011, Charities SORP (FRS 102), charitable Foundation's Memorandum and Articles of Association and Companies Act 2006, . We understood how UBS UK Donor-advised Foundation is complying with those frameworks by making enquiries of management and reviewing minutes of the meetings of the Trustees.
- We assessed the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override. We considered the controls that the charitable company has established to address risks identified by the Trustees, or that otherwise seek to prevent, deter or detect fraud and how management and those charged with governance monitor those controls.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved the review of minutes of meetings of the Trustees, making inquiries of management; and performance of journal entry testing based on our risk assessment and understanding of the business, with a focus on non-standard journals.

Independent auditor's report Year to 31 December 2020

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable 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.

A handwritten signature in black ink that reads "Ernst + Young LLP." The signature is written in a cursive, flowing style.

Mike Gaylor (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date: 24 September 2021

Statement of Financial Activities Year to 31 December 2020

		Restricted funds	
	Notes	31 December 2020 £'000	31 December 2019 £'000
Income from:			
Donations	1	96,875	82,234
Investments	2	3,972	3,370
Total		100,847	85,604
Expenditure on:			
Raising funds			
Investment management fees		478	351
Charitable activities	3	28,480	49,736
Total		28,958	50,087
Net income before investment gains		71,889	35,517
Net gains on investments	7,8	20,378	27,595
Other gains (losses) due to foreign exchange		732	(100)
Net income and net movement in funds		92,999	63,012
Reconciliation of funds:			
Total funds brought forward		187,783	124,771
Total funds carried forward		280,782	187,783

All the Foundation's activities derived from continuing operations during the above two financial periods.

All recognised gains and losses are included in the above statement of financial activities.

The accompanying notes on pages 25 to 32 form an integral part of the financial statements.

Balance Sheet as at 31 December 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets:					
Financial investments	7		247,624		157,396
Programme related investments	8		50		50
			<u>247,674</u>		<u>157,446</u>
Current assets:					
Debtors	9	33		6,126	
Cash at bank and in hand		<u>33,133</u>		<u>24,214</u>	
Total current assets		33,166		30,340	
Creditors: amounts falling due within one year	10	<u>(58)</u>		<u>(3)</u>	
Net current assets			33,108		30,337
Total net assets			<u>280,782</u>		<u>187,783</u>
The funds of the charity:					
Restricted income funds	11		<u>280,782</u>		<u>187,783</u>
			<u>280,782</u>		<u>187,783</u>

The accompanying notes on pages 25 to 32 form an integral part of the financial statements.

Approved by the Trustees of UBS UK Donor-Advised Foundation, Company Registration No. 08619664 (England and Wales), and signed on their behalf by:



Trustee

Approved on:

24 September 2021

Statement of Cash Flows Year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities:			
Net cash provided by operating activities	A	32,740	4,268
Cash flows from investing activities:			
Dividends and interest from investments		3,972	3,370
Purchase of investments		(101,680)	(42,277)
Purchase of programme related investments		—	(50)
Proceeds from the disposal of investments		73,156	34,540
Net cash used in investing activities		(24,552)	(4,417)
Increase in cash and cash equivalents		8,188	(149)
Reconciliation of changes in cash and cash equivalents			
Cash and cash equivalents at 1 January 2020	B	24,214	24,463
Change in cash and cash equivalents due to exchange rate movements		731	(100)
Cash and cash equivalents at 31 December 2020	B	33,133	24,214

A Reconciliation of net movement in funds to net cash provided by operating activities

	2020 £'000	2019 £'000
Net movement in funds	92,999	63,011
Gift of shares	(41,326)	(20,760)
Foreign exchange (gains) losses	(731)	100
Dividends and interest from investments	(3,972)	(3,370)
Net gains on investments	(20,378)	(27,594)
Decrease (increase) in debtors	6,093	(6,083)
Increase (decrease) in creditors	55	(1,036)
Net cash provided by operating activities	32,740	4,268

B Analysis of cash, cash equivalents and net debt

	2020 £'000	2019 £'000
Cash at bank and in hand	33,133	24,214

Principal accounting policies Year ended 31 December 2020

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 December 2020.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements under the historical cost convention and on an accruals basis with items recognised.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) and the Charities Act 2011.

The Foundation constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest thousand pounds.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Trustees and management to make significant judgements and estimates. No critical estimates or areas of judgement have been noted by the Trustees or management.

Assessment of going concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. This included an assessment of the possible effects of the continuing COVID-19 pandemic on the charity's activities. The Trustees of the Foundation have concluded that there are no material uncertainties related to events or conditions that cast significant doubt on the ability of the Foundation to continue as a going concern. The Trustees are of the opinion that the Foundation will have sufficient resources to meet its liabilities as they fall due, as they believe that UBS AG will continue to support the Foundation's activities. The Trustees have a reasonable expectation that the Foundation has adequate resources to continue in operational existence for the foreseeable future for a period of at least 12 months from the date of these financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

With regard to the next accounting period, the year ending 31 December 2021, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the Trustees' report for more information).

Principal accounting policies Year ended 31 December 2020

Income recognition

Income is recognised in the period in which the Foundation has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, gifted services and investment income. All income is accounted for on an accruals basis in accordance with the conditions of the SORP.

Donations are received from UBS AG clients and include related Gift Aid tax reclaims. Donations are recognised when the charity has confirmation of both the amount and settlement date. Gift Aid is recognised as revenue as at the date of the donation claiming Gift Aid contingent upon the FRS 102 revenue recognition principles of entitlement, probability, and measurement being met. Gifted services received from UBS AG London Branch (the "Member") that cannot be quantified with reasonable accuracy are not recognised by the Foundation. All other donated services are recognised.

Dividends received from the charity's investment holdings are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Foundation.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses are allocated or apportioned to the applicable expenditure headings.

Expenditure on raising funds comprises investment management fees, being the costs related to managing the investment portfolio. Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities.

Charitable grants are made where the Trustees consider there is real need following a review of the details of each particular case and comprise single year payments rather than multi-year grants. Grants and donations are included in the Statement of Financial Activities when approved for payment. A provision is made for grants approved but unpaid at the period end.

Principal accounting policies Year ended 31 December 2020

Support costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the Foundation, it is necessary to provide support in the form of financial and governance procedures, provision of office services and equipment and a suitable working environment. Gifts in kind in the form of donated services received from UBS AG London Branch that cannot be quantified with reasonable accuracy are not recognised by the Foundation.

Foreign currency exchange

The Foundation's presentational and functional currency is sterling. Transactions denominated in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate ruling on the balance sheet date. Non-monetary items denominated in a foreign currency, measured at fair value are translated into the functional currency using the exchange rate ruling at the date when the fair value was determined. The Foundation has cash balances denominated in foreign currencies.

Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their cost and subsequently measured at their fair value as at the balance sheet date. Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise.

Listed investments are a form of basic financial instruments and are initially recognised at their cost and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price

Unlisted investments are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date.

Where investments are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the Statement of Financial Activities and are credited (or debited) in the year in which they arise.

The main form of financial risk faced by the Foundation is that of volatility in financial markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub-sectors.

Principal accounting policies Year ended 31 December 2020

Programme-related investments

Programme-related investments are social investments made directly in pursuit of the charity's charitable purposes by funding specific activities where a financial return is not the primary reason for making the investment.

Programme-related investments consist of concessionary loans. The loans are initially recognised at the amount paid with the carrying amount adjusted in subsequent years to reflect repayments and adjusted if necessary for impairment. Any impairment is written off and treated as charitable expenditure. Interest receivable on the loan is credited to the statement of financial activities in the year in which it arises.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. Debtors have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Fund structure

The Foundation has restricted funds only. Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor recommended conditions.

Company shares

The Foundation was incorporated on 22 July 2013 without share capital and is limited by guarantee.

The guarantor of the Foundation is the Member. In the event of the Foundation being wound up, the liability of the Member is limited to £1.

The Foundation has indemnified all Trustees in respect of any liabilities properly incurred in running the Foundation to the extent permitted by the Companies Act.

1 Donations

	Restricted funds	
	2020 £'000	2019 £'000
Donations	96,821	82,192
Gifts in kind	54	42
	96,875	82,234

Included in gifts in kind above are donated services from UBS AG London Branch, the charity's immediate controlling party, of £54,000 (2019 - £42,000). UBS AG London Branch will provide funds that will help cover the DAF costs and fees. This is in respect of audit and accountancy fees paid by the charity. The corresponding expenditure is recognised within charitable expenditure as support costs. During the year, UBS AG provided the Foundation with administrative support in the form of donated staff time, and also provided its facilities and infrastructure free of charge. This support has not been recognised in the financial statements because it has not been possible to quantify the value with reasonable accuracy.

2 Investment income

	Restricted funds	
	2020 £'000	2019 £'000
Income from listed investments	3,876	3,259
Interest receivable	96	111
	3,972	3,370

3 Charitable activities

	Restricted funds	
	2020 £'000	2019 £'000
Grants awarded to institutions		
ISSA Foundation	5,013	20,050
The February Foundation	2,924	2,409
UBS Optimus Foundation	2,837	5,170
LSO Endowment Trust	1,500	-
Founders for Good	1,015	-
NPT UK Limited	1,002	237
The Egmont Trust	984	3,146
RBG Kew Friends Supporters	521	-
Newcastle United Foundation	500	-
NPT Transatlantic Limited	478	75
TNC UK Foundation Ltd	400	78
Tearfund	366	321
The Prince's Trust	365	405
The Anson Charitable Trust	355	500
Bible Reading Fellowship	313	204
Multiple Sclerosis Society	252	-
The University of Manchester	250	150
Sparks Charity	250	300
UCC Educational Foundation	227	220
Care for the Family	209	276
British Exploring Society	200	75
Founders for Good Ltd	200	-
Whizz-Kidz	200	-
City Harvest Limited	200	400
Classrooms in the Clouds Treasurers	160	160
Ismaili Trust UK	150	-
Sanskriti Foundation (UK)	131	725
The Barlow Institute	116	-
Opportunity International UK	115	162
Church Revitalisation Trust	110	100
Bolton School Bursary Fund	110	110
Cundall Manor School	106	-
West Green House Opera Limited	105	-
SportInspired Limited	103	-
Exbury Gardens	101	64
Canterbury Christ Church Maintenance Account	101	-
Shropshire Peer Counselling and Advocacy Service	100	100
Sasc Trust	100	-
TalentEd	100	-
Ubuntu Pathways	100	-
Ed de Nunzio Charitable Trust	100	-
Royal Opera House Covent Garden Foundation	100	-
The Egmont Trust	100	-
Angus Lawson Memorial Trust	97	96
Space for Giants	77	-
MedAir UK	75	-
Solaraid	75	-
Imperial College of Science, Technology, and Medicine	70	-
Carried forward to page 27	23,063	35,533

3 Charitable activities (continued)

	Restricted funds	
	2020 £'000	2019 £'000
Brought forward from page 25	23,063	35,533
Northumberland Wildlife Trust	70	-
The Young Foundation	69	-
Wigan Youth Zone	67	-
Conservation International	65	-
The Prism Charitable Trust	64	45
Into University	63	60
Power of Nutrition	63	-
The British and Foreign Bible Society	55	36
Brass for Africa	52	66
Heyva Sor a Kurdistanê	50	-
Community Foundation for NI	50	-
The Polar Academy	50	-
Children North East	50	-
London School of Economics	50	-
Theatre Artists Fund	50	-
Surplus to Supper Trust CIO	50	-
Youthscape Summer Events	50	-
Sophie Hayes Foundation	50	-
Holroyd Foundation	50	-
Young Dementia UK	50	-
Giving Africa	50	131
Empower – The Emerging Markets Foundation Limited	50	59
LEGS	50	-
Build It International	50	50
British Heart Foundation	50	-
Winning Scotland Foundation	50	-
Woodland Trust	45	-
University of Oxford Development Trust Fund	45	110
The Insead Trust	45	-
Stewardship	42	500
ENO Development	40	-
Lymington Baptist Church	40	40
Jamiat Ul Muslimin	40	-
Solihull Moors Foundation	40	-
Ubuntu Pathways	37	-
The Eikon Charity	35	-
McGill University Trust	34	-
Prostate Cancer UK	30	-
Rugby Portobello Trust	30	40
The Hoppy Trust	30	-
Premier Christian Media Trust	30	-
University of Cambridge	-	270
University of Newcastle	-	2,500
University of Sunderland	-	2,500
Founder's Pledge	-	675
Northampton Wildlife Trust	-	570
Carried forward to page 28	25,044	43,185

Notes to the financial statements 31 December 2020

3 Charitable activities (continued)

	Restricted funds	
	2020 £'000	2019 £'000
Brought forward from page 26	25,044	43,185
The Bridge Academy Hackney	-	545
The 999 Club Lady Florence Trust	-	300
Oriel College	-	250
MS Society UK	-	244
Liverpool Cathedral	-	150
Shirmad Rajchandra Mission Dharampur	-	150
Kentish Town City Farm	-	90
London Business School	-	89
Cornell University Foundation UK Limited	-	81
Derian House	-	80
Canterbury Christ Church University	-	78
Ryedale Festival Trust Ltd	-	70
Auditory Verbal UK	-	65
Empower – The Emerging Markets Foundation Ltd	-	59
Centre for Effective Altruism	-	58
Trinity School	-	51
Maggie's Charity	-	51
Unicef	-	50
City Year UK	-	50
Suubi Africa	-	50
Walking with the Wounded	-	50
The Royal Foundation	-	50
Action Tutoring	-	48
The Guide Dogs For The Blind Association	-	46
Rugby Portobello Trust	-	40
The Evangelical Alliance	-	36
MCR Cares Limited	-	36
Freedom Bath and Bristol	-	35
Rowcroft House Foundation Ltd	-	35
Zane Zimbabwe A National Emergency	-	35
St Mungo's Community Housing	-	34
Croston Together	-	32
Other - 399 institutions (2019 - 276 institutions)	3,374	947
	28,418	49,694
Support costs		
Auditor's remuneration	20	20
Bank Charges	8	-
Accounting services	34	22
	28,480	49,736

All grants are awarded in accordance with the charity's grant making policy (page 10)

4 Staff costs and remuneration of key management personnel

The charity employed no staff in the year (2019 - none) and incurred no staff costs (2019 - none). The key management personnel of the charity in charge of running and operating the charity on a day to day basis comprise the Trustees and the following staff employed by UBS AG: Head of Philanthropy Services UK; two Business Managers; and one Philanthropy Manager. These staff are employed and remunerated by UBS AG London Branch. No remuneration was paid to the key management personnel by UBS UK Donor-Advised Foundation.

5 Net income before gains (losses) on investments

This is stated after charging:

	2020 £'000	2019 £'000
Auditor's remuneration	20	20

6 Taxation

UBS UK Donor-Advised Foundation is a registered charity and is therefore not liable to income tax or corporation tax derived from its charitable activities as it falls within the various exemptions available to registered charities.

7 Financial investments

	Listed equity securities £'000	Unlisted equity securities £'000	Total 2020 £'000
Market value 01 January 2020	154,762	2,634	157,396
Gifts of shares	40,815	511	41,326
Additions at cost	101,680	—	101,680
Disposals at market value	(72,820)	(336)	(73,156)
Realised and unrealised gains (losses)	20,351	27	20,378
Market value as at 31 December 2020	244,788	2,836	247,624
Cost of investments at 31 December 2020	206,098	2,770	208,868
	Listed equity securities £'000	Unlisted equity securities £'000	Total 2019 £'000
Market value 01 January 2019	98,256	3,048	101,304
Gifts of shares	20,761	—	20,761
Additions at cost	41,944	333	42,277
Disposals at market value	(34,463)	(77)	(34,540)
Realised and unrealised gains (losses)	28,265	(670)	27,595
Market value as at 31 December 2019	154,762	2,634	157,396
Cost of investments at 31 December 2019	135,552	2,266	137,818

Notes to the financial statements 31 December 2020

7 Financial investments (continued)

Listed and unlisted investments held at 31 December 2020 comprised the following:

	Listed equity securities £'000	Unlisted equity securities £'000	2020 £'000
Equities	118,834	-	118,834
Funds	51,717	-	51,717
Corporate bonds	11,444	-	11,444
Money market instruments	61,727	-	61,727
Hedge funds	379	3,520	3,899
Property	2	-	2
Market value as at 31 December 2020	244,103	3,520	247,623

	Listed equity securities £'000	Unlisted equity securities £'000	2019 £'000
Equities	94,762	—	94,762
Funds	45,593	—	45,593
Corporate bonds	10,585	—	10,585
Money market instruments	2,696	—	2,696
Hedge funds	1,118	2,634	3,752
Property	8	—	8
Market value as at 31 December 2019	154,762	2,634	157,396

All listed investments were dealt in on a recognised stock exchange.

8 Programme-related investments

At the year end, the charity had investments which were held directly in pursuit of the organisation's charitable activities, as follows:

	2020 £'000	2019 £'000
At 01 January	50	—
Addition	—	50
Realised loss	—	—
At 31 December	50	50

In May 2019, the Foundation made a new programme-related investment of value £50,000 to Spiral Skills Partnership. The loan was initially re-payable in four equal annual instalments, with full re-payment by May 2023. The loan carries interest at a rate of 5%. In August 2020, a variation agreement was signed which delayed the first repayment date to June 2021, with final re-payment still expected by 2023 but in three equal instalments as opposed to four. This was in response to the pressures on the organisation's cash flow caused by the COVID-19 pandemic.

Spiral Skills works to support vulnerable young people who are at risk of becoming NEET (Not in Education, Employment or Training), particularly targeting those who are pupil premium or on free school meals and at Pupil Referral Units, supporting them with proven interventions to develop the skills, attitudes, aspirations and connections they need to progress to the workplace.

Notes to the financial statements 31 December 2020

8 Programme-related investments (continued)

The company's activity falls exclusively within the charitable fields of the education and relief of poverty.

The loan will be used to support Spiral Skills' core programme delivery working with young people at risk of becoming NEET and teaching vital employability skills.

9 Debtors

	2020 £'000	2019 £'000
Gift aid recoverable	26	6,126
Accrued PRI investment income	3	—
Other accrued income	4	—
	33	6,126

10 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Grants committed	—	3
Accruals	58	—
	58	3

11 Restricted funds

	At 01 January 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2020 £'000
Restricted funds	187,783	100,847	(28,958)	21,110	280,782
Total funds	187,783	100,847	(28,958)	21,109	280,782

	At 01 January 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2019 £'000
Restricted funds	124,771	85,604	(50,087)	27,495	187,783
Total funds	124,771	85,604	(50,087)	27,495	187,783

Restricted funds comprise funds held for the purpose of making grants.

12 Share capital

The Foundation is a company limited by guarantee and has no share capital. The liability of the Member is limited to £1.

13 Related parties

The Trustees received no emoluments or expenses during the year.

The immediate controlling party is UBS AG London Branch, a branch of the ultimate parent undertaking and controlling party UBS AG, a company incorporated in Switzerland with a registered address of AESCHENVORSTADT 1 4051 Basel, Switzerland. UBS AG is the sole member of UBS Optimus Foundation UK.

The Foundation received donated services and resources from its Member with no conditions attached. Details of these services are provided in Note 1.

UBS AG London Branch is also the sole member of UBS Optimus Foundation UK (Company Registration No 08608213), a registered charity (Charity Registration No 1153537). During the year the Foundation made grants to UBS Optimus Foundation UK of £2.8m (2019 - £5.2m).

All related party transactions were conducted at arm's length.