

UBS UK Donor-Advised Foundation

Annual Report and Financial Statements

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

Charity Registration Number
1153551

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Section 1

Reports

Legal and administrative information

Trustees / Directors	William Day (Chair) John Graham Allatt Alexandra Deane Anthony Donatelli Andrew Elliot A. Magdalena Haslinger Christopher Oliver Ebru Ozsezgin 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

Strategic report: 31 December 2023

Review of the business

The UBS UK Donor-Advised Foundation (the "Foundation", the "Charity" or 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 donated to charity. The Foundation was created to make it easier for UK clients of UBS AG to donate 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 2023 were raising funds totalling £225.8m from donors (2022: £159.0m) and granting £145.7m (2022: £109.7m) to 539 (2022: 464) registered or exempt charities. Donations and grant expenditure are inherently variable year-on-year, and some variation can be due to the timing of receipt or payment of larger donations or grants. Donations in 2023 increased significantly driven primarily by several large single donations which attracted a significant amount of gift aid. Grant expenditure was significantly higher in 2023 compared with 2022 driven notably by grants to the UBS Optimus Foundation as well as a long-term rising trend. As the DAF is growing, it is expected that income will generally exceed expenditure, notwithstanding the variability mentioned.

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 donate 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 and by the Member as an additional measure. The Register also outlines the systems, procedures and controls in place to manage those risks. This Risk Framework and Register 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.

On 12 June 2023, UBS Group AG (which owns the Member) acquired Credit Suisse Group AG, succeeding by operation of Swiss law to all assets and liabilities of Credit Suisse Group AG, and became the direct or indirect shareholder of all of the former direct and indirect subsidiaries of Credit Suisse Group AG. As at the end of 2023, UBS continues to execute on their integration plans, working toward the substantial completion of the integration by the end of 2026. The Trustees have observed no adverse effects on the Foundation since the acquisition was confirmed. They anticipate that this combined entity will attract a broader range of donors, thereby expanding the Foundation's reach and enabling it to present its philanthropic offerings to a wider audience which has already started.

UBS, the Member, remains watchful of a range of geopolitical developments and political changes in a number of countries, as well as international tensions arising from the Russia-Ukraine war, conflicts in the Middle East and US-China trade relations. Inflation has abated to some extent in major Western economies, though there are still concerns regarding future developments, and central banks' monetary policy is in the spotlight. The potential for "higher-for-longer" interest rates raises the prospect of a global recession, particularly as the growth of China's economy has been muted. This combination of factors translates into a more uncertain and volatile environment, which increases the risk of financial market disruption.

Nevertheless, the Trustees consider that there is no direct adverse impact on the operation of the Charity, and they will continue to monitor and take action as appropriate.

Strategic report: 31 December 2023

Key identified risks include:

Key risk	Risk	Mitigation action
Law and regulation risks	Breach of charity law, company law, and regulatory requirements of particular activities undertaken by the Charity.	The Trustees are advised by specialists in areas of charity law, company law and financial regulation and continue to monitor and stay abreast with any legal or regulatory requirement changes.
Law and regulation risks	Adverse publicity to the Member resulting in loss of donor confidence.	The Member carefully and proactively manages reputational risk and has a professional communications department that proactively considers and responds to adverse publicity to mitigate the risk of any loss of donor confidence.
Law and regulation risks	Adverse publicity resulting in loss of donor confidence.	External client facing communications are given prior approval by the Member. UK Head of Social Impact & Philanthropy proactively flags any potential reputational risk and develops strategy to combat any negative publicity.
Governance framework	Inappropriate organisational structure and conflicts of interest.	The Trustees endeavour to follow the Charity Governance Code as best practice and in relation to the organisational structure. The Board includes independent Trustees as well as an independent Chair. A register of interests is maintained by the Company Secretary.
Operational risks	Fraud and misappropriation of assets and/or cash.	The operation of the Charity and its donor accounts are subject to the same anti-fraud controls as all other accounts managed by the Member and are subject to both external and internal audit.
Financial risks	Accuracy and timeliness of financial information, adequacy of reserves and cash flow, diversity of income sources and investment management.	Donors are aware of the liquidity and risk profile of the investments strategies for the assets they have donated to the Foundation 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.
Financial market risks	Financial market risks are risks that the value of a financial instrument may fluctuate due to rising or falling prices, whether those changes are caused by systematic, systemic or idiosyncratic factors, affecting all similar financial instruments or specific instruments traded in the market.	Financial Risk management objectives and policies of the Foundation are in place to protect the Foundation's ability to meet its obligations and requirements.

Strategic report: 31 December 2023

Key risk	Risk	Mitigation action
Programme-related investments (PRI)	Intended outcomes may not be achieved.	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 and then subsequent monitoring through regular interaction with the Borrower.
Programme-related investments (PRI)	Borrowers may default on their loan.	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.

Future plans

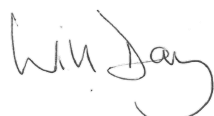
The primary objective for 2024 and beyond is to continue to facilitate and grow the philanthropy of UK donors. The Trustees plan to continue engagement in innovative offerings to provide donors a state-of-the-art philanthropy service. The Trustees also note that philanthropic entities within UBS AG, namely the UBS Optimus Foundation UK and UBS Community Impact, will continue to raise awareness amongst DAF donors of the added power this combination can bring to their grant making.

The Trustees have considered the Charity Commission's consultation on responsible investment and adhere to any guidance issued. They 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:

Trustee name: William Day

Signature:



Date: 18 July 2024

Trustees' report: 31 December 2023

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 2023.

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

The financial statements have been prepared in accordance with the accounting policies set out on pages 21 to 23 of the attached financial statements and comply with the Foundation'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 for the UK clients of UBS AG to donate money to United Kingdom 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 UBS Client Advisers to enable them to engage with potential donors. UBS Client Advisers work with the UBS Social Impact and Philanthropy team 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, as the Trustees may from time to time see fit and no other purposes. Further information is contained in the Strategic Report on pages 5 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 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 2 September 2013 and on 8 October 2021.

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.

Trustee	Appointment / Resignation
William Day (Chair)	Appointed on 6 October 2020
John Graham Allatt	Appointed on 22 May 2024
Alexandra Deane	Appointed on 6 October 2020
Anthony Donatelli ¹	Appointed on 7 February 2023
Andrew Elliot ¹	Appointed on 6 October 2020
Richard Hardie	Reappointed on 8 July 2021 – Resigned on 28 March 2024
A. Magdalena Haslinger ¹	Appointed on 5 December 2018
Christopher Oliver ¹	Appointed on 11 May 2022
Ebru Ozsegin ¹	Appointed on 23 September 2021
Nicholas Wright ¹	Appointed on 22 July 2013

Note: 1 Employed by UBS

Trustees' report: 31 December 2023

The Board is comprised of six UBS AG employees as well as three independent Trustees. All were nominated and approved by the Member. The Board includes independent Trustees 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 looks for individuals with skills and experience which are of value to the Foundation. Training is arranged for all new 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 Foundation in charge of directing, controlling, running and operating the Charity comprise the Trustees and the following staff employed by UBS AG or UBS Business Solutions AG, which include but are not limited to the UK Head of Social Impact and Philanthropy; a Business Management team; a Philanthropy Advisory team, and a Business Development team.

These staff are employed by and remunerated by UBS AG or UBS Business Solutions AG, which is also responsible for setting their remuneration. No charge is made by UBS AG or UBS Business Solutions AG for their services. 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 at least one Trustee and can only be received primarily from UBS AG clients or other UBS entities. Donations can be cash or financial investments gifted to the Foundation.

Activities and achievements

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

Engagement with suppliers, customers and others in a business relationship with the Charity

In compliance with The Companies (Miscellaneous Reporting) Regulations 2018, the Foundation recognises the importance of fostering strong business relationships with suppliers, customers, and other stakeholders. Trustees supported by the Member recognise the vital role played by suppliers, and have in place a framework to enhance collaboration, transparency, and fair treatment. Additionally, Trustees prioritise customer satisfaction by endeavouring to deliver high-quality services, while actively seeking feedback and addressing concerns. The Foundation remains committed to nurturing these relationships and fostering mutual growth and success.

As the Foundation does not employ any staff, it has nothing to report under The Companies (Miscellaneous Reporting) Regulations 2018 in respect of engagement with employees.

Financial review

Statement of financial activities

The results and performance of the Foundation are set out on page 18. This shows total income of £234.9m (2022 - £163.7m), expenditure of £146.8m (2022 - £110.6m) and net gains on investments and other gains arising due to foreign exchange of £7.4m (2022 - losses of £40.8m). There have been 18 (2022 - 22) donor accounts opened and 1,079 (2022 - 1,008) grants approved totalling more than £145.7m (2022 - £109.6m) to 522 (2022 - 464) UK registered and exempt charities.

Balance sheet

The Foundation holds £311.2m (2022 - £229.4m) in investments and holds £69.7m (2022 - £55.3m) cash. The Foundation's balance sheet shows total funds of £381.6m (2022 - £286.1m) all relating to restricted funds. All the Foundation's operating costs are paid by UBS AG, and no unrestricted funds are held.

Trustees' report: 31 December 2023

Grant making policy

Donors agree that any donation of cash and assets to the Foundation is an irrevocable and outright gift of all right, title and interest in such cash and assets. 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. Donors recommend grants to the Trustees for approval as all grant making decisions are made by the Trustees. The Trustees, while considering the recommendations, maintain full discretion to assess the suitability of the charity in question and decide whether to make the proposed grant. Grants will exclusively be awarded to charities that have been registered with the UK Charity Commission. In cases where necessary, the Foundation may seek independent legal advice.

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. These can be managed on either a discretionary, advisory or execution only basis. Investments held within each donor account are approved by the Member for inclusion in donors' portfolios except for execution only investments which are approved by the Trustees. 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 has in place an investment policy and governance arrangements relating to investment matters and implements any required changes.

Per its investment policy, Trustees have a preference for responsible, sustainable and ESG investing, which it shall communicate to its Investment Manager. In line with these discussions and considering the peer reviewed academic research on ESG and sustainable investing, the Foundation sees no necessary conflict between investing responsibly and investing to maximise returns. Furthermore, Trustees have had regard to relevant law and guidance including the principles set out in the case of *Butler-Sloss & Ors v The Charity Commission for England and Wales & Anor* [2022] EWHC 974 (Ch) (29 April 2022).

Additionally, in 2020, the Investment Manager became the first major global financial institution to make sustainable investments the preferred solution for private clients investing globally. This focus has led to high levels of client engagement and reflects both the Investment Manager's own belief in sustainable and impact investing from a performance perspective and increases client demand for relevant advice and solutions.

Reserves policy

The Foundation currently has no formalised 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. These funds are legally bound by the donors' restrictions and are exclusively used for their intended purposes, including targeted initiatives like emergency response or specific projects. This allows the Foundation to align its actions with the philanthropic goals and intentions of its donors.

Related parties

The principal funding sources of the Foundation are clients of UBS AG who can make donations and the Member, which provides in kind support by way of office space, support staff, IT, marketing, operations, finance, and in-house legal support. Gifts in kind in the form of donated services received from UBS AG London Branch (the "Member") or UBS Business Solutions AG are not recognised by the Foundation. All other donated services are recognised. UBS Optimus Foundation is considered a related party, as disclosed in note 13.

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. For this reason, they continue to adopt the going concern basis in preparing the financial statements. The going concern period covers at least 12 months from the date which these financial statements are signed.

Trustees' report: 31 December 2023

Promoting the success of the company

The Trustees have demonstrated their commitment to promoting the success of the Foundation. In doing so, they have diligently considered and given regard to the following factors outlined in section 172(1)(a) to (f) of the Companies Act 2006, ensuring that all decisions made have long-term benefits:

- **Likely Consequences:** The Trustees have carefully assessed the likely consequences of each decision, considering the potential outcomes and their impact on the Charity's overall objectives. They have taken a forward-thinking approach, taking into account both immediate and long-term effects.
- **Business Relationships:** Recognising the importance of fostering strong business relationships, the Trustees have actively nurtured connections with suppliers, clients, and other stakeholders. By maintaining positive partnerships, they have facilitated smooth operations, enhanced collaboration, and secured the necessary support for the Foundation's charitable endeavours.
- **Community and Environment:** The Trustees have been mindful of the impact the Foundation's operations have on the community and the environment. Assisted by the Member, they have been mindful of sustainable practices, minimising any adverse effects and actively seeking opportunities to contribute positively to the community and reduce the environmental footprint.
- **High Standards of Business Conduct:** Upholding a reputation for high standards of business conduct has been a fundamental focus for the Trustees. They have ensured that all activities and decisions align with ethical principles, legal requirements, industry best practices and the Member's Code of Ethics and Conduct. This commitment to integrity has enhanced the Charity's standing, promoting trust and confidence among stakeholders.
- **Fairness within the Foundation:** The Trustees have placed great importance on acting fairly and equitably. They have considered the interests of diverse stakeholders and sought to ensure that no particular group or individual is disadvantaged by their decisions. Fairness and inclusivity have been integral values in their decision-making processes.

In summary, the Trustees have placed great importance by acting in a manner that promotes the success of the Charity by giving due regard to the long-term consequences of their decisions, fostering business relationships, considering the impact on the community and environment, maintaining high standards of business conduct, and acting fairly. Their dedication to these principles has contributed to the Charity's growth, sustainability, and positive impact on the beneficiaries the Foundation serves.

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's client-base, the Foundation would ensure personal data were appropriately protected.

Trustees' report: 31 December 2023

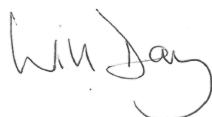
Streamlined energy and carbon reporting

As the Foundation is not deemed to have consumed more than 40,000kWh of energy in the reporting period (by virtue of the Charity's place of operation and staff being provided UBS AG London Branch or UBS Business Solutions AG), it considers itself a low energy user under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 and does not report on its emissions, energy consumption or energy efficiency activities.

Approved by the Trustees and signed on their behalf by:

Trustee name: William Day

Signature:

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

Date: 18 July 2024

Statement of Trustees' responsibilities:

31 December 2023

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, 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 Foundation and of the income and expenditure of the Charity 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 Foundation 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 Foundation 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 Foundation 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 Foundation'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 Foundation's auditor is aware of that information.

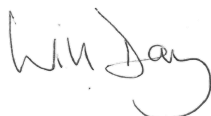
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditors, Ernst & Young Ltd (EY), are deemed to be reappointed under the *Companies Act 2006*, s487(2).

Approved by the Trustees and signed on their behalf by:

Trustee name: William Day

Signature:



Date: 18 July 2024

Independent auditor's report: Year to 31 December 2023

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 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows, Principal accounting policies and the related notes 1 to 14. 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 2023 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.

Independent auditor's report: Year to 31 December 2023

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.

Independent auditor's report: Year to 31 December 2023

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.

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.

DocuSigned by:

Ernst + Young LLP.

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Mike Gaylor (Senior statutory auditor)

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

London

Date: 18 July 2024

Section 2

Financial statements

Statement of Financial Activities (including income and expenditure account): Year to 31 December 2023

	Not es	Unrestricted funds £'000	Restricted funds £'000	31 December 2023 £'000	31 December 2022 £'000
Income from:					
Donations	1	70	225,753	225,823	159,008
Investments	2	—	9,080	9,080	4,729
Total		70	234,833	234,903	163,737
Expenditure on:					
Raising funds					
Investment management fees		—	1,014	1,014	839
Charitable activities	3	70	145,726	145,796	109,716
Total		70	146,740	146,810	110,555
Net income before investment gains		—	88,093	88,093	53,182
Net gains (losses) on investments	7	—	7,331	7,331	(40,630)
Other gains (losses) due to foreign exchange		—	88	88	(131)
Net movement in funds		—	95,512	95,512	12,421
Reconciliation of funds					
Total funds brought forward		—	286,056	286,056	273,635
Total funds carried forward		—	381,568	381,568	286,056

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 accounting policies and notes on pages 21 to 29 form an integral part of the financial statements.

Balance sheet:

As at 31 December 2023

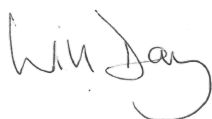
	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Fixed assets:					
Financial investments	7		311,180		229,392
Programme-related investments	8		54		71
			311,234		229,463
Current assets:					
Debtors	9	707		1,348	
Cash at bank		69,690		55,253	
Total current assets		70,397		56,601	
Creditors: amounts falling due within one year	10	(63)		(8)	
Net current assets			70,334		56,593
Total net assets			381,568		286,056
The funds of the Charity:					
Restricted income funds	11		381,568		286,056
			381,568		286,056

The accompanying accounting policies and notes on pages 21 to 29 form an integral part of the financial statements.

Approved by the Trustees and signed on their behalf by:

Trustee name: William Day

Signature:



Date: 18 July 2024

Statement of Cash Flows:

Year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	A	72,606	(31,271)
Cash flows from investing activities:			
Dividends and interest from investments		9,080	4,729
Purchase of investments		(194,884)	(118,219)
Repayments of programme-related investments received in the year		17	16
Proceeds from the disposal of investments		127,530	166,249
Net cash (used in) provided by investing activities		(58,257)	52,775
Increase in cash and cash equivalents		14,349	21,504
Reconciliation of changes in cash and cash equivalents			
Cash and cash equivalents at 1 January 2023	B	55,253	33,880
Change in cash and cash equivalents due to exchange rate movements		88	(131)
Cash and cash equivalents at 31 December 2023	B	69,690	55,253

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

	2023 £'000	2022 £'000
Net movement in funds	95,512	12,421
Gift of shares	(7,103)	2,885
Foreign exchange (gains) losses	(88)	131
Dividends and interest from investments	(9,080)	(4,729)
Net (gains) on investments	(7,331)	(40,630)
Decrease (increase) in debtors	641	(1,301)
Increase (decrease) in creditors	55	(48)
Net cash (used in) provided by operating activities	72,606	(31,271)

B Analysis of cash, cash equivalents and net debt

	2023 £'000	2022 £'000
Cash at bank and in hand	69,690	55,253

Principal accounting policies:

Year ended 31 December 2023

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 2023.

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. 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 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 2024, the most significant areas that are likely to 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).

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 Charities SORP.

Donations are primarily 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.

Principal accounting policies:

Year ended 31 December 2023

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.

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.

Principal accounting policies:

Year ended 31 December 2023

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.

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.

Notes to the financial statements:

31 December 2023

1 Donations

	Unrestricted funds £'000	Restricted funds £'000	2023 £'000	2022 £'000
Donations	—	225,753	225,753	158,912
Gifts in kind	70	—	70	96
2023 Total funds	70	225,753	225,823	159,008
2022 Total funds	—	159,008		159,008

Included in gifts in kind above are donated services from UBS AG London Branch, the Charity's immediate controlling party, of £70,000 (2022 - £96,000). UBS AG London Branch provide funds that 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 or UBS Business Solutions 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. There is no Service Level Agreement in place between the Charity and UBS AG London Branch to support the calculation of any such gift in kind value.

2 Investment income

	Restricted funds	
	2023 £'000	2022 £'000
Income from listed investments	4,540	4,166
Interest receivable	4,540	563
	9,080	4,729

Notes to the financial statements:

31 December 2023

3 Charitable activities

	Unrestricted funds £'000	Restricted funds £'000	2023 £'000	2022 £'000
Grants awarded to institutions, for the following:				
Arts	—	3,591	3,591	2,060
Child Protection	—	865	865	393
Community, Society & Welfare	—	43,384	43,384	56,657
Education	—	13,706	13,706	11,825
Environment	—	2,122	2,122	1,702
Health	—	4,031	4,031	1,889
Human rights	—	2,608	2,608	281
UBS Optimus Foundation	—	75,363	75,363	34,815
	—	145,670	145,670	109,622
Support costs				
Auditor's remuneration – current year	—	37	37	36
Bank charges	—	1	1	4
Professional fees	20	18	38	14
Accounting services	50	—	50	40
	70	56	126	94
2023 Total Funds	70	145,726	145,796	
2022 Total Funds	—	109,716		109,716

All grants are awarded in accordance with the Charity's grant making policy (page 11).

There were 1,079 grants made to 522 charitable institutions. The Charity applies the exemption to disclose grant recipients on the grounds of serious prejudice.

4 Staff costs and remuneration of key management personnel

The Charity employed no staff in the year (2022 - none) and incurred no staff costs (2022 - 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 or UBS Business Solutions AG: Head of Philanthropy Services UK; a Business Philanthropy Advisory team, and a Business Development team. These staff are employed and remunerated by UBS AG London Branch or UBS Business Solutions AG. 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:

	2023 £'000	2022 £'000
Auditor's remuneration – current year	37	36
	37	36

Notes to the financial statements:

31 December 2023

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	Unlisted equity securities	Total 2023
	£'000	£'000	£'000
Market value 1 January 2023	227,669	1,723	229,392
Gifts of shares	7,103	—	7,103
Additions at cost	194,884	—	194,884
Disposals at market value	(127,506)	(24)	(127,530)
Realised and unrealised gains (losses)	7,800	(469)	7,331
Market value as at 31 December 2023	309,950	1,230	311,180
Cost of investments at 31 December 2023	323,950	1,458	325,408

	<i>Listed equity securities</i>	<i>Unlisted equity securities</i>	<i>Total 2022</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Market value 1 January 2022	237,644	2,032	239,676
Gifts of shares	(2,559)	(326)	(2,885)
Additions at cost	118,219	—	118,219
Disposals at market value	(84,727)	(228)	(84,955)
Realised and unrealised gains (losses)	(40,908)	245	(40,663)
Market value as at 31 December 2022	227,669	1,723	229,392
Cost of investments at 31 December 2022	252,421	1,892	254,313

Listed and unlisted investments held at 31 December 2023 comprised the following:

	Listed equity securities	Unlisted equity securities	2023
	£'000	£'000	£'000
Equities	74,733	—	74,733
Funds	73,504	—	73,504
Corporate bonds	153,830	—	153,830
Money market instruments	6,970	—	6,970
Hedge funds	913	1,230	2,143
Market value as at 31 December 2023	309,950	1,230	311,180

Notes to the financial statements:

31 December 2023

7 *Financial investments* (continued)

	Listed equity securities £'000	Unlisted equity securities £'000	2022 £'000
Equities	145,510	—	145,510
Funds	62,456	—	62,456
Corporate bonds	16,464	—	16,464
Money market instruments	2,437	—	2,437
Hedge funds	802	1,723	2,525
Market value as at 31 December 2022	227,669	1,723	229,392

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:

	2023 £'000	2022 £'000
At 1 January	71	87
Repayment	(17)	(16)
At 31 December	54	71

The Charity holds one programme-related investment in Spiral Skills.

Spiral Skills

In May 2019, the Foundation made a programme-related investment of value £50,000, being a loan 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 was able to repay the loan in full in October 2023.

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.

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

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

Notes to the financial statements:

31 December 2023

9 Debtors

	2023 £'000	2022 £'000
Gift aid recoverable	705	1,346
Accrued PRI investment income	2	2
	707	1,348

10 Creditors: amounts falling due within one year

	2023 £'000	2022 £'000
Accruals	63	8
	63	8

11 Restricted funds

	At 1 January 2023 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2023 £'000
Restricted funds	286,056	234,833	(146,740)	7,419	381,568
Total funds	286,056	234,833	(146,740)	7,419	381,568

	At 1 January 2022 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 December 2022 £'000
Restricted funds	273,635	163,737	(110,555)	(40,761)	286,056
Total funds	273,635	163,737	(110,555)	(40,761)	286,056

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.

Notes to the financial statements:

31 December 2023

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. It also paid £1,014,000 in investment manager fees to its Member in 2023 (2022 - £839,000).

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 £75.4m (2022 - £34.8m).

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

14 Subsequent events

There are no subsequent events to be disclosed for the year ended 31 December 2023.