

Annual Return
Zero Gravity Fund
For the Period 1 August 2021 to 31 December 2022

Charity Number 1188177

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Zero Gravity Fund
For the Period 1 August 2021 to 31 December 2022

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Reference and Administrative Information

Zero Gravity Fund is a Charitable Incorporated Organisation, registered with the Charity Commission.

Incorporation and Company Name

The charity was incorporated on 25 February 2020.

Charity Number

1188177

Registered Office

First Floor
10 Queen Street Place
London
EC4R 1BE

Trustees

The Trustees who served the charity during the period are:

Joseph Seddon	25 Feb 2020	-	26 Jul 2021
William Westwater	25 Feb 2020	-	20 Apr 2022
Martin Palmer	25 Feb 2020	-	07 Dec 2021
Ian Malcolm	01 Aug 2020	-	01 Nov 2022
Kirsty Prest	18 May 2021	-	Present
Kerry Phillip	20 Apr 2022	-	Present
Mark Tucker	20 Apr 2022	-	Present

Solicitors

Bates Wells
10 Queen Street Place
London
EC4R 1BE

Website

zerogravity.co.uk/fund

Financial Report

The Trustees present the report and the unaudited financial statements of the charity for the period ended 31 December 2022.

The current reporting period has been extended to 17 months for simplicity.



CHARITY COMMISSION
FOR ENGLAND AND WALES

Independent examiner's report on the accounts

Section A

Independent Examiner's Report

Report to the trustees

Charity Name
Zero Gravity Fund

On accounts for the year ended

1 August 2021 – 31 December 2022

Charity no
(if any)

1188177

Set out on pages

1 & 2

(remember to include the page numbers of additional sheets)

I report to the trustees on my examination of the accounts of the above charity ("the Trust") for the year ended 31/12/2022.

Responsibilities and basis of report

As the charity's trustees, you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ("the Act").

I report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination, I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of FCCA.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination which gives me cause to believe that in, any material respect:

- the accounting records were not kept in accordance with section 130 of the Charities Act; or
- the accounts did not accord with the accounting records; or
- the accounts did not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed:

Simon Hathaway

Date:

7 July 2023

Name:

Simon Hathaway, SCH Consultancy Ltd

Relevant professional qualification(s) or body (if any):

FCCA

Address:

SCH Consultancy Limited
Maple House
High Street
Potters Bar
Herts
EN6 5BS

Section B

Disclosure

Only complete if the examiner needs to highlight material matters of concern (see CC32, Independent examination of charity accounts: directions and guidance for examiners).

Give here brief details of any items that the examiner wishes to disclose.

N/A

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Trustees Report

1. Introduction

Zero Gravity Fund (“ZGF”) (charity registration number: 1188177) is registered at First Floor, 10 Queen Street Place, London, EC4R 1BE.

2. Objectives and Activities

2.1. Objectives

The overall objective of ZGF is to advance the education and career prospects of talented students from low-income backgrounds by providing scholarships. Through its activities, ZGF aims to spread opportunity across the UK to low-income students, which will lead to better employment prospects and increased social mobility, benefiting not only the individual but the institutions they become a part of and the wider economy.

This will be achieved in particular, but not exclusively, by:

- (1) the provision of scholarships for their maintenance while in education and to support their academic and vocational training;
- (2) assisting them in achieving the necessary qualifications and work experience to pursue their chosen career.

ZGF has a strategic partnership with Zero Gravity Tech Ltd (“ZGT”) to identify talented students from low-income backgrounds and deploy scholarship funding to those students to financially support them during university. ZGT provides free services to ZGF to enable the charity to deploy 100% of any restricted scholarship income directly to students. This has created a scholarship funding model of unrivalled efficiency.

For the September 2021 scholarship cohort, ZGT had a talent pool of 1,000+ students starting at highly-selective universities in September 2021, with all the students being from low-opportunity backgrounds. For the September 2022 scholarship cohort, ZGT had a talent pool of 2,000+ students starting at highly-selective universities in September 2022. ZGT has comprehensive data on these students, including contextual data on their backgrounds, academic performance, university offers, and engagement with ZGT’s services.

In the short term, ZGF aims to offer scholarships to the most high-potential students who are most in need of financial support, whilst ZGT provides students with wrap-around support to increase students’ chances of accessing internships and graduate careers. Through the partnership with ZGT, the aim is to develop the UK’s

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leading scholarship system for talented students from low-income backgrounds, supporting them through university into well-chosen careers.

In the long term, ZGF's objective is to become a service provider to existing scholarship and bursary funders by creating the most efficient and impactful system for deploying financial support to low-income students. By leveraging the resources provided by the partnership with ZGT, ZGF aims to manage scholarships for universities, corporates, and charitable trusts and foundations. This will enable these institutions to reduce their administration costs and deploy a higher % of funding directly to students, whilst also providing wrap-around support to scholarship beneficiaries to increase the social return on investment of deploying grants.

2.2. Significant Activities Undertaken

This report covers activities and wider strategies during the 17-month reporting period and highlights ZGF's commitment to achieving its charitable objectives and delivering significant public benefit.

(1) Identifying Socially Mobile Talent

The partnership between ZGT and ZGF enables ZGF to deploy targeted scholarships to the most high-potential undergraduates from low-income backgrounds. Through its proprietary contextual recruitment system, network of 450+ state school partners, and growing brand awareness amongst school students, ZGT identifies students in Years 12 and 13 from the bottom 40% of opportunity but in the top 15% of relative academic performance. ZGT's contextual recruitment system leverages a number of different data points to build a holistic view of the barriers students face and students' academic performance versus their peers.

Students in ZGT's talent pool are all academically high-performing and from low-opportunity backgrounds: 71% achieved AAA or higher at A-Level, 78% are in the least likely groups to go to university, 43% are on free school meals, and 63% come from households in the lowest socio-economic group. From these students, ZGF identifies the most high-potential students from low-income backgrounds that have secured a place at a highly-selective university.

Through a custom-built algorithm, built by ZGT and approved by the Trustees, ZGF makes data-driven decisions on scholarship selection, subject to a qualitative assessment by the Trustees.

(2) Deploying Scholarships

Once selected, ZGF provides £3,000 scholarships (£1,000 per academic year) directly to students through a pre-paid Zero Gravity Card. Taking into account the average government maintenance loan and university financial aid package provided to low-income students, the ZGF scholarship increases the purchasing power of low-income students by 12%. This enables them to spend the funds on education or career-related needs, such as buying formal clothing, paying for internship accommodation, and subscribing to newspapers. All

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spending on Zero Gravity Cards is tracked by ZGF and there are card-level restrictions on prohibited forms of expenditure.

An alternative way to consider the impact of a scholarship is if a student has a part-time job earning £10 per hour, the scholarship saves them 100 hours of part-time work per year. As such, scholars can use their scholarship to reduce their part-time work hours and instead focus on their academic and professional development. The impact of scholarships is tracked continuously and the Trustees consider its amount on a yearly basis.

(3) Wrap-around support

ZGT provides mentoring, masterclasses, and career coaching from industry experts and allows ZGF scholars to gain valuable insights and skills needed to pursue graduate careers. This is delivered through commercial partnerships between ZGT and organisations like HSBC, KPMG, and Morgan Stanley. The mentoring provided by ZGT's career mentors enables scholars to access networks and opportunities irrespective of their geographic location, ensuring that students from all backgrounds can build a diverse professional network. These services are provided free of charge by ZGT to maximise social impact.

For example, scholars benefitted from masterclasses delivered by a range of employees at HSBC, gaining economic insights, awareness of opportunities, and an understanding of how to navigate graduate recruitment processes. The outcome of the wrap-around support was that Zero Gravity students were 2x more likely to secure a HSBC internship place than comparable applicants.

2.3. Public Good

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2011 to have due regard to the guidance issued by the Charity Commission on public benefit.

2.4. Social Investment, Grant-making, and Volunteers

Social investment does not form any part of ZGF's charitable activities. Therefore, no related investments contributed to the achievement of its aims and objectives in the reporting period.

ZGF's grant-making to individuals directly contributes to the achievement of its aims through the provision of scholarships to support students' undergraduate studies and career prospects. All scholarships fall within ZGF's charitable purposes and meet ZGF's funding criteria as outlined in the Scholarship Disbursement Policy. Scholarships are only deployed when they are fully funded over the three years of the scholarship.

ZGF has a Grant-making Policy, however ZGF does not actively make grants to organisations. That being said, during the reporting period, ZGF was approached by the Sofronie Foundation (charity number: 1118621) who wished to make a one-off restricted grant of £50,000 to ZGT, administered by ZGF, to scale up the talent

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pool of low-income students reaching top universities through the Zero Gravity platform. The Sofronie Foundation wished to restrict this grant to the costs of developing the Zero Gravity tech platform and have ZGF administer the grant deployment to ZGT by providing monitoring, evaluation, and reporting to the Sofronie Foundation.

ZGF's Trustees agreed that administering the restricted grant to ZGT on behalf of the Sofronie Foundation would further ZGF's charitable objectives by increasing the talent pool available to ZGF for deploying Zero Gravity scholarships. As such, ZGF signed a Grant Agreement with Sofronie Foundation to administer the £50,000 grant and subsequently signed a Grant Framework Agreement with ZGT to deploy the grant and restrict it to funding ZGT's platform development costs. In the Statement of Financial Activities, the receipt and deployment of the grant is recognised as a £50,000 income and expense item in the 'Grants and donations' section of the restricted income statement, netting out to zero overall.

As part of the strategic partnership between ZGF and ZGT, ZGT provides employee time, technological capabilities, and the necessary resources to facilitate the delivery of the scholarship program. Therefore, ZGF does not have or require any employees. The costs of donated services in relation to the operational activities provided by ZGT are documented in the financial accounts and are based on ZGT employees directly involved in the running of ZGF. There are additional volunteer services provided by other ZGT employees but it is not currently possible to accurately value their services.

2.5. Criteria Used to Assess Success

In order to ensure the significant activities undertaken contribute to the achievement of the previously stated aims and objectives, ZGF has established the following measures to assess success. The criteria is focused principally on enhancing the lifetime earnings of scholars, as well as improving academic and career outcomes.

1. **Total amount of scholarships deployed.** This KPI measures ZGF's ability to scale the aggregate amount of scholarships deployed to low-income students.
2. **Impact on scholars' lifetime earnings.** This KPI measures the overall amount of social impact created by increasing the lifetime earnings for scholars as a result of ZGF scholarships.
3. **% of scholars securing graduate roles.** This KPI measures whether the scholarship has a significant effect on increasing scholars' access to graduate employment opportunities.
4. **% of scholars graduating with a 1st class or 2:1 classification in their undergraduate degree.** This KPI measures the effectiveness of ZGF scholarships in supporting scholars' educational outcomes whilst at university.

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To measure the success of activities undertaken ZGF also monitors a number of intermediate KPIs which are outlined below. By continuously monitoring impact throughout scholars' undergraduate degrees, ZGF can identify areas for improvement and evidence gaps.

1. % of students completing their first/second year of undergraduate study.
2. % of students achieving a 1st class or 2:1 classification in their first/second year of undergraduate study.
3. % of students completing an internship during their first/second year of undergraduate study.

3. Achievements and Performance

During the reporting period, ZGF made significant progress towards its objectives. In September 2021, ZGF successfully provided scholarships to a pilot cohort of 36 scholars, followed by an expansion in September 2022 with an additional 200 scholars receiving scholarships.

As per the financial accounts, the total value of the scholarships deployed amounted to £708,000 of Zero Gravity scholarships across the reporting period. It is noteworthy that ZGF was able to secure funding from a diverse range of funding sources, including high-net-worth individuals, corporates, and foundations.

In September 2021, ZGF deployed £108,000 of scholarships to 36 students via Zero Gravity cards. The first instalment was paid in September 2021 and their second instalment paid in September 2022. A final £1,000 will be deployed to students in September 2023. These students have been able to purchase items that directly improved their academic and career prospects. Some key highlights below:

- 98.4% of scholars returned for their 2nd year of undergraduate study, compared to the average retention rate of 91.4% for low-income students.
- Scholars were more likely to perform strongly in university examinations than comparable undergraduates, with 83% achieving a 1st or 2:1 compared to a 68% rate for low-income students nationwide.
- Scholars are significantly more likely to have gained professional-level work experience than comparable undergraduates, with 50% securing professional work experience in their first year of university, compared to 17% nationwide.

In September 2022, ZGF deployed £600,000 in scholarships to an additional 200 students. These students received their first instalment in September 2021 and will receive two further instalments of £1,000 at the start of their second and third years at university (September 2023 and September 2024, respectively). At the time of reporting, these students had not completed a full academic year, however, initial achievements include:

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- Through ZGF's partnership with ZGT, scholars were able to access career opportunities with leading employers such as HSBC, KPMG, and Morgan Stanley. Participating scholars were 2x more likely to secure a place on HSBC's Head Start Summer Internship than comparable applicants.

Furthermore, in collaboration with Fidelity International, ZGF administered part of Fidelity's Future Forward Scholarship programme, which included £5,000 grants per academic year (totalling £15,000 over the course of a three-year degree) and participation in a Fidelity Spring Week program. Six Fidelity scholarships were awarded by ZGF in 2021, and a further four were awarded in 2022, totalling £150,000 of scholarships. As such, ZGF deployed a total of £858,000 of scholarships over the reporting period.

Overall, ZGF made exceptional progress to deliver 5.6x as many scholarships in September 2022 compared to the initial pilot cohort in September 2021. This demonstrates the success and sustainability of the charity's fundraising efforts. In order for ZGF to continue to deliver against the objectives set, ZGF will need to minimise reliance on any single funding stream, focus on securing repeatable donations, and further diversify its fundraising channels to include more charitable trusts and foundations and corporates. ZGF should further leverage the resources provided by the partnership with ZGT to begin to administer scholarship funds on behalf of universities, corporates, and charitable trusts and foundations.

4. Financial Review

4.1. Review of the Charity's Financial Position

During the 17 month period 1st August 2021 - 31st December 2022, income was £999,693 and expenditure was £912,410. The amount of the total funds the charity held at the end of the reporting period was £512,814, including an expendable endowment of £375,000.

During the reporting period, ZGF received £872,125 in restricted income from a diverse range of funding sources: high-net-worth individuals, corporations, and foundations. The majority of funding came from high-net-worth individuals and, in accordance with ZGF's 100% model, all donations were restricted to scholarships and 100% of the donation and any accompanying gift aid was deployed to scholars. Unrestricted income, related to income from trading activities and donated services received, totalled £127,568 during the reporting period.

Total expenditure on charitable activities was £912,410. Restricted expenditure, which corresponds to scholarships, equalled £858,000. Unrestricted expenditure, representing expenditure on governance, fundraising, and operating costs, totalled £54,410. As per ZGF's Scholarship Disbursement Policy, all restricted scholarship expenditure is fully funded by restricted scholarship income and designated unrestricted income.

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4.2. Reserve Policy

The purpose of the Reserves Policy is to mitigate any risk to ZGF's activities and ensure the financial sustainability of the charity.

The Reserves Policy was designed in conjunction with the Scholarship Disbursement Policy, which regulates that all scholarships should be fully funded before deployment. There is therefore an incredibly low risk that ZGF will not be able to meet its future scholarship liabilities. As part of ZGF's strategic partnership with ZGT, ZGT provides services related to the scholarship programme and also fundraises for scholarships on behalf of ZGF. ZGF hosts fundraising events in order to raise money for scholarships, however, the cost of hosting these events is fully funded by table sales that are invoiced prior to the event. As such, the only overhead costs that ZGF will have are directly incurred governance costs. Therefore, the Reserves Policy requires that at least 12 months forecast governance costs are held in reserve at any given time.

At the end of the reporting period, the Charity had £5,689 of unrestricted reserves in its general fund. Based on current forecasts, the Trustees believe this level of unrestricted reserves will be sufficient to cover at least 12 months of governance costs over the next financial year.

4.3. Financial Investments

During the reporting period, ZGF has received a gift of 25,000 ordinary shares in ZGT from William Westwater, one of the Founder Trustees of ZGF. These shares were valued during a December 2021 seed investment round at £375,000. The market value of this investment has not changed over the reporting period as ZGT has not raised any further investment since the shares were gifted to ZGF. At this time, the Trustees have decided not to take any financial decisions on the basis of the valuation, such as the deployment of scholarships or the undertaking of any loans where the shares would be posted as collateral, as the shares are illiquid and their future value is uncertain.

During the reporting period, ZGF did not invest any non-advanced funds restricted to future scholarship disbursements or have a formal investment policy. However, given ZGF's increasing cash in bank, the Trustees are now instituting an investment policy whereby non-advanced scholarship funds due to scholars in future years are invested for one to two years to secure a risk-free return. Income generated from these investments is unrestricted and will contribute towards ZGF's general fund.

4.4. Going Concern

The Trustees believe that ZGF continues to be a going concern and ZGF does not have any fund or subsidiary undertaking that is materially in deficit.

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4.5. Principal Financial Risks and Uncertainties

The primary financial risk faced by the charity is the potential reduction in income. Given the reliance on donations from high-net-worth individuals, decline in contributions could have a significant impact on ZGF's ability to increase its number of scholarships. To mitigate this risk, ZGF must continue diversifying its income channels and continually monitor the execution of its fundraising strategy.

Another risk is the lack of reserves to fund unexpected governance costs. This is due to ZGF's 100% scholarship model where 100% of restricted income is deployed directly to students as scholarships. This model is hyper-efficient from a charitable activity perspective, but may make it difficult for ZGF to address unexpected governance costs or administrative expenses. To mitigate this risk, starting from January 2023, ZGF has secured an annual £5,000 facility from ZGT to cover unexpected costs.

4.6. Audit Requirement

During the extended 17 month reporting period, there was no statutory requirement for an audit as gross income did not exceed the £1,000,000 threshold and gross assets did not exceed £3,260,000. Instead, an independent examination was undertaken by SCH Consulting Limited.

In the next reporting period, the Trustees have decided that ZGF's financial statements will be audited in order to meet the highest possible standard of financial governance. This audit will be performed on a discretionary basis even if the statutory threshold for an audit is not met. The Trustees are currently in the process of appointing an auditor in advance of the end of the reporting period.

5. Plans for Future Period

5.1. Objectives for the next reporting period

Established in 2021, ZGF has deployed £858,000 of scholarships to support 246 scholars across 25+ highly-selective universities in the UK. To further scale its impact, ZGF will continue to fundraise and provision scholarships to talented students from low-opportunity backgrounds studying at highly-selective universities. Furthermore, in partnership with ZGT, it will continue to develop the scholarship programme to increase the rate of scholars securing well-chosen graduate careers.

In the short to medium term, to significantly grow the social impact beyond the reporting period, ZGF needs to:

- (1) To build on the learnings from the pilot phase and first cohort of the scholarship programme, to improve scholar experience and outcomes.
- (2) To manage scholarships for corporate entities, ensuring that these funds reach the most deserving students across the UK and are delivered in the most efficient way.

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- (3) To diversify its fundraising sources to meet its objective of increasing the number of scholarships provisioned year-on-year.

5.2. March 9th 2023 Fundraising Event

During the next reporting period, a key activity for ZGF is an inaugural fundraising event at 180 Strand on March 9th 2023. This event aims to celebrate ZGF's progress since its launch and will specifically target donations from high-net-worth individuals and corporations. Selected ZGF scholars will also be given the chance to attend the event and feature in presentations on the impact of ZGF's charitable activities.

The Trustees have appointed Aubrey Peck, a fundraising events consultancy, to organise the event. The primary objective for the March 9th event is to generate a profit of £200,000, which will be designated to fund scholarships in 2023. Key income streams from the event will include donations made on the night and profits from a live auction.

The budget for the fundraising event has been set at £70,000 by the Trustees and will be fully funded out of table sales. Table sales during this reporting period amount to £100,000. The Trustees have therefore decided that a total of £30,000 in profit from table sales will be transferred to the restricted scholarship fund to fund scholarships in 2022. If additional table sales are made then the Trustees will be able to approve an increase in the fundraising event budget at their discretion.

6. Structure, Governance and Management

ZGF is a Charitable Incorporated Organisation (CIO), registered on 25 February 2020. It is constituted under a CIO Constitution dated 25 February 2020 and it is registered as a charity with the Charity Commission.

6.1. Delegation of Authority

The Board of Trustees is responsible for risk management and final decision-making, with day-to-day operational responsibility delegated to ZGT through a Scheme of Delegated Authority (SODA) and Strategic Partnership Deed (SPD) which has been approved by the Trustees. Joseph Seddon attends Trustee Meetings in his capacity as CEO of ZGT to provide the Trustees with updates on the strategic partnership activities between ZGF and ZGT.

6.2. Recruitment and Appointment of New Trustees

ZGF maintains a balanced and diverse trustee board. If any skill gaps are identified within the board, the Board of Trustees is committed to expanding and strengthening its composition. The requirements and criteria for trusteeship are clearly outlined in the Trustee Role Description, which serves as a guiding document for potential candidates. The trustee recruitment process is managed by the Board of Trustees. Any newly

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appointed Trustees must have regard to the skills, knowledge and experience needed for the effective administration of ZGF.

6.3. Induction and Training of Trustees

The training needs of each Trustee are assessed on an individual basis and access to training is offered where necessary. On appointment, each new Trustee completes an onboarding process where they are provided with an overview of ZGF's objectives, strategies, activities, goals, ZGF's governance documents, financial accounts, recent board papers and minutes.

6.4. Remuneration and Expenses

Trustees are all volunteers and work unpaid. There were no Trustee expenses paid during the reporting period.

ZGF does not employ any staff and therefore there are no processes for setting employee pay and remuneration.

6.5. Relationship with Zero Gravity Tech Ltd

Zero Gravity is the trading name of Zero Gravity Tech Ltd ("ZGT") (Company Number: 12091675), a certified social enterprise that works in partnership with ZGF.

ZGF has a strategic partnership with ZGT, which is codified in the Strategic Partnership Deed. The two organisations are governed separately. The partnership enables ZGF to deploy targeted scholarships to the most talented students from low-income backgrounds, in line with its charitable objectives.

ZGT provides extensive support to ZGF, covering employee time, technological expertise, monitoring and evaluation, and other resources - all of which are provided free of charge. This includes overseeing the administration, implementation and evaluation of scholarships on behalf of ZGF, as well as providing masterclasses, mentoring, and career opportunities to scholars.

6.6. Strengthening Governance

Within the reporting period, Founder Trustees Joseph Seddon, William Westwater, and Martin Palmer stepped down as Trustees and, as planned, a Board of Trustees constituted of Trustees unconnected to ZGT was established. As of 31st December 2022, ZGF has three Trustees: Kirsty Prest (Chair), Mark Tucker, and Kerry Phillip. Ian Malcolm was a Trustee during the reporting period but stepped down on 1 November 2022 due to increasing work commitments.

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During the reporting period, ZGF strengthened its governance processes by working closely with its legal counsel, Bates Wells, to create robust governance policies. These policies are kept under review by the Board of Trustees and are subject to re-approval on an annual basis.

6.7. Principal Risks & Uncertainties

The Trustees maintain a comprehensive risk register to identify, evaluate, mitigate, and monitor risks across ZGF's key activities. To ensure effective risk management, the risk register is reviewed and relevant mitigations are updated at quarterly Trustee Meetings.

A key risk identified by the Trustees is that sustained high inflation means that the £3,000 Zero Gravity scholarship is decreasing in value in real terms. To mitigate this risk, ZGF will continue to track the impact of the £3,000 grant. The Board of Trustees will consider the amount annually and whether to increase it in line with inflation.

Another risk is that the strategic partnership between ZGT and ZGF leads to over-reliance on ZGT, a startup with its own financial risks, and that unmanaged conflicts of interest occur. As a shareholder in ZGT, ZGF has significant information rights and Trustees can therefore monitor ZGT's financial performance and long term viability. To manage potential conflicts of interests, during the reporting period, ZGF completed a thorough governance review with Bates Wells, ZGF's legal counsel. A Strategic Partnership Deed codifies the relationship between ZGF and ZGT, and a Board of Trustees with an unconnected Chair and a majority of unconnected Trustees was established in the reporting period. Joseph Seddon, the founder of both ZGT and ZGF, stepped down as a Trustee during the reporting period and now reports into the Board of Trustees in his capacity as CEO of ZGT.

7. Related Party Transactions

During the reporting period, Joseph Seddon and William Westwater were Trustees of ZGF whilst also being directors and shareholders in ZGT. Even though Joseph Seddon stepped down as a Trustee during the reporting period, he still has significant influence over ZGF's decision-making due to being the Founder of ZGF and also reporting into the Trustee Board in his capacity as CEO of ZGT. As such, the Trustees regard Zero Gravity Tech Ltd as a related party and therefore carefully consider and disclose any transactions between ZGF and ZGT.

The free services provided by ZGT as part of the strategic partnership with ZGF are reflected in the financial statements as donated services, and have been valued at £27,568 during the reporting period. The provision of these services is governed by the Strategic Partnership Deed between ZGT and ZGF.

ZGF also made a restricted grant of £50,000 to ZGT during the reporting period, governed by a Grant Framework Agreement. This grant was fully funded by a grant from the Sofronie Foundation, who requested

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that ZGF administer the grant on its behalf to fund the platform development costs of ZGT. ZGF's Trustees agreed that administering the grant would further ZGF's charitable objectives by increasing the size and quality of the talent pool available for deploying Zero Gravity scholarships, whilst having no financial impact on the Charity.

8. Exemptions from Disclosure

There are no exemptions from disclosure.

9. Funds held as custodian trustee on behalf of others

ZGF and its Trustees do not act as custodian trustee for any other party.

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Trustees' responsibilities in relation to the financial statements

The charity Trustees are responsible for preparing a Trustees' Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the charity Trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, of the charity for that period. In preparing the financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the applicable Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures that must be disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

The financial statements were approved by the Trustees and authorised for issue on

13th June 2023
 and were signed on its behalf by:

DocuSigned by:

 651DE2628DCB410.....

Kirsty Prest, Chair

12-07-2023

Date

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Statement of Financial Activities

17 months 1 August 2021 to 31 December 2022						
Account	Notes	Expendable endowment	Restricted	Unrestricted	Total Funds Dec 2022	Total Funds July 2021
Income and endowments						
Grants and donations		0	872,125	0	872,125	51,100
Income from trading activities		0	0	100,000	100,000	0
Donated services received	3	0	0	27,568	27,568	0
Total Income		0	872,125	127,568	999,693	51,100
Expenditure						
Expenditure on charitable activities	4	0	858,000	0	858,000	0
Expenditure on governance, fundraising and operating costs	5, 6	0	0	54,410	54,410	569
Total Expenditure		0	858,000	54,410	912,410	569
Net income/(expenditure) and net movement in funds before gains and losses on investments		0	14,125	73,158	87,283	50,531
Other Income						
Gift in kind	7	375,000	0	0	375,000	0
Total Other Income		375,000	0	0	375,000	0
Net movement in funds		375,000	14,125	73,158	462,283	50,531
Reconciliation of funds						
Total funds brought forward		0	18,000	32,531	50,531	0
Transfer Unrestricted to Restricted		0	30,000	(30,000)	0	0
Total funds carried forward		375,000	62,125	75,689	512,814	50,531

Annual Return
Zero Gravity Fund
For the Period 1 August 2021 to 31 December 2022

Balance Sheet

17 months 1 August 2021 to 31 December 2022						
					31 Dec 2022	31-Jul-21
	Notes	Endowment	Restricted	Unrestricted		
Fixed Assets						
Investments	8	375,000	0	0	375,000	0
Total Assets		375,000	0	0	375,000	0
Total Fixed Assets		375,000	0	0	375,000	0
Current Assets						
Total Cash at bank and in hand		0	84,450	56,019	140,469	50,531
Debtors		0	503,675	20,000	523,675	0
Total Current Assets	9	0	588,125	76,019	664,144	50,531
Liabilities						
Creditors: amounts falling due within one year		0	306,000	330	306,330	0
Total Creditors: amounts falling due within one year	10	0	306,000	330	306,330	0
Net Current Assets (Liabilities)		0	282,125	75,689	357,814	50,531
Total Assets less Current Liabilities		375,000	282,125	75,689	732,814	50,531
Creditors: amounts falling due after more than one year	10	0	220,000	0	220,000	0
Net Assets		375,000	62,125	75,689	512,814	50,531
The Funds of the Charity						
Expendable endowment funds		375,000	0	0	375,000	0
Restricted income funds		0	62,125	0	62,125	18,000
Unrestricted income funds		0	0	75,689	75,689	32,531
Total Charity Funds	11	375,000	62,125	75,689	512,814	50,531

Annual Return
Zero Gravity Fund
For the Period 1 August 2021 to 31 December 2022

The financial statements have been prepared in accordance with the second edition of the Charities Statement of Recommended Practice issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011. The charity did not meet the threshold for a statutory audit.

The notes at pages 8 to 13 form part of these accounts. The comparative breakdown of prior year fund balances for the Statement of Financial Activity and the Balance Sheet is given in note 12.

The financial statements were approved by the Trustees and authorised for issue on 13th June 2023 and were signed on its behalf by:

DocuSigned by:

65fDE2623DCB410...

Kirsty Prest, Chair

12-07-2023

Date

Annual Return**Zero Gravity Fund****For the Period 1 August 2021 to 31 December 2022****Statement of Cash Flows**

	Total Funds	Total Funds
	Aug 2021- Dec 2022	Period to July 2021
Reconciliation of net movement in funds		
Net movement in funds	462,283	50,531
Deduct gift of endowment	(375,000)	0
Increase in debtors	(523,675)	0
Increase in creditors	526,330	0
Net cash used in operating activities	89,938	50,531
Change in cash at bank and in hand at year end	89,938	50,531
Cash and Cash Equivalents		
Cash and cash equivalents at beginning of period	50,531	0
Net change in cash for period	89,938	50,531
Cash and cash equivalents at end of period	140,470	50,531

Annual Return
Zero Gravity Fund
For the Period 1 August 2021 to 31 December 2022

Notes to the Financial Statements

1. Accounting Policies

(a) Basis of preparation and assessment of going concern

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts. The financial statements have been prepared in accordance with the second edition of the Charities Statement of Recommended Practice issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The Trustees consider that there are no material uncertainties about the Zero Gravity Fund's ability to continue as a going concern.

Zero Gravity Fund constitutes a public benefit entity as defined by FRS 102.

The most significant areas of adjustment and key assumptions that affect items in the accounts are to do with estimating the liability from multi-year scholarship commitments (see note 1(d) and note 10). The charity minimises the areas of uncertainty it has to manage by only awarding scholarships when the multi-year commitment to each student is fully funded.

(b) Funds structure

The charity receives donations and awards three year scholarships when the commitment is fully funded.

There is also an expendable endowment fund, shares in Zero Gravity Tech Ltd, created by a gift in kind from a previous Trustee. This gift in kind came with no restrictions.

Restricted funds are funds received from donors specifically for scholarships which the Trustees award in September each year.

Unrestricted funds arise from fundraising events, the profits from these events will be used exclusively to fund scholarships.

(c) Income recognition

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Annual Return
Zero Gravity Fund
For the Period 1 August 2021 to 31 December 2022

Donations are recognised, including gift aid where applicable, when funds are received or when there is a signed deed of gift in writing which confirms both the donation amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

(d) Expenditure recognition

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

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated to the applicable expenditure headings.

Scholarships payable are payments made to students in the furtherance of the charitable objects of the Fund. Scholarships are deployed yearly in three equal tranches over a three-year academic period. The scholarships have performance conditions attached to be eligible for the three year funding, but the charity expects the vast majority of students to fulfil these conditions, therefore there is a reasonable expectation that they will receive the multi-year scholarship in full over the three year period.

The provision for a multi-year scholarship is recognised at its present value where settlement is due over more than one year from the date of the award.

(e) Irrecoverable VAT

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

(f) Allocation of support and governance costs

Support costs have been allocated between governance, fundraising and operational costs.

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to independent examination and legal fees together with an apportionment of overhead and support costs.

Annual Return
Zero Gravity Fund
For the Period 1 August 2021 to 31 December 2022

Fundraising costs comprise all costs involved in raising funds for the charity. This includes the cost of fundraising staff and the costs associated with organising and hosting fundraising events.

Operational costs comprise all the costs involved in operating the charity's charitable activities. This includes the cost of deploying and administering scholarships.

(g) Expenditure on charitable activities

Expenditure on charitable activities includes scholarships as shown in note 4.

(h) Fixed asset investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subject to an impairment review each year.

The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year. The charity does not acquire put options, derivatives or other complex financial instruments.

(i) Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales 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. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

2. Related party transactions and Trustees' expenses and remuneration

The Trustees all give freely their time and expertise without any form of remuneration or other benefit in cash or kind (2021: £nil). Expenses paid to the Trustees in the year totalled £nil (2021: £nil). Donations received from parties related to the Trustees totalled £10,000 (2021: £20,000).

3. Donated services received and volunteer time

	1 August 2021 - 31 December 2022	1 August 2020 - 31 July 2021
	£	£
Staff costs	27,568	-
	27,568	-

Annual Return
Zero Gravity Fund
For the Period 1 August 2021 to 31 December 2022

The charity has no employees. The costs of donated services are based on employees of Zero Gravity Tech Ltd who are directly involved in fundraising for Zero Gravity Fund and governance reporting. There are additional services provided by other employees of Zero Gravity Tech Ltd but it is currently not possible to accurately value their services.

4. Analysis of charitable expenditure

The charity undertakes its charitable activities through awarding scholarships to students in furtherance of its charitable activities.

	1 August 2021 - 31 December 2022	1 August 2020 - 31 July 2021
Scholarships awarded		
- from Restricted funds	858,000	-
	858,000	-

During the year £332,000 (2021: £nil) scholarships were advanced to students, the remaining balance will be paid in year two and year three of the scholarship.

5. Analysis of governance, fundraising and operational costs

	1 August 2021 - 31 December 2022 £	1 August 2020 - 31 July 2021 £
Governance costs	17,842	106
Fundraising costs	9,000	-
Operational costs		
	27,568	463
	54,410	569

These costs are funded from unrestricted funds. Governance costs include trustee meeting expenses of £nil (2021: £nil). Operational costs include the cost of donated services £27,568 (2021: £nil).

6. Independent examination remuneration

Zero Gravity Fund is not required to have a statutory audit, however it is required to have an independent examination and the costs, £330 (2021: £330), have been accrued.

Annual Return
Zero Gravity Fund
For the Period 1 August 2021 to 31 December 2022

7. Other income

	1 August 2021 - 31 December 2022	1 August 2020 - 31 July 2021
	£	£
Gift in kind of shares	375,000	-
	<u>375,000</u>	<u>-</u>

During the period the charity received shares in Zero Gravity Tech Ltd which have been valued based on Zero Gravity Tech Ltd's most recent investment round on 31 December 2021. There are no restrictions on how the shares may be used by Zero Gravity Fund or the Trustees and hence when this capital may be converted into income, therefore it is treated as an expendable endowment.

8. Fixed asset investments

	1 August 2021 - 31 December 2022	1 August 2020 - 31 July 2021
	£	£
Market value brought forward	-	-
Additions	375,000	-
Market value at year end	<u>375,000</u>	<u>-</u>

The investment was a gift in kind of shares in Zero Gravity Tech Ltd. At the year end the value of the investment has not been impaired.

9. Analysis of current assets

	1 August 2021 - 31 December 2022	1 August 2020 - 31 July 2021
	£	£
Cash at bank and in hand	140,469	50,531
Accounts Receivable	20,000	-
Accrued income	402,000	-
Gift aid	101,675	-
	<u>664,144</u>	<u>50,531</u>

Cash at bank includes £84,450 (2021: £18,000) restricted funds and £56,019 (£32,531) unrestricted funds. Accrued income relates to income which has been confirmed in writing as committed to the Zero Gravity Fund.

Annual Return
Zero Gravity Fund
For the Period 1 August 2021 to 31 December 2022

10. Analysis of current liabilities and long term creditors

	1 August 2021 - 31 December 2022	1 August 2020 - 31 July 2021
	£	£
Scholarships due within one year	306,000	-
Scholarships due after one year	220,000	-
Accruals	330	-
	526,330	-

All creditors are from restricted funds.

CONT.

Annual Return
Zero Gravity Fund
For the Period 1 August 2021 to 31 December 2022

11. Analysis of charitable funds

1 August 2021 - 31 December 2022

	Balance brought forward £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance carried forward £
Expendable endowment	-	-	-	-	375,000	375,000
Restricted	18,000	872,125	(858,000)	30,000	-	62,125
<i>Zero Gravity Scholarship Fund</i>	18,000	722,125	(708,000)	30,000	-	62,125
<i>Fidelity Future Forward Fund</i>	-	150,000	(150,000)	-	-	0
Unrestricted	32,531	127,568	(54,410)	(30,000)	-	75,689
<i>General</i>	32,531	27,568	(54,410)	-	-	5,689
<i>Designated</i>	-	100,000	-	(30,000)	-	70,000
Total	50,531	999,693	(912,410)	-	375,000	512,814

1 August 2020 - 31 July 2021

	Balance brought forward £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance carried forward £
Restricted	-	18,000	-	-	-	18,000
<i>Zero Gravity Scholarship Fund</i>	-	18,000	-	-	-	18,000
<i>Fidelity Future Forward Fund</i>	-	-	-	-	-	-
Unrestricted	-	33,100	(569)	-	-	32,531
<i>General</i>	-	33,100	(569)	-	-	32,531
<i>Designated</i>	-	-	-	-	-	-
Total	-	51,100	(569)	-	-	50,531

The expendable endowment was established following the gift of shares in Zero Gravity Tech Ltd in December 2021.

Annual Return
Zero Gravity Fund
For the Period 1 August 2021 to 31 December 2022

12. Prior year fund breakdown

Statement of Financial Activities

	12 months 1 August 2020 to 31 July 2021		
	Restricted	Unrestricted	Total Funds Dec 2022
Income and endowments			
Grants and donations	18,000	33,100	51,100
Total Income	18,000	33,100	51,100
Expenditure			
Expenditure on charitable activities	0	106	106
Expenditure on administration and governance	0	463	463
Total Expenditure	0	569	569
Net movement in funds	18,000	32,531	50,531

Reconciliation of funds			
Total funds brought forward	0	0	0
Total funds carried forward	18,000	32,531	50,531

Balance Sheet

	12 months 1 August 2020 to 31 July 2021		
	Restricted	Unrestricted	31-Jul-21
Current Assets			
Total Cash at bank and in hand	18,000	32,531	50,531
Debtors	0	0	0
Total Current Assets	18,000	32,531	50,531
Net Current Assets (Liabilities)	18,000	32,531	50,531
Total Assets less Current Liabilities	18,000	32,531	50,531
Net Assets	18,000	32,531	50,530

The Funds of the Charity			
Restricted income funds	18,000	0	18,000
Unrestricted income funds	0	32,531	32,531
Total Charity Funds	18,000	32,531	50,531