

**UFI VOCTECH TRUST**  
**(A Charitable Company Limited by Guarantee)**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**



**Company Registration Number: 3658378**  
**Registered Charity Number: 1081028**

## UFI VOCTECH TRUST

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**UFI VOCTECH TRUST****REFERENCE AND ADMINISTRATIVE DETAILS****FOR THE YEAR ENDED 31 DECEMBER 2019**

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<b>Company registration number</b>	3658378	
<b>Charity registration number</b>	1081028	
<b>Registered office</b>	10 Queen Street Place LONDON EC4R 1BE	
<b>Trustees</b>	T Wilson V M Dias B Davies MBE DD Gill J Lambdon D Ryder C Finn J Scott A Cullen A Bravo P Fresia Prof. R H Luckin H Kirkbride R W Harrison	Chairman Vice Chair       Appointed 3 September 2019 Appointed 15 November 2019 Appointed 6 January 2020 Resigned 30 January 2019 Resigned 6 March 2019 Resigned 10 March 2020
<b>Bankers</b>	Natwest Bank plc 9th Floor, 280 Bishopsgate LONDON, EC2M 4RB	
<b>Auditor</b>	Sayer Vincent LLP Invicta House, 108-114 Golden Lane LONDON, EC1Y 0TL	
<b>Solicitors</b>	Bates Wells Braithwaite London LLP 10 Queen Street Place LONDON, EC4R 1BE	
<b>Investment Managers</b>	Vanguard JPMorgan House DUBLIN 1 Ireland  Ruffer LLP 80 Victoria Street LONDON, SW1E 5JL  IFM Investors 3 <sup>rd</sup> Floor, 60 Gresham Street LONDON, EC2V 7BB  Northern Trust Georges Court 54-62 Townsend Street DUBLIN 2 Ireland	Lane Clark & Peacock 30 Old Burlington Street LONDON, W15 3NN  Cordea Savills 33 Margaret Street LONDON, W1G 0JD  Mayfair Capital Investment Management Ltd 2 Cavendish Square LONDON W1G 0PU

## **UFI VOCTECH TRUST**

### **TRUSTEES' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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The trustees present their report and the audited financial statements for the year ended 31 December 2019.

Reference and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

### **Objectives and activities**

#### **Purposes and aims**

Ufi VocTech Trust (previously Ufi Charitable Trust) is a charitable company limited by guarantee and is governed by a memorandum and articles of association, which were last amended on 4 December 2018. The Charity changed its name in March 2020 to better reflect its purpose and activities. Its objects remain:

- the advancement of the education of the public; and
- the promotion of industry and commerce for the public benefit;

The objects of Ufi VocTech Trust are pursued through the provision of grant and venture funding to third party organisations. The aim is to help improve vocational skills in the UK's workforce by funding digital solutions for vocational learning. Ufi only funds activity that is 'scaleable' through technology, i.e. projects that use digital methods to widen access to vocational learning, projects that increase engagement or projects that have the potential to significantly improve learner outcomes. While digital learning solutions are potentially open to all, the charity is especially keen to assist digital projects which involve industries and sectors where training is not easily available and there are significant skills shortages, post school learners that have failed to be engaged by the education system or those or who have been unable to engage with traditional methods of vocational learning for reasons of geography, social constraints or lack of employer or market engagement. Ufi aims to create a community of developers and learning providers that are working at the cutting edge of learning technologies to ensure that vocational learning becomes an attractive market for future investment.

To achieve a significant change in vocational learning Ufi seeks to support ideas and projects that bring a new perspective on how to design, deliver or accredit learning that builds on the current market rather than competing with it. Ufi believes that digital tools can enhance and augment traditional teaching and training methods, leading to better skills and more skills for more people.

Ufi funding is focused on three areas, recognising that innovation in digital vocational learning will happen at different points. These are:

- Seeding the market - by supporting emerging digital vocational learning innovation at an early stage of either the technology or the learning approach
- Market test projects – those that engage learners and employers to showcase how the idea works in practice
- Large scale partnerships – projects that are near to market to demonstrate that the use of digital tech can deliver significant scale

Ufi aims to build a portfolio of projects and investments that cover a range of risk and scale and provides opportunities for ideas to receive support from early stage right through to market. All Ufi projects represent 'demonstration through doing', providing practical solutions to problems and challenges.

Ufi has three mechanisms to achieve the above:

- Grant funding calls - in specific skill areas, targeted at specific industries or aimed at specific stages of development
- Commissioned projects - in key areas of strategic importance
- Commercial investment - in line with our charitable aims. This can be done as loan or equity finance.

Ufi also has an important role to influence change at a strategic level. To achieve this aim Ufi:

- Highlights best practice wherever we find it
- Ensures that our funded projects get wide publicity so that others can learn from and adopt good ideas as they develop

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- Engages with thought leaders in digital vocational learning to keep our own ideas at the cutting edge
- Seeks to influence public policy on adult vocational learning by providing examples of successful change.

The trustees review the aims, objectives and activities of the charity each year. This report looks at what the charity has achieved and the outcomes of its work in the reporting period. The trustees report the success of each key activity and the benefits the charity has brought to those groups of people that it is set up to help. The review also helps the trustees ensure the charity's aims, objectives and activities remained focused on its stated purposes.

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives that have been set.

#### **Achievements and performance**

The charity's main activities and who it tries to help are described below. All its charitable activities focus on grant giving and venture investment to help improve vocational skills in the UK's workforce by funding digital solutions for vocational learning. These are undertaken to further Ufi's charitable purposes for the public benefit.

In the year £4.2m was awarded in grant funding to 46 projects as a result of three open funding calls; VocTech Seed, VocTech Impact and VocTech Specialist 2019. We paid grant instalments totalling £3.7m across the eight live cohorts. We also saw the completion of VocTech Manufacturing, VocTech Impact 2017 and VocTech Seed 2017.

Successful grant recipients have received significant expert project management support in order to ensure that their projects run smoothly and effectively. Projects have taken part in webinars with experts, networking events and activities with their peers in order to facilitate learning and sharing and give every project the best chance of success. Feedback from grantees on the added value that Ufi offers as a funder has been extremely positive.

*"This process has been eye-opening thus far and has had a significant impact on those routinely involved in the Specialist Call project. As a management team we've taken a step back and we're doing further research around the issue before we focus on solutions. It felt like a significant shift in the approach we are taking as an organisation. It is clear now that we are one month into Discovery that there is shape forming within the 'fog'; we can see the new learning taking shape and impacting on our thinking, not just within the project but across the business."*

**Katie Cockburn, Director of Qualifications and Standards, WAMITAB**

*"With a new concept of this type the initial investment hurdle can be significant and potentially off-putting. Supporting 6.5m unpaid carers with the latest learning technologies has been an ambitious and challenging project. Ufi's financial support has been essential in getting this major new initiative off the ground and their overall support package, which includes project management oversight, marketing assistance, and constructive advice has been a real and tangible benefit for us."*

**Tim Buff, CEO Agylia Care**

*"Ufi gave us room to explore and learn from our mistakes but provided enough support that we didn't go completely down the wrong path."*

**Richard Chilvers, Digital Service Development Manager, Relate**

*"A big positive for us is that we have learned a new skillset. As software developers, we are used to adopting a systems-based approach, working from set requirements, with analysis and rigour key to what we do. However, the Discovery Phase has shown us the value of thinking laterally, of being flexible in our ways of working, in order to incorporate the priorities of all stakeholders."*

**David McGarry, Director, Socrates Software**

*"They aren't just trying to tick the boxes; they genuinely care and are interested. They really want to help the charity find the best ways to help and support beneficiaries."*

**Emma Nugent, Programme Lead, RBLI**

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*"We always knew we wanted to focus on vocational content, but if we had not engaged with Ufi then we might have done more traditional learning content, focusing on the market outside the UK. Ufi helped us to think about the needs of people in sectors within the UK. A Ufi phone call prompted us to think differently. This was an important breakthrough."*

**Ziad Dajani, Product Manager, Playlingo**

In 2019 we ran a 'challenge led' specialist funding call for novel approaches to employer-led vocational learning; seeking ideas that will make a significant difference to reskilling the UK workforce and the number of people gaining new skills required to meet the needs of the 21st Century. We also tested a new process for awarding grants, with the introduction of a funded Discovery Phase. This is designed to attract applicants with very early stage innovative ideas who would otherwise would not be able to secure funding. Twelve projects were supported under this new process, of which ten went on to secure Impact or Seed funding to develop their projects further.

Ufi fund a broad range of technology types and stages of development; from early stage projects within VocTech Seed, to larger demonstrators within VocTech Impact which show how digital technology can have a positive impact on large numbers of vocational learners. This can include the deployment and testing at scale of brand-new digital solutions through to established technologies that are being redeveloped for the adult learning market. All the projects funded by Ufi have in common their practical application to a real-life learning problem and their potential to make a significant impact on adult learning for the workplace.

Learning Science Ltd tested how their existing Smart Worksheet system for mathematical skills for undergraduates doing science degrees, could be an effective vocational training tool in industry. Working with Tata Steel technicians and apprentices, a suite of contextualised Smart Worksheets and analytics have been developed in which learners' progress, strengths, weaknesses and competencies can be documented. Interest in custom worksheets has been high and Learning Science Ltd continue to grow the product through commercial revenues.

With Ufi support, Bridgewater & Taunton College, part of the National College for Nuclear, have won awards and accolades for their PRACTICE project. PRACTICE features a virtual reality (VR) room and flow rig, replicating a nuclear plant in microcosm - bringing theory to life for learners. PRACTICE won the prestigious SEMTA 2019 award for Skills Innovation of the Year for harnessing the latest technology to improve delivery of skills training and the positive impact this has had on the workforce. It was also recognised as a part of the Apprenticeship Programme of the Year at the annual Tes FE Awards 2019 in supporting the development of skilled apprentices at one of the country's biggest construction projects for a generation, Hinkley Point C.

We have also worked with Self Injury Support to test new ways of delivering learning to front-line professionals. E-motivate is a game-based app to support staff across a range of sectors to better understand and work with emotionally challenging behaviour. It applies real life examples to their learning, improving personal resilience and building knowledge using a modular approach. As a result, Self Injury Support are engaged in a number of conversations with organisations across the UK to further trial and integrate it within various front-line departments.

Scaling with the Crowd aims to tackle the issue of training for people who are homeless, or at risk of becoming homeless, by crowdfunding vocational training. They are also trying to overcome other cost barriers such as equipment, transport or childcare. Donors can sponsor a learner through the BEAM platform which provides online coaching and mentoring, enabling learners to secure appropriate training. Ufi funding has been used to enable BEAM to further develop their prototype website, improving mobile functionality for homeless members and donors and keeping donors up to date with the progress of the members they have sponsored.

Ufi funding has been used by CENTURY Tech to pilot their artificial intelligence (AI) platform in the FE sector. It demonstrates how adaptive and personalised learning improves outcomes for those studying English and maths GCSE's. The project has developed resources to help support the 200,000 students in the UK who take GCSE re-sits in FE colleges, addressing the issue of lower levels of learner confidence and the shorter timeframes FE colleges have to deliver the curriculum. The diagnostic tool helps learners and teachers establish starting points, learners are directed to pathways with content tailored to them and teachers can provide the most appropriate one to one support.

In 2019 the Open Networking Lab's (ONL) badged course was launched on the Open University's OpenLearn platform. Offering introductory, practical computer networking skills for free, the ONL has been developed in partnership with Cisco Systems and is available on any connected device. Users can log on at any time to practice and develop their skills through hands on activities which model real networks. 385 learners and 160 teachers have been involved in the development of the course, which aims to support 4,000 students per year in partnership with Cisco from 2020 onwards.

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If you would like more information on the projects we have funded over the last year please see the website:

[www.ufi.co.uk](http://www.ufi.co.uk)

#### Programme related investments

Ufi recognises the importance of the availability of financial capital and support for organisations which are developing VocTech products and services so that they may bring them to market and grow their reach and impact to the widest adult vocational learning audience. Following the recruitment of an Impact Investment Director in January 2019, Ufi has developed a strategy to support early stage ventures advance the charity purposes through making equity and loan investments and providing engaged advice and support, "Ufi Ventures". This is an exciting area for Ufi and fully supports our Theory of Change and ambition to have a significant positive impact on adult vocational learning.

Ufi Ventures investments are programme related investments made under a detailed investment policy and selection criteria. Each investment, and the portfolio as a whole, aims to demonstrate positive effect on the following outcomes:

Benefit these Stakeholders	By contributing to these outcomes
Adults in the UK	<ul style="list-style-type: none"><li>Greater access to and progress in work through improved skills</li></ul>
Employers in the UK	<ul style="list-style-type: none"><li>Improved business performance through increased workforce skills</li></ul>
Voctech sector	<ul style="list-style-type: none"><li>Increased financial investment leading to growth</li></ul>

The Board has established a Ventures sub-committee which considers proposals for investment under Ufi Ventures and recommends suitable investments to the board to approve. In the last quarter of 2019 the board approved two £150,000 investments; one in Kinderly, a company that creates digital resources and tools to develop the skills of childcare professionals therefore supporting children's progress and learning, the other in Learnerly, a company that helps employers to engage and train their workforce by providing individual learning accounts, digital development plans and a curated marketplace of training opportunities.

Ufi provides each investee with an experienced individual as a 'Venture Partner' who typically attends the investee's board meetings, monitoring performance and identifying support needs. The Ventures sub-committee receives a monthly dashboard update on the activity and in 2020, a Portfolio Review and Valuation report will be prepared every three months.

#### Beneficiaries of our services

Our core strategy is to support the delivery of adult vocational skills through digital technology. Our aim is to use our funding to catalyse change across the UK so that significant scale can be achieved in digital vocational learning for adults.

Digital learning solutions are almost by definition open to all, so the wider pool of post-school age, vocational learners is our audience but we are especially keen to involve those that have failed to be engaged by the education system. Digital technology has the potential to work for learners who have disengaged with formal patterns of learning as well as opening up access for learners who have been unable to fit into the traditional classroom model. It also provides the opportunity to reach industries and communities that are geographically too spread out to create a sustainable market using traditional methods.

We only fund activity that can demonstrate that there is the potential for scale; increasing vocational learner numbers through the use of technology. We fund projects that represent practical solutions to existing problems and challenges.

#### Financial review

During the period the charity generated an income of £1.167m from its investments and cash holdings, and incurred expenditure of £5.775m primarily on the grant making and management of the charity (including investment managers' fees to generate the charity's main source of income). At the end of the year funds carried forward are £55.705m.

The investment portfolio performed very well in the year resulting in a gain of £5.345m. The final value increased from £54.927m to £55.524m despite disinvestment of £5m to pay grant and operational costs. This is primarily due to the rise

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in global equity markets, which resulted in the Charity's equity related investments gaining value. The surplus against budget is partly offset by a loss in the final quarter of the previous year, resulting in funds carried forward in excess of budget by £1.3m. This will therefore not materially affect the activities of the charity; the funds will remain in the investment portfolio for disinvestment when additional capital is needed to fund future activities.

#### **Investment policy**

The trustees continue to retain Lane Clark Peacock LLP (LCP) as their investment consultants to assist on setting the most appropriate investment strategy. The investments are monitored by the Board at regular intervals during the course of the year. As at the year end, the investment portfolio value was £55.5m.

The Charity adopts a Total Return approach to investment, generating the investment return from income and capital gains/losses. The Charity seeks to produce the best financial return with an acceptable level of risk. There is an investment objective to achieve a total return above inflation of between 2% and 3% pa. The performance of the Charity's investment portfolio was strong over 2019, returning 12.0% this was mainly due to the Charity's global equity allocation as equity markets performed strongly over the year. For comparison, CPI (a measure of inflation) was 1.3% pa at 31 December 2019.

The Charity initially designed its investment strategy around the expectation that it would be in existence for around five years because capital would quickly be used up by grant funding. It became apparent in 2014 that the Charity would be in existence for much longer than originally anticipated which led to LCP advising that the Trustees could accept greater illiquidity and volatility in order to generate higher returns and provide diversification benefits. As a result, the Trustees introduced an allocation to property in 2014, and to equities in 2015. These allocations sit alongside a multi-asset portfolio managed by Ruffer. In 2017, the trustees agreed to invest £7.5m in infrastructure which was drawn down in October 2018. A further £1.1m investment in IFM was agreed at the end of 2019. The first half of this was drawn down on 1st April 2020. The investment strategy will be reviewed during 2020.

The trustees are committed to investing in a way which is consistent with the Charity's objectives. Therefore, where possible, they will avoid investments in companies or organisations that are seen to conflict with these objectives. The trustees are in the process of considering different methods of investment that focus on measurable high-impact solutions, which are in line with the United Nations Sustainable Development Goals ("SDGs") closest to the charity's objectives.

More widely, the trustees have a preference for investing in an ethical manner and will endeavour to do so where this does not materially impact the returns on the Charity's investments. The investment committee ask LCP to monitor the environmental, social and governance (ESG) approaches of all the Charity's fund managers after concerns about some of the widely publicised employment practices of a number of organisations. They are satisfied that the risk of exposure to these companies is very low but this will be analysed further through review of the investment strategy. An assessment of the possible impacts of climate change on underlying investments has also been undertaken.

#### **Fundraising policy**

The Charity does not engage in public fundraising and does not use professional fundraisers or commercial participants. We nevertheless monitor the relevant fundraising regulations and codes to ensure compliance if relevant. During the year there was no non-compliance of these regulations and codes and the Charity received no complaints relating to its fundraising practice.

#### **Reserves policy and going concern**

While the initial view was that the Charity would have a limited life span it is now apparent that it will be in existence for much longer than the five years originally anticipated. It is the view of the trustees that being in existence for longer will maximise the aims and objectives of the Charity.

In October 2016 the trustees held a strategy day and concluded that the life of the Charity should not be determined by years but by the type and quality of applications it receives and how funding these would contribute to its key objective of becoming a "catalyst for change" in the adult vocational education arena.

The reserves policy to date has been to hold assets in secure means whilst providing sufficient liquidity to service successful applications. At the year end the Charity had total reserves of £55.705 million, of which £55.524 million is held within the investment portfolios in order to generate an income to meet its strategic objectives. A balance of funds ("free reserves") of £1 million is maintained in cash holdings within the investment portfolio which can be transferred quickly to meet ongoing liabilities. This policy is considered to be prudent and provides the Trust with adequate liquidity to pursue its funding strategy of providing seed funding for innovative projects and additional sums to take those projects through to the next developmental stage if they are proven to add real innovative benefit to vocational education. The trustees monitor



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the level of grant commitments and other financial requirements on an on-going basis and ensure that sufficient liquid (free) reserves are available.

The reserves policy will continue to evolve in light of developments in the market in which grants are awarded and the trustees views on how the Charity's aims and objectives can be maximised. It will also be dependent on the quality, number and value of grant applications received.

All funds held are unrestricted funds. The trustees have reviewed the level of reserves and financial commitments entered into and consider the charity to be a going concern.

#### **Principal risks and uncertainties**

Ufi VocTech Trust is an investment holding charity awarding grants in furtherance of its objects. The key risks facing the charity are:

- 1) Establishing a clear investment strategy for the Charity
- 2) Ensuring that the investment portfolio is managed in accordance with the strategy agreed by the Board, and is monitored on a regular basis
- 3) Ensuring that the charity supports high quality educational projects

At the time of writing this report we are going through unprecedented times with the Covid-19 pandemic. While, the crisis has significantly impacted the value of the investment portfolio, Ufi are very well placed to manage this; we already operate as a virtual organisation, we have a balanced investment portfolio providing immediate liquidity and we have the ability to act quickly and review budgeted expenditure making adjustments as required.

Ufi's investment strategy is designed to flex in times of market stress and will still be able to provide suitable liquidity to meet cashflow requirements without having to redeem from the illiquid investments or crystallise losses experienced from large drawdowns from equity markets. The immediate strategy will be to draw down from Ruffer allowing other funds to recover, hopefully later in 2020 or early 2021.

The trustees have acted quickly to review planned expenditure in 2020 and have made the decision not to run the VocTech Impact grant call in 2020, mainly due to the effect the current crisis will have on the ability of organisations to plan and sufficiently resource their applications and programmes of work at such uncertain times. Instead Ufi is developing an immediate support fund designed to help organisations who need to implement digital tools quickly as a result of this crisis. While the spend for this will be more immediate than that budgeted for VocTech Impact, the total budget is considerably reduced and will commit the charity to less expenditure in 2021/2022. The trustees will then review future grant funding in conjunction with the performance of the investment portfolio once the Covid-19 crisis is over, in order to rebuild the long-term project portfolio and bring grant expenditure back up to the desired level.

The Investment Committee will be holding an emergency meeting to review the fund in light of the economic environment in addition to their twice-yearly meetings.

The Audit Committee also meets twice a year, or more should the need arise. The Board meet 5 times a year. A risk management framework is reviewed at each of these meetings. Regular monitoring reduces the likelihood of any risks significantly affecting the charity and the impact should they do so.

#### **Plans for the future**

In 2019 Ufi launched the next Five-Year strategy (2020-2025), which will build on the successes of the 2015-2020 strategy 'Learning Without Walls'. The funding strategy is focussed on supporting innovation in vocation technology, encouraging the development of novel tools and approaches that support good quality adult learning at a significant scale, helping individuals, employers and the education system to benefit from technological developments. This work includes showcasing and supporting the delivery of technological solutions to solve current critical problems. The strategy will be reviewed in light of Covid-19 once the broader impact on training, learning and the wider economy are better understood.

The trustees aim to continue the development of a spectrum of projects, both early stage and near market, that showcase the best of digital vocational technology and have the potential for significant impact on the scale of people accessing vocational skills. The focus is on the 'unloved', those professions, communities, industries and skill levels that are undervalued or under supported, where the trustees believe they can have the most significant impact. The aim is to create a community of developers and learning providers that are working at the cutting edge of learning technologies to ensure that vocational learning becomes an attractive market for future investment. The trustees will support and invest in projects where Ufi's funding will make a significant difference to the number of people gaining skills and the way in

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### **TRUSTEES' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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which they learn.

The trustees believe that Ufi is unique in the added value it offers to grant recipients and will continue to ensure the organisation develops and strengthens this aspect of its project management by investing in highly experienced staff and consultants to achieve this aim. Ufi undertook an initial evaluation of the impact of Learning Without Walls and is using the output of this evaluation work to support the ongoing development of funding instruments and support.

Learning from our experience of the grant calls in prior years, we have moved to a programme of two to three grant funding calls per year, and we publish details of these in advance to help applicants understand which call type is right for them. The evaluation of our work highlighted the importance of the way we work with our grant recipients and we will continue to develop our 'grant enrichment' and support model.

As mentioned above under Principal Risks, due to unprecedented times during the Covid-19 pandemic, the trustees have made the decision not to launch the VocTech Impact call in 2020, instead, developing an immediate support fund designed to help organisations who need to implement digital tools quickly as a result of the crisis. We will also be running a series of webinars and Q&As with our expert panel, which will be recorded and serve as guides for any individuals or organisations requiring initial guidance. We will also be working with partners to support wider development of resources that can support the sector.

The final pilot phase of VocTech Ignite will take place in 2020. This is a smaller grant with increased support, aimed at projects that have a strong understanding of the challenge they are looking to tackle, but need some help in scoping how they do it. We also operate a specialist call which targets a particular challenge. This is either annual or bi-annual dependent on industry need and organisational resource capacity. We will be running a specialist call in 2021 and throughout 2020 we will be developing the focus and approach for this through community engagement.

As an organisation, Ufi recognises that every action we take has a social impact and we take a thoughtful and an active approach to all that we do. This means that we make proactive decisions about the way we work on a day to day basis – from virtual working, to the venues and spaces we use through to the impact of our investment portfolio.

#### **Structure, governance and management**

The organisation is a charitable company limited by guarantee and is governed by a memorandum and articles of association which were last amended on 4 December 2018. It was registered as a charity on 6 June 2000. All trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in note 5 to the accounts.

The charity is managed by Rebecca Garrod-Waters, the Chief Executive, who works closely with the trustees and senior management team. During 2019 Rebecca has continued to expand and structure the core team in order to ensure that Ufi's reach and benefit is maximised.

#### **Appointment of trustees**

In 2019 three new trustees were recruited through head-hunting agencies and have been appointed specifically for the variety of skills they can bring to Ufi. A further trustee has been recruited and will join the Board later in 2020.

#### **Trustee induction and training**

Trustees are encouraged to attend courses where appropriate. A formal process of induction is in place for all new trustees. When new and significant issues arise, the relevant updates are arranged for trustees during Board meetings. Strategy days are held approximately every 18 months or as the need dictates.

#### **Remuneration policy for key management personnel**

The pay of the CEO and all staff are reviewed annually and normally increased in accordance with average earnings to reflect a cost of living adjustment. In view of the nature of the charity, the Trustees benchmark against pay levels in other charities. The remuneration bench-mark is the mid-point of the range paid for comparable roles in charities of similar activity and size.

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#### Statement of responsibilities of the trustees

The trustees (who are also directors of Ufi for the purposes of company law) are responsible for preparing the trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures 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 operation

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

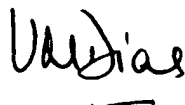
In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 to the assets of the charity in the event of winding up. The total number of such guarantees at 31 December 2019 was 11 (2018:12). The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

The trustees' report has been approved by the trustees on 9 June 2020 and signed on their behalf by



Valerie Dias  
Trustee

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF**

### **UFI VOCTECH TRUST**

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#### **Opinion**

We have audited the financial statements of Ufi VocTech Trust (the 'charitable company') for the year ended 31 December 2019 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2019 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
- 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. 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

#### **Other information**

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- The information given in the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements
- The trustees' annual report, has been prepared in accordance with applicable legal requirements

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

**INDEPENDENT AUDITOR'S REPORT**  
**TO THE MEMBERS OF**  
**UFI VOCTECH TRUST**

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We have nothing to report in respect of the following matters in relation to which 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 and take advantage of the small companies' exemptions in preparing the trustees' annual report and from the requirement to prepare a strategic report.

**Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, 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 they 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 the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBERS OF**

### **UFI VOCTECH TRUST**

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joanna Pittman (Senior statutory auditor)

15 June 2020

for and on behalf of Sayer Vincent LLP, Statutory Auditor

Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

**UFI VÖCTECH TRUST**

**STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating Income and Expenditure account)

**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
<b>INCOME</b>			
Income from Investments		1,167	1,262
<b>Total Income</b>		<u>1,167</u>	<u>1,262</u>
<b>EXPENDITURE ON</b>			
Raising Funds		393	305
Charitable Activities	2	5,382	4,868
<b>Total Expenditure</b>		<u>5,775</u>	<u>5,173</u>
Net expenditure before gains and losses on investments		(4,608)	(3,911)
Gains/(losses) on investments		5,680	(1,325)
Other recognised (losses)/gains		(335)	130
<b>Net income/(expenditure) for the year and net movement in funds</b>	3	<u>737</u>	<u>(5,106)</u>
Total funds brought forward		54,968	60,074
<b>Total funds carried forward</b>		<u><u>55,705</u></u>	<u><u>54,968</u></u>

The accompanying accounting policies and notes form an integral part of these financial statements. All amounts relate to continuing activities. All amounts included in the current and preceding year are unrestricted.

**UFI VOCTECH TRUST**

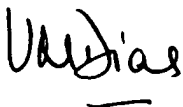
**COMPANY NO. 3658378**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2019**

	Note	2019 £'000	2018 £'000
<b>FIXED ASSETS</b>			
Investments	6	55,524	54,927
Programme Related Investments	6a	300	-
		<u>55,824</u>	<u>54,927</u>
<b>CURRENT ASSETS</b>			
Debtors	7	181	212
Cash at bank and on deposit		109	119
		<u>290</u>	<u>331</u>
<b>CREDITORS: amounts falling due within one year</b>	8	(409)	(290)
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(119)</u>	<u>41</u>
<b>TOTAL ASSETS</b>		<u>55,705</u>	<u>54,968</u>
<b>THE FUNDS OF THE CHARITY</b>			
Unrestricted funds			
- General		45,969	48,810
- Revaluation reserve		9,736	6,158
<b>TOTAL CHARITY FUNDS</b>	11	<u>55,705</u>	<u>54,968</u>

The financial statements were approved and authorised for issue by the Trustees on 9 June 2020 and were signed below on their behalf by:



Valerie Dias  
Trustee

The accompanying notes form an integral part of these financial statements



**UFI VOCTECH TRUST**

**STATEMENT OF CASHFLOW**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2019 £	2018 £	2018 £
<b>Cash flows from operating activities</b>					
<b>Net cash used in operating activities</b>	17		(5,625)		(5,507)
<b>Cash flows from investing activities:</b>					
Dividends and interest from investments		1,167		1,262	
Proceeds from sale of investments		21,232		30,212	
Purchase of investments		(16,484)		(26,010)	
Purchase of programme related investments		(300)		-	
<b>Net cash provided by investing activities</b>			5,615		5,464
<b>Change in cash and cash equivalents in the year</b>			(10)		(43)
Cash and cash equivalents at the beginning of the year			119		162
<b>Cash and cash equivalents at the end of the year</b>			109		119

# UFI VOCTECH TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1. ACCOUNTING POLICIES

#### **Statutory information**

Ufi VocTech Trust is a charitable company limited by guarantee and is incorporated in England. The registered office address and principal place of business is 10 Queen Street Place, London EC4R 1AG.

#### **Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (March 2018) and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

#### **Public benefit entity**

The charitable company meets the definition of a public benefit entity under FRS 102.

#### **Going concern**

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

#### **Fund accounting**

Unrestricted funds can be used by the trustees for the general purposes of the charitable company.

Designated funds represent monies invested by the trustees for the longer term to generate an income from which grants will be awarded.

#### **Incoming resources**

Incoming resources from generated funds consists of investment income (interest and other income receivable). Income is recognised on an accruals accounting basis when the charity is entitled to the receipt.

#### **Expenditure**

All expenditure is accounted for on an accruals basis and allocated to the appropriate heading of the SOFA.

Charitable activities expenditure enables the charity to meet its charitable aims and objectives. Governance costs are direct costs incurred to administer the charity and to comply with statutory requirements. These costs include audit and legal advice for trustees.

Resources expended are allocated to the particular activity where the cost relates directly to that activity. The cost of the overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on an estimate, based on staff time, of the amount attributable to each activity, as follows:

Costs of raising funds	25%
Charitable activities	75%

#### **Grants awarded**

Grants awarded are charged to the SOFA in the period in which the charity becomes committed to their payment. The charity has a process for evaluating grant milestones and only makes further payments once it is satisfied with the progress of the grantee. Where grants are issued with the embedded right to convert, in part or in full, to equity in the grant recipient, the full value of the grant is charged to the SOFA as above. At each balance sheet date, the option to convert is valued at fair value, and included as an asset where applicable. On conversion, an amount equal to the deemed cost of investment is reversed out of grants payable in the SOFA.

**UFI VOCTECH TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**Investments**

Investments are valued at Bid value as set out in the SORP. Gains and losses are recognised in the statement of financial activities and the revaluation reserve.

**Programme Related Investment**

Programme related investments are valued at fair value or cost less impairment if fair value cannot be reliably measured, as set out in the SORP. Gains and losses are recognised in the statement of financial activities and the revaluation reserve.

**Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Revaluation reserve**

The revaluation reserve reflects the unrealised movement on the market value of the investment portfolio.

**Financial instruments**

Except for convertible grants as noted above, the charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other receivables and payables and bank loans are initially recognised at transaction value and subsequently measured at their settlement value.

**Creditors and provisions**

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

UFI VOCTECH TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

2. ANALYSIS OF RESOURCES EXPENDED (CURRENT YEAR)

	Direct Costs £'000	Support Costs £'000	Grant making £'000	Governance costs £'000	2019 Total £'000	2018 Total £'000
<b>Cost of raising funds</b>						
Investment management costs	311	47	-	35	393	305
<b>Charitable activities</b>						
Advancement of skills and qualifications	1,433	140	3,705	104	5,382	4,868
<b>Total Expenditure 2019</b>	1,744	187	3,705	139	5,775	5,173
<b>Total Expenditure 2018</b>	1,354	164	3,488	167	5,173	

ANALYSIS OF RESOURCES EXPENDED (PRIOR YEAR)

	Direct Costs £'000	Support Costs £'000	Grant making £'000	Governance costs £'000	2018 Total £'000	2017 Total £'000
<b>Cost of raising funds</b>						
Investment management costs	238	26	-	41	305	340
<b>Charitable activities</b>						
Advancement of skills and qualifications	1,116	138	3,488	126	4,868	3,536
<b>Total Expenditure 2018</b>	1,354	164	3,488	167	5,173	3,876
<b>Total Expenditure 2017</b>	1,218	126	2,428	104	3,876	

Governance costs are direct costs incurred in administering the charity and complying with statutory requirements. Direct costs include an allocation of the operational staff costs and company secretarial fees provided by haysmacintyre, external audit, trustee expenses and one-off recruitment fees incurred in the year to employ staff and trustees to drive the strategy forward.

**UFI VOCTECH TRUST****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2019****2. ANALYSIS OF RESOURCES EXPENDED (continued)**

All grant payments in the year were made to institutions under the calls as follows:

Call	£'000
Manufacturing Skills Fund	187
VocTech Impact 2017	390
VocTech Seed 2017	63
VocTech Seed 2018	724
VocTech Impact 2018	1,586
Ad-hoc 2018	175
Ad-hoc 2019	100
VocTech Seed 2019	221
VocTech Specialist Discovery Stage	259
<b>TOTAL</b>	<b>3,705</b>

If you would like more information on the projects we have funded over the last year please see the website: [www.ufi.co.uk](http://www.ufi.co.uk). A breakdown of all the awards made in the year can be obtained by emailing: [info@ufi.co.uk](mailto:info@ufi.co.uk).

**3. NET (OUTGOING)/INCOMING RESOURCES**

	2019 £'000	2018 £'000
<b>The net (outgoing)/incoming resources are stated after crediting the following:</b>		
Fees payable to the company's auditor:		
Audit fee	11	9

**4. STAFF COSTS AND NUMBERS**

	2019 £'000	2018 £'000
Gross Pay	579	361
Social Security Costs	63	37
Pension	46	20
	688	418

One employee received employee benefits (excluding employer pension costs and employer's national insurance) during the year between £80,000 and £90,000 (2018: none) one between £70,000 and £80,000 (2018: one) and one between £60,000 and £70,000 (2018: one).

Key management personnel are considered to be the CEO Rebecca Garrod-Waters, the Programme Director Louise Rowland, the Impact Investment Director Joe Ludlow and the Finance Director Gabrielle Smith. Total salary and benefits (including employer pension and employer national insurance) provided in the year to key employees was £313,758 (2018: £269,456).

There were 6 part-time and 5 full-time staff employed throughout the year. One part-time and two full-time members of staff were recruited during the year.

**UFI VOCTECH TRUST**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**5. TRUSTEES' REMUNERATION**

The charity trustees were neither paid nor received any other benefits from employment with the charity in the year (2018: £nil). No charity trustee received payment for professional or other services supplied to the charity (2018: £nil).

Trustees' expenses represent the payment or reimbursement of travel, subsistence and meeting costs totalling £4,353 (2018: £7,788) incurred by 5 (2018: 6) members relating mainly to attendance at meetings of the trustees. Trustee Indemnity Insurance has been purchased by the charity.

<b>6. INVESTMENTS</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Fair value at start of the year	54,927	60,324
Additions at cost	16,484	26,010
Disposal proceeds	(21,232)	(30,212)
Net gain on change in fair value	5,345	(1,195)
<b>Fair value at end of year</b>	<b>55,524</b>	<b>54,927</b>
Capital cash account	1,067	584
Invested	54,457	54,343
<b>Total</b>	<b>55,524</b>	<b>54,927</b>
<b>Historic cost at end of the year</b>	<b>45,788</b>	<b>48,769</b>

Included in investments at the year-end are the following individual investments making up more than 5% of the total value of the portfolio:

<b>Current year:</b>				<b>Charities Property Fund</b>	<b>Mayfair Capital Property Fund</b>
	<b>IFM</b>	<b>Ruffer</b>	<b>Vanguard</b>		
	8,433	16,564	18,809	5,921	5,791
<b>Prior year:</b>				<b>Charities Property Fund</b>	<b>Mayfair Capital Property Fund</b>
	<b>IFM</b>	<b>Ruffer</b>	<b>Vanguard</b>		
	7,687	15,412	19,079	6,044	5,953

UFI VOTTECH TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

6. INVESTMENTS (continued)

6a. PROGRAMME RELATED INVESTMENTS (current year)

	Convertible loan £'000	Direct equity £'000	Total £'000
Fair value at start of the year	-	-	-
Additions at cost	150	150	300
Disposal proceeds	-	-	-
Net gain on change in fair value	-	-	-
<b>Fair value at end of year</b>	<b>150</b>	<b>150</b>	<b>300</b>

6b. INVESTMENTS (prior year)

	Convertible loan £'000	Direct equity £'000	Total £'000
Fair value at start of the year	-	-	-
Additions at cost	-	-	-
Disposal proceeds	-	-	-
Net gain on change in fair value	-	-	-
<b>Fair value at end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>

Investments were made in:

- Kinderly: £150,000 convertible loan note alongside co-investors including Development Bank Wales. The loan note may convert to equity at any time, subject to certain conditions and Ufi giving its consent, prior to three years from the date of investment (December 2019). Otherwise the loan notes are repayable three years from the date of investment.
- Learnerly: £150,000 equity investment alongside individual and institutional co-investors.

7. DEBTORS

	2019 £'000	2018 £'000
Prepayments	177	22
Accrued income	4	190
	<b>181</b>	<b>212</b>

8. CREDITORS: amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	175	128
Grants payable	110	71
Accruals	86	68
Taxation and social security	28	19
Other creditors	10	4
	<b>409</b>	<b>290</b>

UFI VOCTECH TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

9. SHARE CAPITAL

**Company status**

The charitable company is a company limited by guarantee. The members of the charitable company are the trustees named on page 1. Under normal circumstances in the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £1 per member of the charitable company.

10a. MOVEMENTS IN FUNDS (CURRENT YEAR)

	At 1 January 2019 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2019 £
Revaluation reserve	6,158	-	-	3,578	9,736
General funds	48,810	6,512	(5,775)	(3,578)	45,969
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total funds</b>	<b>54,968</b>	<b>6,512</b>	<b>(5,775)</b>	<b>-</b>	<b>55,705</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

10b. MOVEMENTS IN FUNDS (PRIOR YEAR)

	At 1 January 2018 £	Income & gains £	Expenditure & losses £	Transfers £	At 31 December 2018 £
Revaluation reserve	8,926	-	-	(2,768)	6,158
General funds	51,148	67	(5,173)	2,768	48,810
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total funds</b>	<b>60,074</b>	<b>67</b>	<b>(5,173)</b>	<b>-</b>	<b>54,968</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

11a. FUNDS (CURRENT YEAR)

	Unrestricted funds		Total funds
	General fund £'000	Revaluation Reserve £'000	£'000
Charitable company			
Investments	45,788	9,736	55,524
Current liabilities	181	-	181
	<u>          </u>	<u>          </u>	<u>          </u>
At 31 December 2019	45,969	9,736	55,705
	<u>          </u>	<u>          </u>	<u>          </u>



**UFI VOCTECH TRUST****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 DECEMBER 2019****11. FUNDS (continued)****11b. FUNDS (PRIOR YEAR)**

	<b>Unrestricted funds</b>		
	<b>General fund</b>	<b>Revaluation Reserve</b>	<b>Total funds</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Charitable company</b>			
Investments	48,728	6,199	54,927
Current assets	41	-	41
At 31 December 2018	<u>48,769</u>	<u>6,199</u>	<u>54,968</u>

**12. RELATED PARTY TRANSACTIONS**

Two grants were awarded in 2017 and 2018 to an organisation of which a trustee is on the Board with payments being made in 2019. The trustee concerned was not involved in the application or decision-making processes for the award.

One trustee provided meeting rooms at Hilton Hotels to Ufi at no cost.

The trustees have no other related party transactions with any organisation that has either transacted with Ufi or received funding from Ufi in the period.

**13. GRANT COMMITMENTS**

At the year-end grants which have been awarded, where there are milestones to be achieved by the recipient, and therefore await payment amounted to £110,000 (2018: £71,000) and have been included in creditors. A further £5.95m (2018: £5.31m) relates to commitments where they are dependent on satisfactory monitoring reports and milestones and are therefore not included in creditors. No liability has been accounted for on the basis that unless the milestones are achieved, no future payments are made by the charity.

**14. CONVERTIBLE GRANTS**

During 2016, the charity agreed an award of grants to certain organisations that have the option to be converted to equity shares in the grant recipient. The contracts for these awards were finalised in 2017 and the value of grants made subject to the option to be converted at the year-end is £1.35m (2018: £1.35m). The options are valid for a period of up to five years from the date of the grant agreement. At the date of approval of these accounts no grants have been converted to shares. Therefore, at the balance sheet date, the value of these options is considered to be nil (2018: £nil). The trustees will review the value of these options annually.

**15. ULTIMATE CONTROLLING PARTY**

The trustees consider themselves to be the ultimate controlling party of the charitable company.

**16. TAXATION**

The charitable company is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

UFI VOCTECH TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

17. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2019	2018
	£	£
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	737	(5,106)
Loss/(gains) on investments	(5,680)	1,325
Exchange gains	335	(130)
Dividends and interest from investments	(1,167)	(1,262)
Decrease/(Increase) in debtors	31	(40)
Increase/(Decrease) in creditors	119	(294)
Net cash used in operating activities	(5,625)	(5,507)

18. POST BALANCE SHEET EVENTS

Over the first quarter of 2020 investment markets exhibited exceptional volatility resulting from the COVID-19 pandemic. Since the start of March there has been a fairly widespread fall across a range of asset classes, not just equities. Markets recovered somewhat over the latter part of March 2020 as governments and central banks announced stimulus packages and central bank interest rates were cut.

The Charity's investment portfolio value was £50.7m at the 31 March 2020 (including disinvestment of £1.5m). The Charity's global equity allocation was the hardest hit, as equity markets sold off sharply. The Charity's allocation to Ruffer performed relatively well when compared to global markets, due mainly to its equity and credit protection strategies and government bonds. The Charity's UK property holdings have both suspended trading as independent valuers are generally unable to value UK properties with sufficient certainty. It remains uncertain what effect COVID-19 will have on the underlying tenants' ability to pay rents, with rent deferrals highly likely. The slump in global economic activity has also had a negative impact on the Charity's infrastructure investment, in particular the volumes within its transportation assets. Wider implications of how this will affect the portfolio will depend on how quickly global economic activity is able to restart. The declines in the equity and infrastructure investments have been lessened by currency appreciations against the pound.

In response to the crisis the Trustees have increased the cash weighting at the expense of global equities, which experienced a rebound during April. The Charity now has sufficient cash (plus expected portfolio income) to meet its payments for the calendar year.