

Charity Registration No. 1086396

Company Registration No. 04189311 (England and Wales)

THE HILL FOUNDATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

THE HILL FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr Anthony Smith CBE Mr Alastair Tulloch Prof Catriona Kelly
Secretary	Mrs D Forsdick
Charity number	1086396
Company number	04189311
Registered office	4 Hill Street Mayfair London W1J 5NE
Auditor	Berg Kaprow Lewis LLP 35 Ballards Lane London N3 1XW
Bankers	Santander UK plc Bootle Merseyside L30 4GB
Investment advisors	Cazenove Capital Management Limited 12 Moorgate London EC2R 6DA

THE HILL FOUNDATION

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THE HILL FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

The trustees present their report and financial statements for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016)

The trustees pay due regards to the guidance from the Charity Commission on public benefit in deciding which grants and activities to undertake.

Objectives and activities

The policies adopted in furtherance of these objects are primarily the provision of student scholarships at Oxford University, known as the Hill Foundation Scholarships. The awards are open to outstanding young citizens and nationals of the Russian Federation and who have a first degree from a Russian university. Applicants must intend to return to their homeland at the end of their studies, for at least one year, and to spend their lives in ways beneficial to their home society: whether in business, academic life, public service, the arts or the professions.

The following charitable distributions had been made or agreed on behalf of the Foundation during the year: the selection committee headed by Mr Anthony Smith CBE awarded 15 Hill Foundation scholarships in the 2020-21 academic year (12 in 2019-20) to Russian Federation students who had been offered a place at Oxford University to read for either post-graduate degrees or doctorates.

The charity's grant making policy includes support for specific one-off events such as cultural exchanges and conferences from time to time.

Achievements and performance

The charity's main achievements are reflected in the high academic success of its scholars and the prime objective of their return to Russia to take up prestigious positions and contribute to society in general and Anglo-Russian relations in particular. There is a thriving alumni group whose members promote the charity's core values of sharing the Oxford spirit and promoting international co-operation and togetherness.

THE HILL FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Financial review

The charity has continued to fund its regular commitments to the Hill Foundation Scholarships. The investment portfolio is set up to generate both income and investment gains to meet the costs of the charity's usual activities. The funds have been invested to satisfy the investment policy to increase their underlying value and to provide a minimum target long term investment return over 7 years of UK CPI+4.5% with at least 3% of the fund available for annual disbursement.

The portfolio is structured away from pooled funds for equities and into direct stocks, with the aim to keep costs down and to avoid pooled fund fees on the majority of the portfolio. The overall yield for the year was 2.12% (2020: 3.35%) and the overall return was 19.1% (benchmark 5.1%).

The portfolio is held in multiple currencies: 36.4% in GBP, 37.9% in USD, 7.4% in Euros and 18.3% for all others and held by class: 72.5% equities, 10.6% bonds, 4.3% multi-asset funds, 8% alternatives and 4.6% cash.

Total realised and unrealised gains achieved were £3,457,690 (2020 Total realised and unrealised losses : £2,209,884).

As a result of the global Covid-19 pandemic the charity expects to receive less income from its investments throughout the next financial year leading to a possible shortfall of income to meet its obligations towards committed student grants. There should be no impact on the charity's ability to continue as a going concern as explained at note 1.2 in the Statutory Accounts.

The fund managers continue to take an active approach for fixed income and absolute return. Going forward, they recognise that achieving CPI+4.5% will be challenging as they expect market volatility to continue. As the investments are held in multiple currency denominated direct stocks there is no longer a need to apply currency hedging strategies. The managers continue to use appropriate asset allocation strategies, benchmarking and performance management tools.

Having regard to the charity's investment based income; the reserves to cover fluctuations in donations are not required. Instead the charity's investment policy plans for fluctuations in income and capital growth and the need for funds to meet on-going commitments of the charity during periods of low dividend yield and nil or negative capital growth.

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks. The trustees continue to take legal advice as appropriate.

The charity's future plans are to continue to provide scholarships for Russian students to study at Oxford University.

Structure, governance and management

The charity is a company limited by guarantee and is governed by the Memorandum of Association adopted 28th March 2001. The charity's objects are that of the advancement of education and the relief of poverty, and to promote such other purposes as are now or may hereafter be deemed by English law to be charitable.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mr Anthony Smith CBE

Mr Alastair Tulloch

Prof Catriona Kelly

THE HILL FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

The method of recruitment and appointment of trustees is carried out by the board of trustees and only individuals with the necessary expertise are invited to join the board.

None of the trustees has any beneficial interest in the company. The majority of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The trustees conduct the overall supervision and monitoring of the financial position of the organisation. The day to day administration is delegated to Tulloch & Co. A student selection committee assesses applications for awards and grants.

There are no specific restrictions imposed by the governing document concerning the way the charity can operate. However, the donor of the expendable endowment fund has expressed a wish, which is non-binding upon the trustees, that the income from these funds is directed towards the integration of the Russian Federation into the wider world, with the sponsorship of Russian students at schools and universities outside of Russia being specified as the most direct way of assisting such integration.

There are no specific investment powers. The trustees have delegated investment of the expendable endowment fund to professional investment managers. The investment managers have declared that their investment objectives are based on an active approach for asset allocation and have transitioned to segregated equities to keep costs down. They have adopted strategies to meet the target return over the long term whilst minimising volatility.

Mr Anthony Smith was formerly President of Magdalen College, Oxford (1988 - 2005) The scholarship sponsorship costs are paid to Oxford University and further details are set out in the notes to the Accounts.

Asset cover for funds

The trustees regard the current level of asset cover and cash reserves to be sufficient to meet future resource expenditure needs and will closely monitor this situation particularly as the student funding commitments to Oxford University are likely to rise in 2021-22. They expect a contribution of approximately 50% of those costs from the Khodorkovsky Foundation.

The total amount required for the 2021-22 scholarship awards is projected to be £1,010,279 spent in 2021-22 for a further 14 awards (2020-21 : £1,203,019 - 13 awards of which £564,000 was covered by the Khodorkovsky Foundation).

Auditor

A resolution proposing that Berg Kaprow Lewis LLP be reappointed as auditors of the company will be put to the members.

Disclosure of information to auditors

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.



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Mrs D Forsdick

Trustee

Dated: 20th October 2021

THE HILL FOUNDATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2021

The trustees, who are also the directors of The Hill Foundation for the purpose of company law, are responsible for preparing the Trustees' 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE HILL FOUNDATION

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE HILL FOUNDATION

Opinion

We have audited the financial statements of The Hill Foundation (the 'charitable company') for the year ended 31 March 2021 set out on pages 7 to 15. 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 March 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

THE HILL FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF THE HILL FOUNDATION

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose 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 charity'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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

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

- Enquiring of management and those charged with governance around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

THE HILL FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF THE HILL FOUNDATION

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Berg Kaprow Lewis LLP


25/10/2021

Berg Kaprow Lewis LLP

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**Chartered Accountants
Statutory Auditor**

35 Ballards Lane
London
N3 1XW

Berg Kaprow Lewis LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006. 

THE HILL FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Unrestricted funds 2021 £	Unrestricted funds 2020 £
<u>Income from:</u>			
Donations and legacies	2	564,000	564,000
Investment income	3	538,219	688,466
Total income		1,102,219	1,252,466
<u>Expenditure on:</u>			
Raising funds	4	82,576	77,724
Charitable activities	5	1,251,924	819,040
Total resources expended		1,334,500	896,764
Net gains/(losses) on investments	10	3,457,690	(2,209,884)
Net movement in funds		3,225,409	(1,854,182)
Fund balances at 1 April 2020		20,393,099	22,247,281
Fund balances at 31 March 2021		23,618,508	20,393,099

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derives from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE HILL FOUNDATION

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investments	11		23,518,134		20,338,908
Current assets					
Debtors	12	55,057		31,368	
Cash at bank and in hand		73,534		78,093	
		128,591		109,461	
Creditors: amounts falling due within one year	13	(28,217)		(55,270)	
Net current assets			100,374		54,191
Total assets less current liabilities			23,618,508		20,393,099
Income funds					
Unrestricted funds			23,618,508		20,393,099
			23,618,508		20,393,099

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2021, although an audit has been carried out under section 144 of the Charities Act 2011.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements under the requirements of the Companies Act 2006, for the year in question in accordance with section 476.

The financial statements were approved by the Trustees on 20th October 2021

Mr Alastair Tulloch
Trustee

Company Registration No. 04189311

THE HILL FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Cash flows from operating activities					
Net cash absorbed by operating activities	15		(821,242)		(333,334)
Investing activities					
Purchase of investments		(5,513,576)		(3,603,038)	
Proceeds on disposal of investments		5,792,041		3,321,115	
Dividends interest & other income received		538,219		688,466	
Net cash generated from investing activities			816,684		406,543
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(4,558)		73,209
Cash and cash equivalents at beginning of year			78,093		4,884
Cash and cash equivalents at end of year			73,534		78,093

THE HILL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Charity information

The Hill Foundation meets the definition of a public benefit entity under FRS 102.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "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)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

1.2 Going concern

At the reporting date the charity held £23,518,134 in investments with £73,534 in bank balances. All the assets are unrestricted and expendable. The charity usually has more than sufficient income from donations and investment income to meet the cost of its charitable activities irrespective of the performance of its investments. Given that the value of the investments is over 17 times the cost of total resources expended in any one year this indicates that there are sufficient reserves to meet the charity's annual commitments.

The Trustees have reviewed the circumstances of the charity and consider that although resources continue to be available to fund the activities of the charity for the foreseeable future, there is uncertainty over the value of the investments and the possibility that dividend and other income may be reduced whilst the global Covid-19 pandemic continues. The trustees consider that the impact could constrain the charity's ability to continue in its current operational set up but believe this to be unlikely.

Were the pandemic to continue for the long term, then the trustees would consider whether the number of scholarships should be adjusted to reflect such a situation.

Consequently the trustees believe that they should continue to prepare the accounts on a going concern basis.

1.3 Charitable funds

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objective of the charity and which have not been designated for other purposes. The charity has no restricted funds.

1.4 Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by the investment advisor.

Interest on fund 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.

THE HILL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the costs of investments management.
- Expenditure on charitable activities includes the costs of student selection, secretarial support and other related activities undertaken to further the purposes of the charity and their associated support costs.
- Governance costs are costs relating to meeting the constitutional and statutory requirements of the charity.
- Other expenditure represents those items not falling into any other heading.

1.6 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.9 Foreign exchange

Transactions denominated in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are included in net outgoing resources.

1.10 Debtors

Trade and other debtors are recognised at the settlement amount due after any discount offered. Prepayments are valued at the amount prepaid after taking account of any discounts due.

1.11 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. Creditors and provisions are normally recognised at their settlement amount after allowing for any discounts due.

THE HILL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

2 Donations and legacies

	Total	Total
	2021	2020
	£	£
Grant received during the year	564,000	564,000
Grants receivable for core activities		
Khodorkovsky Foundation	564,000	564,000
	564,000	564,000

3 Investment income

	Unrestricted funds	Unrestricted funds
	2021	2020
	£	£
Income from listed investments	464,031	582,298
UK Bonds interest	73,048	88,296
Overseas fund interest	1,048	16,436
Interest receivable	92	1,436
	538,219	688,466

4 Raising funds

	2021	2020
	£	£
Other fundraising costs	2,880	-
Investment management costs	79,696	77,724
	82,576	77,724

In addition to the management fees incurred, there were underlying instrument costs of £33,263 (2020: £44,998). In line with MIFID II disclosure requirements, combined with transaction fees, the overall investment management costs were £84,413 or 0.37% of investment assets.

THE HILL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

5 Charitable activities

	2021 £	2020 £
Student selection, secretarial support and dinner costs	8,256	14,099
Bank charges	60	65
Other expenses	117	366
Secretarial support	23,040	28,800
Website expenses	132	388
	<u>31,605</u>	<u>43,718</u>
Grant funding of activities (see note 6)	1,203,019	765,866
Share of governance costs (see note 7)	17,300	9,456
	<u>1,251,924</u>	<u>819,040</u>

6 Grants payable

	2021 £	2020 £
Grants to institutions:		
University of Oxford	<u>1,203,019</u>	<u>765,866</u>

7 Support costs

	Support costs £	Governance costs £	2021 £	Support costs £	Governance costs £	2020 £
Audit fees	-	4,500	4,500	-	3,300	3,300
Accountancy	-	9,920	9,920	-	6,156	6,156
Legal and professional	-	2,880	2,880	-	-	-
	<u>-</u>	<u>17,300</u>	<u>17,300</u>	<u>-</u>	<u>9,456</u>	<u>9,456</u>
Analysed between Charitable activities	-	17,300	17,300	-	9,456	9,456

THE HILL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

8 Trustees

None of the trustees received any remuneration or reimbursement of expenses during the year, but Mr Anthony Smith CBE was paid a total of £6,757 for his services as the chair of the student selection committee under the provisions in the governing document and Charity Commission consent (2020-£6,757) and Tulloch & Co, Solicitors, a firm connected to Alastair Tulloch was paid £29,049 (2020-£29,898) inclusive of VAT and disbursements in respect of the administration under the provisions in the governing document.

During the year the charity received a grant of £564,000 (2020 : £564,000) from the Khodorkovsky Foundation. The Khodorkovsky Foundation is a related party as the majority of its Trustees are also Trustees of The Hill Foundation.

9 Employees

There were no employees during the year.

10 Net gains/(losses) on investments

	Total	Total
	2021	2020
	£	£
Revaluation of investments	2,837,776	(2,027,102)
Gain/(loss) on sale of investments	619,914	(182,782)
	<u>3,457,690</u>	<u>(2,209,884)</u>

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the statement of financial activities.

THE HILL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

11 Fixed asset investments

	Listed investments £	Cash in portfolio	Total £
Cost or valuation			
At 1 April 2020	19,136,580	1,202,328	20,338,908
Additions	5,513,576	9,263,224	14,776,800
Valuation changes	2,837,777	-	2,837,777
Disposals	(5,056,256)	(9,379,095)	(14,435,351)
At 31 March 2021	22,431,677	1,086,457	23,518,134
Carrying amount			
At 31 March 2021	22,431,677	1,086,457	23,518,134
At 31 March 2020	19,136,580	1,202,328	20,338,908

INVESTMENT RISK

All investments are listed on recognised stock exchanges. Day-to-day management of the investments was delegated by the trustees during the year to Cazenove Capital, a division of the Schroder Group.

All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets. Holdings in common investment funds, unit trusts and open-ended investment companies are at the bid price. The basis of fair value quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The significance of financial instruments to the ongoing financial sustainability of the charity is considered in the financial review and investment policy and performance section of the Trustees' Annual report. The main risk to the charity from financial instrument lies in the combination of uncertain investment markets and volatility in yield. Liquidity risk is anticipated to be low as all are traded investments and the commitment to intervention by central banks and market regulators has continued to provide for orderly trading in the markets and so the ability to buy and sell quoted equities and stock is anticipated to continue. The charity's investments are mainly traded in markets with good liquidity with high traded volumes.

The charity manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes that are quoted on recognised stock exchanges. The charity does not make use of derivatives and similar complex financial instruments as it takes the view that investments are held for their longer term yield total return and historic studies of quoted financial instruments have shown that volatility in any particular 5 year period will normally be corrected.

THE HILL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

12 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Other debtors	55,057	31,368

13 Creditors: amounts falling due within one year

	2021 £	2020 £
Other creditors	1,500	30,798
Accruals	26,717	24,472
	28,217	55,270

14 Related party transactions

There were no disclosable related party transactions during the year (2020- none) other than those disclosed in note 8.

15 Cash generated from operations

	2021 £	2020 £
Surplus/(deficit) for the year	3,225,409	(1,854,182)
Adjustments for:		
Investment income recognised in statement of financial activities	(538,219)	(688,466)
(Gain)/loss on disposal of investments	(619,914)	182,782
Fair value gains and losses on investments	(2,837,776)	2,027,102
Movements in working capital:		
(Increase) in debtors	(23,689)	(26,372)
(Decrease)/increase in creditors	(27,053)	25,802
Cash absorbed by operations	(821,242)	(333,334)

16 Analysis of changes in net funds

The charity had no debt during the year.