

Charity registration number 1086396

Company registration number 04189311 (England and Wales)

THE HILL FOUNDATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

THE HILL FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr Alastair Tulloch Prof Catriona Kelly Prof John Nightingale
Secretary	Mrs D Forsdick
Charity number	1086396
Company number	04189311
Registered office	4 Hill Street Mayfair London W1J 5NE
Auditor	BKL Audit LLP 35 Ballards Lane London N3 1XW
Bankers	Schroder & Co 1 London Wall Place London EC2Y 5AU
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 2023

The trustees present their annual report and financial statements for the year ended 31 March 2023.

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 the Foundation's charitable objects have to date been the provision of student scholarships at Oxford University and Cambridge University, known as the Hill Foundation Scholarships. The awards have been made to outstanding young citizens and nationals of the Russian Federation who had a first degree from a Russian university and intended 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 charity has also supported cultural activities relating to the furtherance of its objectives, namely, to foster positive relations between the UK and the Russian Federation.

The trustees continue to keep these policies under careful review in the light of the war in Ukraine and have made adjustments where required, while remaining committed to the long-term objective of fostering positive relations between the UK and the Russian Federation.

The following charitable distributions had been made or agreed on behalf of the Foundation during the year: the selection committee awarded 24 Hill Foundation scholarships in the 2022-23 academic year (26 in 2021-22 at Oxford only) to Russian Federation origin students, of which 10 were on courses at Oxford University and 14 on courses at Cambridge 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, together with sponsoring academic fellowships at other UK universities.

Achievements and performance

The charity's main achievements are reflected in the high academic success of its scholars who 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 Oxbridge spirit and promoting international co-operation and togetherness.

Financial review

The charity funds its regular commitments to the Hill Foundation Scholarships out of its expendable endowment and income /capital gains arising from the endowment. The trustees envisage that the aggregate annual value of the scholarships awarded by the charity could amount to £2.6m per annum and that such a rate of spending will result in the endowment reducing in value over time.

The portfolio is invested directly in stocks for its equities allocation and in pooled funds for other asset classes. The long term strategic asset allocation is 75% (60%-90%) Equities, 7.5% (0-15%) Fixed Income, 7.5% (0-15%) Property, 10% (0-20%) Alternatives inc Absolute Return) . The portfolio is invested within the agreed parameters and the yield is the function of the tactical asset allocation. The overall yield for the year was 1.63% (2022: 1.26%) and the overall return for the year was +1.0% (2022: +8.1%).

The portfolio is held in multiple currencies: 26.7% in GBP, 46.5% in USD, 5.8% in Euros and 20.9% for all others and held by class: 80.4% equities, 4.9% bonds, 12.1 % alternatives and 2.5% cash.

Total realised and unrealised gains achieved were -£37,975 (loss) (2022: Total realised and unrealised gains : £1,465,043).

THE HILL FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

As a result of the ongoing global pandemic and geopolitical and economic events impacting global investment assets, the charity expects the proportion of its total expenditure that comes from capital, rather than income, to increase. 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 within all asset classes. 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.

Plans for future periods

The charity's future plans are to continue to provide scholarship funding to Oxford and Cambridge Universities to cover the costs of Russian students studying at Oxford and Cambridge Universities and to make one-off grants for cultural activities and academic fellowships. The trustees intend to use the expendable endowment if income in the year is insufficient to meet the costs of the grants. The trustees will continue to have careful regard to the potential reputational and other risks to the charity arising from the war in Ukraine.

Structure, governance and management

The charity is a company limited by guarantee and is governed by the Memorandum of Association adopted 28th March 2001 and updated on 6th December 2022. 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 Alastair Tulloch

Prof Catriona Kelly

Prof John Nightingale

The 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 £10 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 TGW Law. 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 expressed a wish, which is non-binding upon the trustees, that the income from these funds be 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.

THE HILL FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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.

The scholarship sponsorship costs are paid to the Oxford and Cambridge Universities and further details are set out in the notes to the Accounts.

Promoting the success of the company

The trustees regard the current level of asset cover and cash reserves to be sufficient to meet future grant expenditure needs and will closely monitor this situation particularly as the student funding commitments to both Oxford and Cambridge University are likely to rise in 2023-24.

The total amount required for the new 2023-24 scholarship awards is projected to be £2.5m with 24 new scholarships awarded. (2022-23 : £2,178,207 - 24 awards). In addition there is an ongoing commitment to the Royal Academy of Music for £80,000 (2022-23: £80,000).

Auditor

Under section 487(2) of the Companies Act 2006, BKL Audit LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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.

D A Forsdick

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Mrs D Forsdick

Secretary

25/10/2023

Date:

THE HILL FOUNDATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2023

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 2023 set out on pages 8 to 17. 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 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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.

This report is made solely to the company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BKL Audit LLP

**Chartered Accountants
Statutory Auditor**

BKL Audit LLP

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26/10/2023

35 Ballards Lane
London
N3 1XW

BKL Audit LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under 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 2023

	Notes	Unrestricted funds 2023 £	Unrestricted funds 2022 £
<u>Income from:</u>			
Investment income	2	314,204	486,435
<u>Expenditure on:</u>			
Raising funds	3	77,229	90,996
Charitable activities	4	2,435,500	2,522,465
Total expenditure		2,512,729	2,613,461
Net gains/(losses) on investments	10	(37,975)	1,465,043
Net movement in funds		(2,236,500)	(661,983)
Fund balances at 1 April 2022		22,956,525	23,618,508
Fund balances at 31 March 2023		20,720,025	22,956,525

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 2023


	Notes	2023 £	£	2022 £	£
Fixed assets					
Investments	11		20,725,153		22,899,638
Current assets					
Debtors	12	30,822		41,025	
Cash at bank and in hand		-		51,474	
		<u>30,822</u>		<u>92,499</u>	
Creditors: amounts falling due within one year	13	<u>(35,950)</u>		<u>(35,612)</u>	
Net current (liabilities)/assets			(5,128)		56,887
Total assets less current liabilities			<u>20,720,025</u>		<u>22,956,525</u>
Income funds					
Unrestricted funds			20,720,025		22,956,525
			<u>20,720,025</u>		<u>22,956,525</u>

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 2023, 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 23/10/2023



Mr Alastair Tulloch
Trustee

Company registration number 04189311

THE HILL FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Cash flows from operating activities					
Cash absorbed by operations	15	(2,502,188)		(2,592,034)	
Investing activities					
Purchase of investments		(3,249,731)		(14,918,341)	
Proceeds from disposal of investments		5,386,242		17,001,880	
Investment income received		314,204		486,435	
Net cash generated from investing activities		2,450,715		2,569,974	
Net cash used in financing activities		-		-	
Net decrease in cash and cash equivalents		(51,473)		(22,060)	
Cash and cash equivalents at beginning of year		51,473		73,534	
Cash and cash equivalents at end of year		-		51,474	

THE HILL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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). 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 £20,135,571 in investments together with an additional £589,583 in liquid funds within the investment portfolio. All the assets are unrestricted and expendable. In the year under review, the charity had insufficient income from donations and investment income to meet the cost of its charitable activities. It also posted a revaluation loss of £118,219. Although the charity had net current liabilities of £5,128 at 31 December 2022, included within the investment portfolio held within fixed assets is cash at the stockbroker, as noted above, of £589,583.

Notwithstanding the above, the overall value of the investments is still about 8 times the cost of total resources expended in the year, which 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 a small residual uncertainty concerning the ongoing cover of net resources expended under the circumstances of the global pandemic fallout and geopolitical and economic events. The trustees have considered whether the impact could constrain the charity's ability to continue in its current operational set up, but believe this to be unlikely.

Were global economic headwinds to continue in the longer term, then the trustees would consider whether the number of Hill Foundation scholarships should be re-adjusted downwards to reflect the new reality.

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 2023

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 2023

2 Investment income

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Income from listed investments	275,042	434,429
UK Bonds interest	32,630	26,336
Overseas fund interest	1,689	25,392
Interest receivable	4,843	278
	<u>314,204</u>	<u>486,435</u>

3 Raising funds

	2023 £	2022 £
Other fundraising costs	3,222	2,880
Investment management costs	74,007	88,116
	<u>77,229</u>	<u>90,996</u>

In addition to the management fees incurred, there were underlying instrument costs of £32,392 (2022: £32,107). In line with MIFID II disclosure requirements, combined with transaction fees, the overall investment management costs were £131,718 or 0.62% of investment assets.

4 Charitable activities

	2023 £	2022 £
Student selection, secretarial support and dinner costs	18,294	7,650
Bank charges	-	5
Other expenses	554	502
General secretarial support	25,237	23,040
Website expenses	443	863
	<u>44,528</u>	<u>32,060</u>
Grant funding of activities (see note 5)	2,369,407	2,470,327
Share of governance costs (see note 6)	21,565	20,078
	<u>2,435,500</u>	<u>2,522,465</u>

THE HILL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

5 Grants payable

	2023 £	2022 £
Grants to institutions:		
University of Oxford	1,164,756	1,123,117
The Cambridge Commonwealth, European & International Trust	1,013,451	1,142,210
Royal Academy Of Music	80,000	55,000
Documentary film grant	-	150,000
Liverpool John Moores University	111,200	-
	<u>2,369,407</u>	<u>2,470,327</u>

6 Support costs

	Support costs £	Governance costs £	2023 £	Support costs £	Governance costs £	2022 £
Audit fees	-	5,948	5,948	-	5,000	5,000
Accountancy	-	12,395	12,395	-	12,198	12,198
Legal and professional	-	3,222	3,222	-	2,880	2,880
	<u>-</u>	<u>21,565</u>	<u>21,565</u>	<u>-</u>	<u>20,078</u>	<u>20,078</u>
Analysed between						
Charitable activities	-	21,565	21,565	-	20,078	20,078
	<u>-</u>	<u>21,565</u>	<u>21,565</u>	<u>-</u>	<u>20,078</u>	<u>20,078</u>

For support costs see note 4.

7 Trustees

None of the trustees received any remuneration or reimbursement of expenses during the year. TGW Law Solicitors, a firm connected to Alastair Tulloch was paid £31,680 (2022- £28,800) inclusive of VAT and disbursements in respect of the administration under the provisions in the governing document.

8 Employees

There were no employees during the year.

9 Taxation

The charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

THE HILL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

10 Net gains/(losses) on investments

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Revaluation of investments	(118,219)	922,660
Gain/(loss) on sale of investments	80,244	542,383
	<u>(37,975)</u>	<u>1,465,043</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.

11 Fixed asset investments

	Listed investments £	Cash in portfolio	Total £
Cost or valuation			
At 1 April 2022	20,836,723	2,062,915	22,899,638
Additions	3,249,731	10,499,445	13,749,176
Valuation changes	(118,218)	-	(118,218)
Disposals	(3,832,666)	(11,972,777)	(15,805,443)
	<u>20,135,570</u>	<u>589,583</u>	<u>20,725,153</u>
At 31 March 2023			
Carrying amount			
At 31 March 2023	<u>20,135,570</u>	<u>589,583</u>	<u>20,725,153</u>
At 31 March 2022	<u>20,836,723</u>	<u>2,062,915</u>	<u>22,899,638</u>

THE HILL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

11 Fixed asset investments

(Continued)

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.

12 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Other debtors	30,822	41,025

13 Creditors: amounts falling due within one year

	2023 £	2022 £
Accruals	35,950	35,612

14 Related party transactions

There were no disclosable related party transactions during the year (2022- none) other than those disclosed in note 7.

THE HILL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

15	Cash generated from operations	2023 £	2022 £
	Deficit for the year	(2,236,500)	(661,983)
	Adjustments for:		
	Investment income recognised in statement of financial activities	(314,204)	(486,435)
	Gain on disposal of investments	(80,244)	(542,383)
	Fair value gains and losses on investments	118,219	(922,660)
	Movements in working capital:		
	Decrease in debtors	10,203	14,032
	Increase in creditors	338	7,395
	Cash absorbed by operations	(2,502,188)	(2,592,034)
16	Analysis of changes in net debt		
	The charity had no debt during the year.		