

**Charity Registration No. 1106885**

**Company Registration No. 4988238 (England and Wales)**

**KHODORKOVSKY FOUNDATION**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**

# **KHODORKOVSKY FOUNDATION**

## **LEGAL AND ADMINISTRATIVE INFORMATION**

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<b>Trustees</b>	A Tulloch R Caldecott A Drel M Logan
<b>Secretary</b>	D A Forsdick
<b>Charity number</b>	1106885
<b>Company number</b>	4988238
<b>Registered office</b>	4 Hill Street London W1J 5NE
<b>Auditor</b>	Critchleys Audit LLP Beaver House 23-38 Hythe Bridge Street Oxford Oxfordshire OX1 2EP
<b>Bankers</b>	Schroder & Co 31 Gresham St. London EC2V 7QA
<b>Solicitors</b>	Tulloch & Co 4 Hill Street London W13 5NE
<b>Investment advisors</b>	Morgan Stanley & Co. International Limited 25 Cabot Square Canary Wharf London E14 4QA  Black Rock 33 King William St London EC4R 9AS  Goldman Sachs International 133 Fleet Street London EC4A 2BB

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# **KHODORKOVSKY FOUNDATION**

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# **KHODORKOVSKY FOUNDATION**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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The Trustees present their annual report and financial statements for the year ended 31 December 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 Memorandum and Articles of Association, 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)" (effective 1 January 2019).

#### **Objectives and activities**

The main objects of the charity are to advance education in the Russian Federation through the provision of scholarships to students and the making of donations to educational establishments.

Prior to being designated an 'undesirable organisation' by the Russian Government in July 2021 (see below under 'Activities and Performance'), the Charity supported the Podmoskovny Lyceum, a boarding school for 168 socially deprived children, situated outside of Moscow and the Oxford Russia Fund.

The Trustees have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission.

#### **Grant-making policy**

The Foundation was endowed with \$500 million for the purpose of advancing education in Russia and thus supporting the development of a robust and active civil society in Russia.

The Trustees had sought to advance education in Russia by:

- the provision of scholarships for students (of Russian nationality) attending Russian universities in the Humanities;
- the support of Russian educational institutions and non-profit organisations focused on education;
- the support of educational institutions in the UK, which indirectly advance education in Russia through the provision of training, research programmes, student/teacher exchange programmes and cultural activities; and
- the support of conferences, whosoever held, on topics related to Russian education and other initiatives which might advance education in Russia.

The designation of the Charity as an 'undesirable organisation' by the Russian Government has caused the trustees to put a halt to the activities of the Charity in Russia for an indefinite period and to consider how else it can achieve its objects.

#### **Achievements and performance**

Through the grant making activities of the Oxford Russia Fund, which is supported by the Charity, 22,794 specialist students, 10,288 undergraduate students, 7,698 graduate and 995 postgraduate students at Russian Universities were, in the period 2005- 2021, awarded monthly scholarships of approximately USD110 (192 for students at Higher School of Economics) (using an average dollar rate of USD1=RUR52).

Further, Oxford Russia Fund, during the period 2005-2021, sponsored 43 summer and winter schools and provided English language humanities libraries to 20 Russian Universities.

In addition, the Oxford Russia Fund, provided in 2019-2021, 30 graduate scholarships at USD 4,834 each and 26 fellowships at approximately USD 14,772 each.

The Scholarships were awarded on merit and were designed to encourage the study of the humanities in Russian State Universities.

The grant giving activity of the Oxford Russia Fund in Russia has ceased on account of the inclusion by the Russian Ministry of Justice of the Oxford Russia Fund in the list of undesirable organizations (Order No. 732-r dated 9th July 2021, the list number 38) pursuant to the Federal Law of 28.12.2012 No 272 -FZ (as amended by the Federal Law of 23.5.2015 N 129-FZ (the "Undesirable Organizations Law").

# **KHODORKOVSKY FOUNDATION**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **A review of the last 16 years**

In the 16 years up to July 2021, the late Anthony Smith CBE, ex president of Magdalen College Oxford, John Nightingale, Fellow of Magdalen College, and Alastair Tulloch, a graduate of Magdalen College, as trustees of the Oxford Russia Fund ("ORF"), travelled to Russian universities to meet with Rectors, staff and the students. These visits were abruptly brought to a halt when the ORF was designated an 'undesirable organisation' by the Russian Government.

The effect of such designation is to prohibit the organisation from transferring funds to Russia and prohibit any Russian national inside or outside of Russia from being involved in its activities. The designation is made under Russia's Foreign Agents/ Undesirable Organizations Law and applies to organizations which the Russian Government thinks could have an adverse political influence on Russians.

ORF was established by the trustees of the Khodorkovsky Foundation in 2005 with the aim of providing scholarships to Russian university students. The name Oxford Russia Fund was chosen to avoid any obstacle to its work in Russia that the name of Khodorkovsky Foundation could have created, in view of Mikhail Khodorkovsky being in jail until his release in 2013, though of course the fact of the funding from the Khodorkovsky Foundation was clearly laid out in the public financial statements of the ORF and Khodorkovsky Foundation, both of which are registered English charities.

The ORF's Scholarship programme was rolled out at 20 regional State Universities throughout Russia from Novgorod in the West to Vladivostok in the East and from Petrozavod in the North to Krasnodar in the South. The scholarships were open to students studying the humanities (often undervalued subjects in Russia). The students were shortlisted by the local state universities with a final selection being made by an independent Moscow group of academics. The amount of the scholarships was approx. USD1,000 p.a which in the early years of the scholarships was just sufficient to live on. In later years and as result of inflation, the scholarships were a welcome supplement to state student grants and family support. A perennial question put to scholarship holders on the trustees' visits to Russian Universities was 'should we increase the Rouble amount of the scholarship and reduce the number of scholarships? The students' vote was always in favour of allowing as many students as possible to secure the coveted prize of a ORF scholarship and not increasing the Rouble amount of the scholarship.

The Scholarships became an integral part of the academic programme of the 20 state universities and stimulated independent research (as scholarships were awarded for activity beyond the minimum effort required by the university). Above all, the scholarships made the scholars proud to be students in the humanities. Many a student would say, at last I can tell my parents, that I am doing something worthwhile and recognised by others.

Over 41,000 students (and never less than 2,000 students a year) received scholarships during the 16 years of the scholarship programme's existence. Over the years, ORF adapted the programme, seeking to listen to what the Rectors said as to how the funding could be used most effectively. ORF supported primarily undergraduate students starting from their 3rd year of study, but also graduate students, post graduates and young teachers.

In addition to the Scholarships, ORF supported the universities by providing English language text academic libraries for the humanities in hard copy and electronically and supported 43 summer and winter schools, giving an opportunity to students to meet students from other universities and discuss multidisciplinary topics. Perhaps the most notable of those summer schools was the Perm English Language Conference which brought over modern English writers to talk to university lecturers from across Russia.

In addition to these programmes, ORF provided a Rector's discretionary grant equal to 10% of the cost of the scholarships, for the rectors to spend as they choose – whether on travel grants, more books, seminars, journals or otherwise, on the basis that the rectors would better placed than the trustees to judge what were the more urgent areas for financial support.

Whilst there had been occasional rumblings in the Russian press that Mikhail Khodorkovsky was trying to adversely influence the youth of Russia through ORF's work, ORF was allowed to continue its work until 2021. The trustees were scrupulous to avoid any type of activity which might be interpreted as having a political element.

However the Russian Government eventually decided that ORF should be shut down in July 2021. The trustees left behind many friends in Russia that shared the passion to support humanities in Russia and have many happy memories of the visits to Russian universities over the 16 years of ORF's work. Wherever the trustees went in Russia, the trustees were greeted with warm hospitality and a shared interest to assist students to discover the delights of studying the humanities.

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# **KHODORKOVSKY FOUNDATION**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Podmoskovny Lyceum**

As a result of the support by the Khodorkovsky Foundation, over the period 2006-2021 of the Podmoskovny Lyceum, a boarding school outside of Moscow for socially deprived children, 2,945 pupils (including 168 during the last academic year) received a secondary school education of the highest quality in a caring environment.

The support by the Charity of the Podmoskovny Lyceum has ceased on account of the inclusion by the Russian Ministry of Justice of the Charity in the list of undesirable organizations (Order No. 731-r dated 9th July 2021, the list number 37) pursuant to the Undesirable Organizations Law.

### **Financial review**

#### **Funding Sources**

The charity was provided in December 2003 with an expendable endowment of \$500m and the funds for the work of the charity are derived from the income and capital gains generated by the endowment. The financial deficit before investment gains and losses amounted to \$2,921,000 (2020: \$11,791,000) detailed on page 9.

#### **Reserves policy**

Having regard to the charity's endowment 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. There are no unrestricted reserves but there is a significant expendable endowment which can be drawn upon to cover the costs of charitable activities in excess of the investment income earned.

#### **Investment policy**

The charity has adopted as its long term current target return for its investment portfolio 4% over increases in the US Consumer Price Index and it is recognised that this policy envisages fluctuations in investment returns over the business cycle.

Three international investment banks manage the charity's funds.

#### **Risk**

The investment policy has a conservative attitude to risk.

#### **Currency**

There is an inherent mismatch between the majority of the charity's expenditure being directly or indirectly to Russian institutions (the needs of which are Russian Rouble based) and using as the charity's reference currency the US dollar. However for prudent investment management, the USD has been chosen as the reference currency.

#### **Anticipated Disbursements**

The long term aim of the charity is to make annual grants of at least 3% of the charity's funds. The above spending rate is designed to preserve the real value of the charity's funds over the long term.

#### **Monitoring of performance**

The monitoring of the performance of the charity's investment portfolio has been delegated by the Trustees to an investment committee whose members include experienced investment management practitioners. The investment committee also reviews performance of the managers and the allocation between all classes of assets from time to time to ensure that the total portfolio is prudently invested.

#### **Performance**

Over the year, the aggregate value of the Foundation's investments (\$840M, 2020: \$729M) increased significantly after the grants. This was mainly due to rises in US equity markets. The average annual charitable expenditure for the past three years as a percentage of invested assets (as at the end of the financial year) is approx. 1.44% (2020: 1.98%).

# **KHODORKOVSKY FOUNDATION**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Principal risks and uncertainties**

The trustees conduct the overall supervision and monitoring of the financial position of the charity. There are risks to income as a result of fluctuations in world equity and bond markets but the charity's investment policy adopted should minimise the risks to an acceptable level.

Internal Risks are mitigated by the implementation of procedures for the authorisation of all transactions by at least two of the trustees.

### **Plans for future periods**

The Charity is unable, for the time being, to support education in Russia (for which purpose the Charity was established) in view of the inclusion of the Charity in the list of undesirable organizations pursuant to the Undesirable Organizations Law.

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

The Charity is a company limited by guarantee governed by its Memorandum and Articles of Association.

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:

A Tulloch

A Smith

(Deceased 28 November 2021)

R Caldecott

A Drel

M Logan

Trustees are selected on the basis of the skills and experience they were able to contribute in the fields of education in Russia and the UK, investment management and charity administration and have been drawn from persons known to the trustees, as supportive of the charity's work. New trustees were inducted in to their role as trustees in a series of briefings on the work of the charity. The Trustees have been selected for their skills and professionalism and come with many years of experience in different walks of life and additional training is provided through working together on joint visits to Russian universities and on the Foundation's projects.

### **Organisational structure and relationship with related parties**

The charity is managed by its Board of Trustees. Day-to-day management is delegated to A Tulloch. The charity supported the work in Russia of the Oxford Russia Fund, another UK Charity, and the majority of whose trustees are also trustees of the charity. The Oxford Russia Fund focused on grants to Russian universities for the provision of scholarships, and the distribution of English language academic books to Russian universities.

# **KHODORKOVSKY FOUNDATION**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **Statement of trustees' responsibilities**

The Trustees, who are also the directors of Khodorkovsky 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; 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.

### **Disclosure of information to auditor**

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.

### **Small company exemptions**

This report has been prepared in accordance with the Small Companies Regime under Section 419(2) of the Companies Act 2006.

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



Alastair Tulloch  
Trustee

Date: 23rd March 2022



**INDEPENDENT AUDITOR'S REPORT****TO THE TRUSTEES OF KHODORKOVSKY FOUNDATION**

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**Opinion**

We have audited the financial statements of Khodorkovsky Foundation (the 'Charity') for the year ended 31 December 2021 which comprise the statement of financial activities, the summary income and expenditure account, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. 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, except to the extent otherwise explicitly stated in our report, 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.

# **KHODORKOVSKY FOUNDATION**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE TRUSTEES OF KHODORKOVSKY FOUNDATION**

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

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

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' 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 Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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' report and from the requirement to prepare a strategic report.

#### **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**

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.

# **KHODORKOVSKY FOUNDATION**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF KHODORKOVSKY FOUNDATION**

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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 extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with trustees and other management, and from our knowledge and experience;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the terms of grant agreements and Charity Commission regulation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence where applicable; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with the Charity Commission and the company's legal advisers; and
- reviewing the terms of grant agreements

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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.

# **KHODORKOVSKY FOUNDATION**


## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF KHODORKOVSKY FOUNDATION**

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### **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 auditors' 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.

**Robert Kirtland (Senior Statutory Auditor)**  
for and on behalf of Critchleys Audit LLP

  
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**Chartered Accountants**  
**Statutory Auditor**

4 April 2022

Beaver House  
23-38 Hythe Bridge Street  
Oxford  
Oxfordshire  
OX1 2EP

# KHODORKOVSKY FOUNDATION

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2021

### Current financial year

		Unrestricted funds	Endowment funds	Total	Total
	Notes	2021 \$000	2021 \$000	2021 \$000	2020 \$000
<b>Income from:</b>					
Investments	3	3,879	-	3,879	4,243
<b>Expenditure on:</b>					
<b>Raising funds</b>					
Investment management	4	-	1,621	1,621	1,954
Charitable activities	5	5,229	-	5,229	14,080
<b>Total resources expended</b>		5,229	1,621	6,850	16,034
Net gains/(losses) on investments	10	-	118,525	118,525	116,706
<b>Net (outgoing)/incoming resources before transfers</b>		(1,350)	116,904	115,554	104,915
Gross transfers between funds		1,350	(1,350)	-	-
<b>Net movement in funds</b>		-	115,554	115,554	104,915
Fund balances at 1 January 2021		-	730,470	730,470	625,555
<b>Fund balances at 31 December 2021</b>		-	846,024	846,024	730,470

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

All income and expenditure derive from continuing activities.

# KHODORKOVSKY FOUNDATION

## STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Prior financial year

		Unrestricted funds	Endowment funds	Total
	Notes	2020 \$000	2020 \$000	2020 \$000
<b><u>Income from:</u></b>				
Investments	3	4,243	-	4,243
<b><u>Expenditure on:</u></b>				
<b><u>Raising funds</u></b>				
Investment management	4	-	1,954	1,954
Charitable activities	5	14,080	-	14,080
<b>Total resources expended</b>		14,080	1,954	16,034
Net gains/(losses) on investments		-	116,706	116,706
<b>Net (outgoing)/incoming resources before transfers</b>		(9,837)	114,752	104,915
Gross transfers between funds		9,837	(9,837)	-
<b>Net movement in funds</b>		-	104,915	104,915
Fund balances at 1 January 2020		-	625,555	625,555
<b>Fund balances at 31 December 2020</b>		-	730,470	730,470

# **KHODORKOVSKY FOUNDATION**

## **SUMMARY INCOME AND EXPENDITURE ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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	<b>All income funds 2021 \$000</b>	<b>All income funds 2020 \$000</b>
Gross income	<b>3,879</b>	<b>4,243</b>
Transfer from endowment funds	<b>1,350</b>	<b>9,837</b>
Total income in the reporting period	<b>5,229</b>	<b>14,080</b>
Total expenditure from income funds	<b>5,229</b>	<b>14,080</b>
Net expenditure for the year	<b>-</b>	<b>-</b>

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# KHODORKOVSKY FOUNDATION

## BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 \$000	\$000	2020 \$000	\$000
<b>Fixed assets</b>					
Investments	10		839,815		728,870
<b>Current assets</b>					
Cash at bank and in hand		7,521		5,206	
<b>Creditors: amounts falling due within one year</b>	11	(1,312)		(3,606)	
Net current assets			6,209		1,600
<b>Total assets less current liabilities</b>			846,024		730,470
<b>Capital funds</b>					
<b>Endowment funds - general</b>					
Expendable endowment	12		846,024		730,470
<b>Income funds</b>					
Unrestricted funds			-		-
			846,024		730,470

These financial statements are prepared in United States Dollars.

The rate of exchange at 31 December 2021 is £1=\$1.34894 (2020: £1=\$1.35772)

The financial statements were approved and authorised for issue by the Trustees on 23rd March 2022



Alastair Tulloch  
Trustee

Company Registration No. 4988238



# KHODORKOVSKY FOUNDATION

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

		2021	2020
	Notes	\$000	\$000
<b>Cash flows from operating activities</b>			
Cash absorbed by operations	15	(9,144)	(13,372)
<b>Investing activities</b>			
Purchase of investments		(127,659)	(234,662)
Proceeds on disposal of investments		148,289	243,630
Investment income received		3,879	4,243
<b>Net cash generated from investing activities</b>		24,509	13,211
<b>Net cash used in financing activities</b>		-	-
<b>Net increase/(decrease) in cash and cash equivalents</b>		15,365	(161)
Cash and cash equivalents at beginning of year		10,789	10,950
<b>Cash and cash equivalents at end of year</b>		26,154	10,789
<b>Relating to:</b>			
Cash at bank and in hand		7,521	5,206
Cash within investment portfolio		18,633	5,583

# **KHODORKOVSKY FOUNDATION**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **1 Accounting policies**

#### **Charity information**

Khodorkovsky Foundation is a private company limited by guarantee incorporated in England and Wales. The registered office is Tulloch & Co, 4 Hill Street, London, W1J 5NE.

#### **1.1 Accounting convention**

The financial statements have been prepared in accordance with the Charity's Memorandum and Articles of Association, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), 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) and the Companies Act 2006. The Charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in dollars, which is the functional currency of the Charity. Monetary amounts in these financial statements are rounded to the nearest \$1,000.

The financial statements have been prepared under the historical cost convention, modified to include fixed asset investments at fair value. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

At the time of approving the financial statements, the Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

#### **1.3 Charitable funds**

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

Expendable endowment funds represent assets where the intention is for the assets to be held long term for the benefit of the charity. However, as it is an expendable endowment, assets can be utilised to cover expenditure that exceeds the balance on unrestricted funds.

Income arising on the endowment fund can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management costs are charged against the fund.

#### **1.4 Income**

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Donations and investment income are included in the Statement of Financial Activities when they are received.

# KHODORKOVSKY FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies

(Continued)

#### 1.5 Expenditure

All expenditure is accounted for on an accruals basis under the appropriate expense category. Expenditure includes irrecoverable VAT where appropriate. Any support costs specific to one of the activities is allocated wholly to the activity. The remaining support costs are allocated to that activity in proportion to the combined costs of activities undertaken directly and grants. All costs are classified as charitable activities apart from those attributable to raising funds (investment management costs).

##### **Grants payable**

Grants are included in expenditure under charitable activities when they are approved by the Trustees and the commitment has been communicated to the beneficiaries. Any such grants not paid by the year end are included in creditors.

#### 1.6 Fixed asset investments

Fixed asset investments are initially measured at transaction price, and are subsequently measured at fair value at each reporting date. Fair value includes accrued interest where applicable. If an investment does not have a readily available market price it is valued by the relevant Investment Manager. The Statement of Financial Activities includes net gains and losses arising on revaluations and disposals throughout the year. Due to the number of investment transactions in the year it is not possible, easily and accurately to split the investment gains between realised and unrealised and hence this split has not been shown on the face of the Statement of Financial Activities.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

##### **Basic financial assets**

Basic financial assets, which include cash and bank balances, are initially measured at transaction price.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors are initially recognised at transaction price unless the arrangement constitutes a financing transaction.

Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

#### 1.8 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in the Statement of Financial Activities.

### 2 Critical accounting estimates and judgements

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

# KHODORKOVSKY FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 Investments

	Unrestricted funds	Unrestricted funds
	2021	2020
	\$000	\$000
Income from listed investments	3,879	4,239
Interest receivable	-	4
	<u>3,879</u>	<u>4,243</u>

### 4 Raising funds

	Endowment funds general	Endowment funds general
	2021	2020
	\$000	\$000
Investment management	1,621	1,954
	<u>1,621</u>	<u>1,954</u>

### 5 Charitable activities

	Advance- ment of Education in Russia	Advance- ment of Education in Russia
	2021	2020
	\$000	\$000
Grant funding of activities (see note 6)	4,999	13,848
Share of support costs (see note 7)	133	135
Share of governance costs (see note 7)	97	97
	<u>5,229</u>	<u>14,080</u>

# KHODORKOVSKY FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 Grants payable

	Advance- ment of Education in Russia 2021 \$000	Advance- ment of Education in Russia 2020 \$000
Grants to institutions:		
Oxford Russia Fund	251	3,789
Podmoskovny Lyceum - Boarding School	6,402	6,474
Hill Foundation	-	1,423
Cambridge Commonwealth, European and International Trust	(1,833)	1,833
Atlantic College	198	182
Royal Academy of Music	(75)	147
Imperial College London	56	-
	<u>4,999</u>	<u>13,848</u>

-

### 7 Support costs

	Support costs \$000	Governance costs \$000	2021 \$000	Support costs \$000	Governance costs \$000	2020 \$000
Charity administration and monitoring of activities	115	-	115	122	-	122
Other expenses, including exchange differences	18	-	18	13	-	13
Audit fees	-	17	17	-	17	17
Tax compliance fees (to audit firm)	-	3	3	-	3	3
Legal and professional	-	77	77	-	77	77
	<u>133</u>	<u>97</u>	<u>230</u>	<u>135</u>	<u>97</u>	<u>232</u>
Analysed between Charitable activities	<u>133</u>	<u>97</u>	<u>230</u>	<u>135</u>	<u>97</u>	<u>232</u>

### 8 Trustees

A solicitor's practice of which A Tulloch (a Trustee) is the principal provided professional services in connection with the charity's administration. For this work Tulloch & Co charged the charity a VAT inclusive amount of \$154,964 (£114,878) (2020: \$165,474 (£121,876)) of which disbursements and VAT amounted to £19,146 (2020: £26,876). Some of the disbursements are travel expenses for Trustees.

# **KHODORKOVSKY FOUNDATION**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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### **9 Employees**

The average monthly number of employees during the year was:

	<b>2021 Number</b>	<b>2020 Number</b>
Total	-	-
	<u>-</u>	<u>-</u>

There were no employees whose annual remuneration was more than \$60,000.

# **KHODORKOVSKY FOUNDATION**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2021**

### **10 Fixed asset investments**

	<b>Equities</b>	<b>Alternative Fixed Income investments</b>	<b>Fixed Income</b>	<b>Commodity and property funds</b>	<b>Cash within investment portfolio</b>	<b>Total</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Cost or valuation</b>						
At 1 January 2021	450,745	154,625	109,162	8,755	5,583	728,870
Additions	87,814	39,532	313	-	-	127,659
Valuation changes	79,073	44,687	(6,319)	1,084	-	118,525
Movement in cash held	-	-	-	-	13,050	13,050
Disposals	(105,250)	(42,646)	(371)	(22)	-	(148,289)
At 31 December 2021	512,382	196,198	102,785	9,817	18,633	839,815
<b>Carrying amount</b>						
At 31 December 2021	512,382	196,198	102,785	9,817	18,633	839,815
At 31 December 2020	450,745	154,625	109,162	8,755	5,583	728,870

# KHODORKOVSKY FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

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**11 Creditors: amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>\$000</b>	<b>\$000</b>
Grants payable	96	2,537
Accruals and deferred income	1,216	1,069
	<u>1,312</u>	<u>3,606</u>



# **KHODORKOVSKY FOUNDATION**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 DECEMBER 2021**

### **12 Endowment funds**

The fund balance represents the original donation of \$500,000,000, which the donor specified was to be treated as an expendable endowment, together with movements on the funds since that date.

	Balance at 1 January 2020	Movement in funds				Movement in funds				Balance at 31 December 2021
		Income	Expenditure	Transfers	Revaluations gains and losses	Balance at 1 January 2021	Income	Expenditure	Transfers	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Expendable endowments										
Endowment funds (expendable)	625,555	-	(1,954)	(9,837)	116,706	730,470	-	(1,621)	(1,350)	118,525
	625,555	-	(1,954)	(9,837)	116,706	730,470	-	(1,621)	(1,350)	118,525

# KHODORKOVSKY FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 13 Analysis of net assets between funds

	Unrestricted funds	Endowment funds	Total	Unrestricted funds	Endowment funds	Total
	2021	2021	2021	2020	2020	2020
	\$000	\$000	\$000	\$000	\$000	\$000
Fund balances at 31 December 2021 are represented by:						
Investments	-	839,815	839,815	-	728,870	728,870
Current assets/ (liabilities)	-	6,209	6,209	-	1,600	1,600
	-	846,024	846,024	-	730,470	730,470

### 14 Related party transactions

#### Transactions with related parties

During the year the Charity entered into the following transactions with related parties:

The charity is related to Oxford Russia Fund by virtue of Trustees being common to both charities. Grants of \$251,000 (2020: \$3,789,000) were payable to Oxford Russia Fund in the year, \$nil of this was included in creditors at the year end (2020: \$535,000).

During the previous year ended 31 December 2020 the charity also made a grant of \$1,423,000 to The Hill Foundation. There was no creditor at the year end. The Hill Foundation is a related party as the majority of its Trustees are also Trustees of the Khodorkovsky Foundation.

15 Cash generated from operations	2021 \$000	2020 \$000
Surplus for the year	115,554	104,915
Adjustments for:		
Investment income recognised in statement of financial activities	(3,879)	(4,243)
Fair value gains and losses on investments	(118,525)	(116,706)
Movements in working capital:		
(Decrease)/increase in creditors	(2,294)	2,662
<b>Cash absorbed by operations</b>	<b>(9,144)</b>	<b>(13,372)</b>

### 16 Analysis of changes in net funds

The Charity had no debt during the year.