

Charity registration number 1106885 (England and Wales)

Company registration number 4988238

KHODORKOVSKY FOUNDATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

KHODORKOVSKY FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

| | |
|----------------------------|--|
| Trustees | A R Tulloch R M Caldecott A Drel M Logan P Khodorkovsky |
| Secretary | D A Forsdick |
| Charity number | 1106885 |
| Company number | 4988238 |
| Registered office | 4 Hill Street London W1J 5NE |
| Auditor | Gravita Audit Oxford LLP First Floor, Park Central 40-41 Park End Street Oxford OX1 1JD |
| Bankers | Schroder & Co 31 Gresham St. London EC2V 7QA |
| Solicitors | TGW Law 4 Hill Street London W1J 5NE |
| Investment advisors | Morgan Stanley & Co. International Limited 25 Cabot Square Canary Wharf London E14 4QA Blackrock 33 King William St London EC4R 9AS Goldman Sachs International 133 Fleet Street London EC4A 2BB |

KHODORKOVSKY FOUNDATION

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KHODORKOVSKY FOUNDATION

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2024

The Trustees present their annual report and financial statements for the year ended 31 December 2024.

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 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, as well as to promote other charitable objects recognised by English Law.

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 in December 2003 with \$500 million for the main purpose of advancing education in Russia and thus supporting the development of a robust and active civil society in Russia.

Prior to being designated (along with its related charity, Oxford Russia Fund) 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

Following the designation of the Foundation as an 'undesirable organisation' by the Russian Government in July 2021, the trustees have sought to refocus Foundation's grant making policy to support institutions outside of Russia engaged in advancing education and supporting Civil Society and Human Rights.

Achievements and performance

Through the grant making activities of the Oxford Russia Fund, which was 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 ceased on account of its 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, list number 37, 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").

Following the designation of the Foundation as an 'undesirable organisation' by the Russian Government in July 2021, the trustees have sought to refocus Foundation's grant making policy to support institutions outside of Russia engaged in advancing education and supporting Civil Society and Human Rights.

KHODORKOVSKY FOUNDATION

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

FOR THE YEAR ENDED 31 DECEMBER 2024

Podmoskovny Lyceum

As a result of the support by the Khodorkovsky Foundation (prior to the Russian Government's designation of the Foundation as an undesirable organisation) , over the period 2006-2021 of the Podmoskovny Lyceum, a boarding school outside of Moscow for socially deprived children, 2,945 pupils received a secondary school education of the highest quality in a caring environment.

Grant-making

The Foundation awards grants, directly or indirectly, to a diverse range of organisations including:

- educational institutions providing funding to Russian academics and scholars;
- charitable organisations including those that seek to strengthen civil society, promote social inclusion, community development and the advocacy for human rights
- Media organisations providing grants to media workers and media organisations which (i) support journalists in challenging environments and (ii) promote the publication of independent and free information, the promotion of human rights (including the freedom of opinion and expression) and monitor human rights abuses;
- Think tank organisations that focus on research on Russia and the forces shaping Russia's long term future.

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 \$11,634,000 (2023: \$13,417,000) detailed on page 8.

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.

Anticipated Disbursements

The long term aim of the charity is to make annual grants of at least 2.5% 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 (2024: \$842M; 2023: \$766M; 2022:\$683M) increased after the grants. This was mainly due to equity and debt markets stabilising after 2022 volatility. 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. 2.13% (2023: 1.74%).

KHODORKOVSKY FOUNDATION

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

FOR THE YEAR ENDED 31 DECEMBER 2024

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 primarily established) in view of the inclusion of the Charity in the list of undesirable organizations pursuant to the Undesirable Organizations Law and has refocused its efforts on supporting charitable organisations outside of Russia, pending the ability to support education in Russia again.

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 R Tulloch
R M Caldecott
A Drel
M Logan
P Khodorkovsky

Recruitment and appointment of trustees

Trustees are selected on the basis of the skills and experience they were able to contribute in the fields of education and human rights, investment management and charity administration and have been drawn from persons known to the trustees, as supportive of the charity's work.. The Trustees have been selected for their skills and professionalism and come with many years of experience in different walks of life.

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.

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;
- 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.

KHODORKOVSKY FOUNDATION

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

FOR THE YEAR ENDED 31 DECEMBER 2024

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.



A R Tulloch

Trustee

Date: 31st March 2025

KHODORKOVSKY FOUNDATION

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KHODORKOVSKY FOUNDATION

Opinion

We have audited the financial statements of Khodorkovsky Foundation (the 'Charity') for the year ended 31 December 2024 which comprise the statement of financial activities, the summary income and expenditure account, the balance sheet, the statement of cash flows and 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2024 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 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.

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 for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

KHODORKOVSKY FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KHODORKOVSKY FOUNDATION

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.

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.

KHODORKOVSKY FOUNDATION

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF KHODORKOVSKY FOUNDATION

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.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Robert Kirtland (Senior Statutory Auditor)

For and on behalf of Gravita Audit Oxford LLP, Statutory Auditor

Chartered Accountants

First Floor, Park Central

40-41 Park End Street

Oxford

OX1 1JD

Date:3/4/2025.....

KHODORKOVSKY FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2024

| | | Unrestricted funds | Endowment funds | Total | Unrestricted funds | Endowment funds | Total |
|--|-------|--------------------|-----------------|----------------|--------------------|-----------------|----------------|
| | | 2024 | 2024 | 2024 | 2023 | 2023 | 2023 |
| | Notes | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Income from: | | | | | | | |
| Investments | 3 | 5,254 | - | 5,254 | 4,814 | - | 4,814 |
| Total income | | <u>5,254</u> | <u>-</u> | <u>5,254</u> | <u>4,814</u> | <u>-</u> | <u>4,814</u> |
| Expenditure on: | | | | | | | |
| <u>Raising funds</u> | | | | | | | |
| Investment management | 4 | - | 1,651 | 1,651 | - | 1,518 | 1,518 |
| Charitable activities | 5 | 15,237 | - | 15,237 | 16,713 | - | 16,713 |
| Total expenditure | | <u>15,237</u> | <u>1,651</u> | <u>16,888</u> | <u>16,713</u> | <u>1,518</u> | <u>18,231</u> |
| Net gains/(losses) on investments | | <u>-</u> | <u>84,400</u> | <u>84,400</u> | <u>-</u> | <u>97,067</u> | <u>97,067</u> |
| Net income/(expenditure) | | (9,983) | 82,749 | 72,766 | (11,899) | 95,549 | 83,650 |
| Transfers between funds | | <u>9,983</u> | <u>(9,983)</u> | <u>-</u> | <u>11,899</u> | <u>(11,899)</u> | <u>-</u> |
| Net movement in funds | 8 | - | 72,766 | 72,766 | - | 83,650 | 83,650 |
| Reconciliation of funds: | | | | | | | |
| Fund balances at 1 January 2024 | | <u>-</u> | <u>767,409</u> | <u>767,409</u> | <u>-</u> | <u>683,759</u> | <u>683,759</u> |
| Fund balances at 31 December 2024 | | <u>-</u> | <u>840,175</u> | <u>840,175</u> | <u>-</u> | <u>767,409</u> | <u>767,409</u> |

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

KHODORKOVSKY FOUNDATION

SUMMARY INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2024

| | All income funds | |
|--------------------------------------|------------------|--------|
| | 2024 | 2023 |
| | \$000 | \$000 |
| Gross income | 5,254 | 4,814 |
| Transfer from endowment funds | 9,983 | 11,899 |
| | <hr/> | <hr/> |
| Total income in the reporting period | 15,237 | 16,713 |
| | <hr/> | <hr/> |
| Total expenditure from income funds | 15,237 | 16,713 |
| | <hr/> | <hr/> |
| Net expenditure for the year | - | - |
| | <hr/> | <hr/> |

KHODORKOVSKY FOUNDATION

BALANCE SHEET

AS AT 31 DECEMBER 2024

| | | 2024 | | 2023 | |
|--|-------|---------|---------|---------|---------|
| | Notes | \$000 | \$000 | \$000 | \$000 |
| Fixed assets | | | | | |
| Investments | 12 | | 841,707 | | 766,606 |
| Current assets | | | | | |
| Cash at bank and in hand | | 290 | | 4,210 | |
| Creditors: amounts falling due within one year | 13 | (1,614) | | (3,407) | |
| Net current (liabilities)/assets | | | (1,324) | | 803 |
| Total assets less current liabilities | | | 840,383 | | 767,409 |
| Creditors: amounts falling due after more than one year | 14 | | (208) | | - |
| Net assets | | | 840,175 | | 767,409 |
| The funds of the Charity | | | | | |
| Endowment funds | 15 | | 840,175 | | 767,409 |
| | | | 840,175 | | 767,409 |

These financial statements are prepared in United States Dollars.

The rate of exchange at 31 December 2024 is £1=\$1.2520 (2023: £1 =\$1.2731)

The financial statements were approved and authorised for issue by the Trustees on 31st March 2025



A R Tulloch
Trustee

Company registration number 4988238 (England and Wales)

KHODORKOVSKY FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

| | Notes | 2024 \$000 | \$000 | 2023 \$000 | \$000 |
|---|-------|---------------|----------|---------------|----------|
| Cash flows from operating activities | | | | | |
| Cash absorbed by operations | 18 | | (18,473) | | (16,970) |
| Investing activities | | | | | |
| Purchase of investments | | (152,901) | | (149,885) | |
| Proceeds from disposal of investments | | 157,009 | | 167,182 | |
| Investment income received | | 5,254 | | 4,814 | |
| Net cash generated from investing activities | | | 9,362 | | 22,111 |
| Net cash generated from financing activities | | | - | | - |
| Net (decrease)/increase in cash and cash equivalents | | | (9,111) | | 5,141 |
| Cash and cash equivalents at beginning of year | | | 11,221 | | 6,080 |
| Cash and cash equivalents at end of year | | | 2,110 | | 11,221 |
| Relating to: | | | | | |
| Cash at bank and in hand | | | 290 | | 4,210 |
| Cash within investment portfolio | | | 1,820 | | 7,011 |

KHODORKOVSKY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2024**

1 Accounting policies

Charity information

Khodorkovsky Foundation is a private company limited by guarantee incorporated in England and Wales. The registered office is TGW Law, 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 2024

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. The main judgement is the valuation of unquoted investments.

KHODORKOVSKY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

3 Income from investments

| | Unrestricted funds 2024 \$000 | Unrestricted funds 2023 \$000 |
|--------------------------------|--|--|
| Income from listed investments | 4,712 | 4,225 |
| Other income | 542 | 589 |
| | <u>5,254</u> | <u>4,814</u> |

4 Raising funds

| | Endowment funds general 2024 \$000 | Endowment funds general 2023 \$000 |
|-----------------------|--|--|
| Investment management | 1,651 | 1,518 |
| | <u>1,651</u> | <u>1,518</u> |

5 Expenditure on charitable activities

| | Advance- ment of Education 2024 \$000 | Support for Human Rights/Civil Society 2024 \$000 | Total 2024 \$000 | Advance- ment of Education 2023 \$000 | Support for Human Rights/Civil Society 2023 \$000 | Total 2023 \$000 |
|---|---|--|------------------------|---|--|------------------------|
| Direct costs | | | | | | |
| Grant funding of activities (see note 6) | 1,487 | 13,456 | 14,943 | 3,822 | 12,555 | 16,377 |
| Share of support and governance costs (see note 7) | | | | | | |
| Support | 18 | 165 | 183 | 53 | 174 | 227 |
| Governance | 11 | 100 | 111 | 25 | 84 | 109 |
| | <u>1,516</u> | <u>13,721</u> | <u>15,237</u> | <u>3,900</u> | <u>12,813</u> | <u>16,713</u> |
| Analysis by fund | | | | | | |
| Unrestricted funds | <u>1,516</u> | <u>13,721</u> | <u>15,237</u> | <u>3,900</u> | <u>12,813</u> | <u>16,713</u> |

KHODORKOVSKY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

6 Grants payable

| | Advance- ment of Education | Support for Human Rights/Civil Society | Total 2024 | Advance- ment of Education | Support for Human Rights/Civil Society | Total 2023 |
|---|----------------------------------|---|---------------|----------------------------------|---|---------------|
| | 2024 \$000 | 2024 \$000 | \$000 | 2023 \$000 | 2023 \$000 | \$000 |
| Grants to institutions: | | | | | | |
| Oxford Russia Fund | - | - | - | 2 | - | 2 |
| VSI New Research Centre | - | 2,144 | 2,144 | - | - | - |
| New Generation Europe Foundation | - | 10,000 | 10,000 | - | - | - |
| Save and Rebuild | - | - | - | - | 11,750 | 11,750 |
| Justice for Journalists Foundation | - | 500 | 500 | - | 780 | 780 |
| New Horizons Vienna | - | 31 | 31 | - | - | - |
| The Eastern Europe Research Foundation | 378 | - | 378 | 2,855 | - | 2,855 |
| Centre for Liberal Modernity | - | 631 | 631 | - | - | - |
| Lantos Foundation | - | 150 | 150 | - | - | - |
| Drachim-Merkaz | - | - | - | - | 13 | 13 |
| The Big Issue Foundation | - | - | - | - | 12 | 12 |
| Other - exempt from disclosure | 1,109 | - | 1,109 | 840 | - | 840 |
| The Ohio University Foundation | - | - | - | 125 | - | 125 |
| | <u>1,487</u> | <u>13,456</u> | <u>14,943</u> | <u>3,822</u> | <u>12,555</u> | <u>16,377</u> |

'Other' grants above comprises wholly of grants made to 4 institutions. The grants are in support of education in line with the charity's objectives but are exempt from disclosure on the basis of serious prejudice and therefore no further detail has been given.

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KHODORKOVSKY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2024

7 Support costs

| | Support costs \$000 | Governance costs \$000 | 2024 Support costs \$000 | Governance costs \$000 | 2023 \$000 |
|---|------------------------|---------------------------|-----------------------------|---------------------------|---------------|
| Charity administration and monitoring of activities | 120 | - | 120 | 155 | 155 |
| Other expenses, including exchange differences | 63 | - | 63 | 72 | 72 |
| Audit fees | - | 21 | 21 | - | 20 |
| Tax compliance fees (to audit firm) | - | 4 | 4 | - | 4 |
| Legal and professional | - | 86 | 86 | - | 85 |
| | <u>183</u> | <u>111</u> | <u>294</u> | <u>227</u> | <u>336</u> |
| Analysed between Charitable activities | <u>183</u> | <u>111</u> | <u>294</u> | <u>227</u> | <u>336</u> |

8 Net movement in funds

| | 2024 \$000 | 2023 \$000 |
|--|---------------|---------------|
| The net movement in funds is stated after charging/(crediting): | | |
| Fees payable for the audit of the charity's financial statements | <u>21</u> | <u>20</u> |

9 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 TGW Law charged the charity a VAT inclusive amount of \$174,674 (£139,521) (2023: \$169,233 (£132,938)) of which disbursements and VAT amounted to £23,865 (2023: £22,938). Some of the disbursements are travel expenses for Trustees.

10 Employees

The average monthly number of employees during the year was:

| | 2024 Number | 2023 Number |
|-------|----------------|----------------|
| Total | <u>-</u> | <u>-</u> |

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

11 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

KHODORKOVSKY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

12 Fixed asset investments

| | Equities | Alternative investments | Fixed income | Commodity and property funds | Cash within investment portfolio | Total |
|--------------------------|-----------|-------------------------|--------------|------------------------------|----------------------------------|-----------|
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Cost or valuation | | | | | | |
| At 1 January 2024 | 412,889 | 253,437 | 84,932 | 8,337 | 7,011 | 766,606 |
| Additions | 104,772 | 45,770 | - | 2,359 | - | 152,901 |
| Valuation changes | 50,755 | 29,222 | 4,780 | (357) | - | 84,400 |
| Movement in cash held | - | - | - | - | (5,191) | (5,191) |
| Disposals | (122,144) | (34,230) | (635) | - | - | (157,009) |
| At 31 December 2024 | 446,272 | 294,199 | 89,077 | 10,339 | 1,820 | 841,707 |
| Carrying amount | | | | | | |
| At 31 December 2024 | 446,272 | 294,199 | 89,077 | 10,339 | 1,820 | 841,707 |
| At 31 December 2023 | 412,889 | 253,437 | 84,932 | 8,337 | 7,011 | 766,606 |

KHODORKOVSKY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

13 Creditors: amounts falling due within one year

| | 2024 \$000 | 2023 \$000 |
|------------------------------|---------------|---------------|
| Grants payable | 727 | 2,511 |
| Accruals and deferred income | 887 | 896 |
| | <u>1,614</u> | <u>3,407</u> |

14 Creditors: amounts falling due after more than one year

| | 2024 \$000 | 2023 \$000 |
|----------------|---------------|---------------|
| Grants payable | <u>208</u> | <u>-</u> |

15 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.

| | At 1 January 2024 \$000 | Expenditure \$000 | Transfers \$000 | Gains and losses \$000 | At 31 December 2024 \$000 |
|------------------------------|--|------------------------------|----------------------------|---------------------------------------|--|
| Expendable endowments | | | | | |
| Endowment funds (expendable) | <u>767,409</u> | <u>(1,651)</u> | <u>(9,983)</u> | <u>84,400</u> | <u>840,175</u> |
| Previous year: | At 1 January 2023 \$000 | Expenditure \$000 | Transfers \$000 | Gains and losses \$000 | At 31 December 2023 \$000 |
| Expendable endowments | | | | | |
| Endowment funds (expendable) | <u>683,759</u> | <u>(1,518)</u> | <u>(11,899)</u> | <u>97,067</u> | <u>767,409</u> |

Transfers represent amounts transferred to unrestricted funds to cover the deficit on unrestricted funds.

KHODORKOVSKY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2024

16 Analysis of net assets between funds

| | Unrestricted funds 2024 \$000 | Endowment funds 2024 \$000 | Total 2024 \$000 |
|------------------------------|--|-------------------------------------|------------------------|
| At 31 December 2024: | | | |
| Investments | - | 841,707 | 841,707 |
| Current assets/(liabilities) | 208 | (1,532) | (1,324) |
| Long term liabilities | (208) | - | (208) |
| | <u>-</u> | <u>840,175</u> | <u>840,175</u> |
| | | | |
| | Unrestricted funds 2023 \$000 | Endowment funds 2023 \$000 | Total 2023 \$000 |
| At 31 December 2023: | | | |
| Investments | - | 766,606 | 766,606 |
| Current assets/(liabilities) | - | 803 | 803 |
| | <u>-</u> | <u>767,409</u> | <u>767,409</u> |

17 Related party transactions

There were no disclosable related party transactions during the year (2023 - none).

| 18 Cash absorbed by operations | 2024 \$000 | 2023 \$000 |
|---|-----------------|-----------------|
| Surplus for the year | 72,766 | 83,650 |
| Adjustments for: | | |
| Investment income recognised in statement of financial activities | (5,254) | (4,814) |
| Fair value gains and losses on investments | (84,400) | (97,067) |
| Movements in working capital: | | |
| (Decrease)/increase in creditors | (1,585) | 1,261 |
| Cash absorbed by operations | <u>(18,473)</u> | <u>(16,970)</u> |

19 Analysis of changes in net funds

The Charity had no material debt during the year.