

**Charity Registration No. 1086396**

**Company Registration No. 04189311 (England and Wales)**

**THE HILL FOUNDATION**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**

# THE HILL FOUNDATION

## LEGAL AND ADMINISTRATIVE INFORMATION

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

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# THE HILL FOUNDATION

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# THE HILL FOUNDATION

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

### FOR THE YEAR ENDED 31 MARCH 2020

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The trustees present their report and financial statements for the year ended 31 March 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016)

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

#### Objectives and activities

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

The following charitable distributions had been made or agreed on behalf of the Foundation during the year: the selection committee headed by Mr Anthony Smith CBE awarded 12 Hill Foundation scholarships in the 2019-20 academic year (13 in 2018-19) to Russian Federation students who had been offered a place at Oxford University to read for either post-graduate degrees or doctorates.

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

#### Achievements and performance

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

#### Financial review

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

The portfolio is structured away from pooled funds for equities and into direct stocks, with the aim to keep costs down and to avoid pooled fund fees on the majority of the portfolio. The overall yield for the year was 3.35% (2019: 2.96%) and the overall return was -6.8% (benchmark 6.3%).

The portfolio is held in multiple currencies: 47.4% in GBP, 31.2% in USD, 3.3% in Euros and 18% for all others and held by class: 68.5% equities, 11.8% bonds, 6.5% multi-asset funds, 7.3% alternatives and 5.9% cash.

Total realised and unrealised losses achieved were £2,209,884 (2019 Total realised and unrealised gains : £1,439,195).

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

# THE HILL FOUNDATION

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

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

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

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

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

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

Mr Anthony Smith CBE

Mr Alastair Tulloch

Prof Catriona Kelly

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

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

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

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

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

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

### **Asset cover for funds**

The trustees regard the current level of asset cover and cash reserves to be sufficient to meet future resource expenditure needs and will closely monitor this situation particularly as the student funding commitments to Oxford University are likely to rise in 2020-21. They expect a contribution of approximately 50% of those costs from the Khodorkovsky Foundation.

The total amount required for the 2020-21 scholarship awards is projected to be £659,325 spent in 2020-21 for a further 15 awards (2019-20 : £765,866 - 12 awards of which £564,000 was covered by the Khodorkovsky Foundation).

# THE HILL FOUNDATION

## TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) *FOR THE YEAR ENDED 31 MARCH 2020*

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### **Auditor**

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

### **Disclosure of information to 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.

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

### **Mrs D Forsdick**

Secretary

Dated: 7 September 2020

# THE HILL FOUNDATION

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

### *FOR THE YEAR ENDED 31 MARCH 2020*

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The trustees, who are also the directors of The Hill Foundation for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

# THE HILL FOUNDATION

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

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### Opinion

We have audited the financial statements of The Hill Foundation (the 'charitable company') for the year ended 31 March 2020 set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

### Other information

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

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

We have nothing to report in this regard.



# THE HILL FOUNDATION

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

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

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

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

### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Berg Kaprow Lewis LLP**

17 September 2020

**Chartered Accountants  
Statutory Auditor**

35 Ballards Lane  
London  
N3 1XW

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

# THE HILL FOUNDATION

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
<b><u>Income from:</u></b>			
Donations and legacies	2	564,000	589,000
Investment income	3	688,466	630,084
<b>Total income</b>		<u>1,252,466</u>	<u>1,219,084</u>
<b><u>Expenditure on:</u></b>			
Raising funds	4	<u>77,724</u>	<u>77,181</u>
Charitable activities	5	<u>819,040</u>	<u>964,597</u>
<b>Total resources expended</b>		<u>896,764</u>	<u>1,041,778</u>
Net gains on investments	10	<u>(2,209,884)</u>	<u>1,439,195</u>
<b>Net movement in funds</b>		<u>(1,854,182)</u>	<u>1,616,501</u>
Fund balances at 1 April 2019		<u>22,247,281</u>	<u>20,630,780</u>
<b>Fund balances at 31 March 2020</b>		<u><u>20,393,099</u></u>	<u><u>22,247,281</u></u>

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

All income and expenditure derive from continuing activities.

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

# THE HILL FOUNDATION

## BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Investments	11	20,338,908		22,266,869	
<b>Current assets</b>					
Debtors	12	31,368		4,996	
Cash at bank and in hand		78,093		4,884	
		<u>109,461</u>		<u>9,880</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(55,270)</u>		<u>(29,468)</u>	
Net current assets/(liabilities)			54,191		(19,588)
<b>Total assets less current liabilities</b>		<u>20,393,099</u>		<u>22,247,281</u>	
<b>Income funds</b>					
Unrestricted funds		<u>20,393,099</u>		<u>22,247,281</u>	
		<u>20,393,099</u>		<u>22,247,281</u>	

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2020, although an audit has been carried out under section 144 of the Charities Act 2011.

The trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

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

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on 7 September 2020

Mr Alastair Tulloch  
Trustee

Company Registration No. 04189311

# THE HILL FOUNDATION

## STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £	£	2019 £	£
<b>Cash flows from operating activities</b>					
Net cash absorbed by operating activities	15		(333,334)		(452,788)
<b>Investing activities</b>					
Purchase of investments		(3,603,038)		(1,779,364)	
Proceeds on disposal of investments		3,321,115		1,573,116	
Dividends interest & other income received		688,466		630,084	
<b>Net cash generated from investing activities</b>			406,543		423,836
<b>Net cash used in financing activities</b>			-		-
<b>Net increase/(decrease) in cash and cash equivalents</b>			73,209		(28,952)
Cash and cash equivalents at beginning of year			4,884		33,836
<b>Cash and cash equivalents at end of year</b>			78,093		4,884

# THE HILL FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2020

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#### 1 Accounting policies

##### Charity information

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

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

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

##### 1.2 Going concern

At the reporting date the charity held £20,338,908 in investments with £78,093 in bank balances. All the assets are unrestricted and expendable. The charity usually has more than sufficient income from donations and investment income to meet the cost of its charitable activities irrespective of the performance of its investments. Given that the value of the investments is over 22 times the cost of total resources expended in any one year this indicates that there are sufficient reserves to meet the charity's annual commitments.

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

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

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

##### 1.3 Charitable funds

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

##### 1.4 Incoming resources

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

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

Interest on fund held on deposit is included when receivable and the amount can be measured reliably by the charity, this is normally upon notification of the interest paid or payable by the bank.

# THE HILL FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2020**

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### **1 Accounting policies**

**(Continued)**

#### **1.5 Resources expended**

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

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

#### **1.6 Fixed asset investments**

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

#### **1.7 Cash and cash equivalents**

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

#### **1.8 Financial instruments**

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

#### **1.9 Foreign exchange**

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

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

#### **1.10 Debtors**

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

#### **1.11 Creditors and provisions**

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

# THE HILL FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 2 Donations and legacies

	Total	Total
	2020	2019
	£	£
Grant received during the year	564,000	589,000
	<u>564,000</u>	<u>589,000</u>
<b>Grants receivable for core activities</b>		
Knowledge Foundation	-	25,000
Khodorkovsky Foundation	564,000	564,000
	<u>564,000</u>	<u>589,000</u>

### 3 Investment income

	Unrestricted funds	Unrestricted funds
	2020	2019
	£	£
Income from listed investments	582,298	502,032
UK Bonds interest	88,296	108,924
Overseas fund interest	16,436	18,568
Interest receivable	1,436	560
	<u>688,466</u>	<u>630,084</u>

### 4 Raising funds

	2020	2019
	£	£
Investment management costs	77,724	77,181
	<u>77,724</u>	<u>77,181</u>

In addition to the management fees incurred, there were underlying instrument costs of £44,998 (2019: £62,806). In line with MIFID II disclosure requirements, combined with transaction fees, the overall investment management costs were £118,926 or 0.5% of investment assets.

# THE HILL FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 5 Charitable activities

	2020 £	2019 £
Student selection, secretarial support and dinner costs	14,099	15,821
Bank charges	65	814
Other expenses	366	515
Secretarial support	28,800	27,600
Website expenses	388	250
	<u>43,718</u>	<u>45,000</u>
Grant funding of activities (see note 6)	765,866	909,415
Share of governance costs (see note 7)	9,456	10,182
	<u>819,040</u>	<u>964,597</u>

### 6 Grants payable

	2020 £	2019 £
Grants to institutions:		
University of Oxford	<u>765,866</u>	<u>909,415</u>

### 7 Support costs

	Support costs £	Governance costs £	2020 £	Support costs £	Governance costs £	2019 £
Audit fees	-	3,300	3,300	-	3,240	3,240
Accountancy	-	6,156	6,156	-	6,942	6,942
	<u>-</u>	<u>9,456</u>	<u>9,456</u>	<u>-</u>	<u>10,182</u>	<u>10,182</u>
Analysed between						
Charitable activities	-	9,456	9,456	-	10,182	10,182
	<u>-</u>	<u>9,456</u>	<u>9,456</u>	<u>-</u>	<u>10,182</u>	<u>10,182</u>



# THE HILL FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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### 8 Trustees

None of the trustees received any remuneration or reimbursement of expenses during the year, but Mr Anthony Smith CBE was paid a total of £6,757 for his services as the chair of the student selection committee under the provisions in the governing document and Charity Commission consent (2019-£6,757) and Tulloch & Co, Solicitors, a firm connected to Alastair Tulloch was paid £29,898 (2019-£27,735) inclusive of VAT and disbursements in respect of the administration under the provisions in the governing document.

During the year the charity received a grant of £564,000 (2019 : £564,000) from the Khodorkovsky Foundation. The Khodorkovsky Foundation is a related party as the majority of its Trustees are also Trustees of The Hill Foundation.

### 9 Employees

There were no employees during the year.

### 10 Net gains/(losses) on investments

	Total	Total
	2020	2019
	£	£
Revaluation of investments	(2,027,102)	1,317,608
Gain/(loss) on sale of investments	(182,782)	121,587
	<u>(2,209,884)</u>	<u>1,439,195</u>

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

# THE HILL FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 11 Fixed asset investments

	Listed investments £	Cash in portfolio	Total £
<b>Cost or valuation</b>			
At 1 April 2019	21,646,244	620,625	22,266,869
Additions	3,603,038	11,743,349	15,346,387
Valuation changes	(2,027,102)	-	(2,027,102)
Disposals	(4,085,600)	(11,161,646)	(15,247,246)
At 31 March 2020	19,136,580	1,202,328	20,338,908
<b>Carrying amount</b>			
At 31 March 2020	19,136,580	1,202,328	20,338,908
At 31 March 2019	21,646,244	620,625	22,266,869

### INVESTMENT RISK

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

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

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

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

# THE HILL FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 12 Debtors

	2020 £	2019 £
Amounts falling due within one year:		
Other debtors	31,368	4,996

### 13 Creditors: amounts falling due within one year

	2020 £	2019 £
Other creditors	30,798	10,440
Accruals	24,472	19,028
	55,270	29,468

### 14 Related party transactions

There were no disclosable related party transactions during the year (2019- none) other than those disclosed in note 8.

### 15 Cash generated from operations

	2020 £	2019 £
(Deficit)/surplus for the year	(1,854,182)	1,616,501
Adjustments for:		
Investment income recognised in statement of financial activities	(688,466)	(630,084)
Loss/(gain) on disposal of investments	182,782	(121,587)
Fair value gains and losses on investments	2,027,102	(1,317,608)
Movements in working capital:		
(Increase) in debtors	(26,372)	(69)
Increase in creditors	25,802	59
<b>Cash absorbed by operations</b>	<b>(333,334)</b>	<b>(452,788)</b>

### 16 Analysis of changes in net funds

The charity had no debt during the year.