

Charity Registration No. 1086396

Company Registration No. 4189311 (England and Wales)

THE HILL FOUNDATION
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2008

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THE HILL FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr Anthony Smith Ms Irina Nevzlina Mr James Kitcatt Mr Alastair Tulloch
Secretary	Mr Alastair Tulloch
Charity number	1086396
Company number	4189311
Principal address	4 Hill Street Mayfair London W1J 5NE England
Registered office	4 Hill Street Mayfair London W1J 5NE England
Auditors	Simon Silver-Myer 8 Durweston Street London W1H 1EW
Bankers	Lloyds TSB Bank plc Berkeley Square House 14 Berkeley Square London W1J 6AF
Investment advisors	Cazenove Capital Management Limited 12 Moorgate London EC2R 6DA

THE HILL FOUNDATION

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THE HILL FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2008

The trustees present their report and accounts for the year ended 31 March 2008

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, applicable law and the requirements of the Statement of Recommended Practice, "Accounting and Reporting by Charities" issued in October 2000

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

The trustees, who are also the directors for the purpose of company law, who served during the year were

Mr Anthony Smith

Ms Irina Nevzlina

Mr James Kitcatt

Mr Alastair Tulloch

(Appointed 10 May 2007)

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. All 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 the Company Secretary and his office. A student selection committee conducts interviews and undertakes visits to Russia to assess 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 fixed income and absolute return, and a passive approach for equities exposure plus the inclusion of a growth and a hedge fund

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

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 have taken legal advice this year in a review of the charity's policy objectives

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. There has been no change in these policies during the year

THE HILL FOUNDATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2008

The following charitable distributions had been made or agreed on behalf of the Foundation during the year
(1) the selection committee headed by Mr Anthony Smith awarded 11 Hill Foundation scholarships to Russian students who had been offered a place at Oxford University to read for undergraduate or post-graduate degrees

(2) a £2,000 grant was awarded to the Cheek by Jowl Theatre Company's Russian Season programme

(3) an £18,000 grant was awarded to the Department of Physiology, Anatomy and Genetics at Oxford University to enable the department to continue with active research into its Human Brain Development project and employ a visiting academic from Russia

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

Achievements and performance

Financial review

The charity has continued to fund its regular commitments to the Hill Foundation Scholarships and the schools-based scholarship project. It is generating sufficient income and gains from its expendable endowment fund to meet the costs of these activities, and also to cover the cost of smaller one-off grants. The funds have been invested to satisfy the investment policy to increase their underlying value and provide a return of 3%, which is estimated to be sufficient to meet the charity's annual grant and award commitments.

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to one year's worth of committed expenditure. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

Asset cover for funds

The charity's current financial commitments are listed above. The charity has also been generating returns in excess of the desired 3% such that the resulting surplus is included in the revaluation of assets as shown in the notes to the Accounts.

Disclosure of information to auditors


Each of the directors 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 auditors are aware of such information.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Simon Silver-Myer be reappointed as auditors of the company will be put to the Annual General Meeting.

On behalf of the board of trustees

Trustee
Dated


15 May 2008

THE HILL FOUNDATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the the charity and of its incoming resources and application of resources, including its net income and expenditure for the year

In preparing these accounts, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the the charity will continue in operation

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the the charity and which enable them to ensure that the accounts comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

THE HILL FOUNDATION

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE HILL FOUNDATION

We have audited the accounts of The Hill Foundation for the year ended 31 March 2008 set out on pages 6 to 12. These accounts have been prepared under the accounting policies set out on page 10.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As described on page 3, 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 accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Trustees' Report is consistent with the accounts, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Trustees' Report, and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

THE HILL FOUNDATION

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF THE HILL FOUNDATION

Opinion

In our opinion

- the accounts give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the the charity's affairs as at 31 March 2008 and of its incoming resources and application of resources in the year then ended,
- the accounts have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Trustees' Report is consistent with the accounts



Simon Silver-Myer
Chartered Accountants
Registered Auditor
8 Durweston Street
London W1H 1EW

Dated 9th June 2008

THE HILL FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2008

	Notes	2008 £	2007 £
<u>Incoming resources from generated funds</u>			
Investment income	2	365,350	400,832
<u>Resources expended</u>	3		
Charitable activities			
Grants payable		557,163	473,135
Student selection committee costs		6,877	6,608
Governance costs		27,615	41,371
Total resources expended		591,655	521,114
Net outgoing resources		(226,305)	(120,282)
Other recognised gains and losses			
Gains on investment assets		6,027	121,436
Net movement in funds		(220,278)	1,154
Fund balances at 1 April 2007		17,230,819	17,229,664
Fund balances at 31 March 2008		17,010,541	17,230,818

THE HILL FOUNDATION

SUMMARY INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2008

	2008 £	2007 £
Gross income	365,350	400,832
(Loss)/gain on disposal of investment assets held by income funds	(15,678)	121,436
Total income	349,672	522,268
Total expenditure from income funds	591,655	521,114
Net (expenditure)/income for the year	(241,983)	1,154

The summary income and expenditure account is derived from the statement of financial activities on page 6 which, together with the notes on pages 10 to 12, provides full information on the movements during the year on all funds of the charity

STATEMENT OF RECOGNISED GAINS AND LOSSES

Net (expenditure)/income for the year	(241,983)	1,154
Unrealised gains on investment assets held by income funds	21,705	-
	(220,278)	1,154

THE HILL FOUNDATION

BALANCE SHEET

AS AT 31 MARCH 2008

	Notes	2008 £	£	2007 £	£
Fixed assets					
Investments	7	16,217,482		16,872,511	
Current assets					
Cash at bank and in hand		805,409		370,116	
Creditors amounts falling due within one year	8	(12,350)		(11,809)	
Net current assets		<u>793,059</u>		<u>358,307</u>	
Total assets less current liabilities		<u><u>17,010,541</u></u>		<u><u>17,230,818</u></u>	
Income funds					
Unrestricted funds					
Unrestricted income funds		16,419,965		16,661,947	
Revaluation reserve		<u>590,576</u>		<u>568,871</u>	
		<u><u>17,010,541</u></u>		<u><u>17,230,818</u></u>	
		<u><u>17,010,541</u></u>		<u><u>17,230,818</u></u>	

The accounts were approved by the Board on 15 May 2008



Trustee

THE HILL FOUNDATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

	Notes	2008 £	2007 £
Net cash outflow from operating activities	9	(225,764)	(140,985)
Capital expenditure and financial investment			
Payments to acquire investments	(1,600,000)	(1,633,041)	
Receipts from sales of investments	<u>2,264,048</u>	<u>1,515,157</u>	
Net cash inflow/(outflow) from capital expenditure and financial investment		<u>664,048</u>	<u>(117,884)</u>
Increase/(decrease) in cash	10	<u><u>435,293</u></u>	<u><u>(258,868)</u></u>

THE HILL FOUNDATION

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2008

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention modified to include the revaluation of certain fixed assets

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Companies Act 1985

1.2 Incoming resources

The expendable endowment fund is to be invested conservatively and there is no duty on the part of the trustees to apply the funds until the trustees decide to convert those funds into income, when such funds shall then become unrestricted income. The donor has expressed a view that the reserves will be built up to cover possible fluctuations in income to a level that is at least equal to one year's projected expenditure, but this is not a binding obligation on the trustees

1.3 Resources expended

Charitable activities costs are allocated over the relevant activity based upon the cost of activities undertaken directly and support costs are allocated according to the relative costs of each activity in each year

1.4 Investments

Fixed asset investments are stated at market value

1.5 Foreign currency translation

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

1.6 Accumulated funds

The expendable endowment funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the expendable endowment funds are set out in the notes to the accounts

2 Investment income

	2008 £	2007 £
Income from listed investments	223,459	122,705
UK Bonds interest	121,361	236,900
Interest receivable	20,530	41,227
	<u>365,350</u>	<u>400,832</u>

THE HILL FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

3 Total resources expended

	2008 £	2007 £
Charitable activities		
Grants payable	557,163	473,135
<u>Student selection committee costs</u>		
Activities undertaken directly	6,877	6,608
Governance costs	27,615	41,371
	<u>591,655</u>	<u>521,114</u>

Management and administration costs includes payments to the auditors of £1,986 (2007- £1,528) for audit fees and £2,556 (2007- £2,420) for other services

The investment management charges in the year totalled £140,043 (2007 no data), which were applied to the underlying pooled funds. Therefore, no fees are taken directly from the portfolio

4 Grants payable

	2008 £	2007 £
Grants to institutions (3 grants)		
Schools project	13,284	27,169
Conferences	-	5,000
Cultural exchanges	2,000	3,630
Hill Foundation Scholarships	523,879	419,336
	<u>539,163</u>	<u>455,135</u>
Grants to individuals (1 grants)	18,000	18,000
	<u>557,163</u>	<u>473,135</u>
One-off awards	15,284	35,799
Reconciliation of grants payable		
Commitments made in the year	534,704	450,676
Grants cancelled or recovered	22,459	22,459
	<u>557,163</u>	<u>473,135</u>
Grants paid during the year	557,163	450,676
Commitments at 1 April 2007	22,459	-
	<u>22,459</u>	<u>22,459</u>
Commitments at 31 March 2008	<u>22,459</u>	<u>22,459</u>

THE HILL FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

5 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, but 1 of them was reimbursed a total of £6,377 for student selection costs (2007- 1 was reimbursed £6,108)

6 Employees

There were no employees during the year

7 Fixed asset investments

	Hedge Funds	International Equities	UK Bonds	UK Equities	Property Funds	Total
	£	£	£	£	£	£
Market value at 1 April 2007	5,247,790	645,268	3,509,343	6,455,810	1,014,300	16,872,511
Disposals at opening book value	(230,680)	-	(1,836,748)	(212,298)	-	(2,279,726)
Acquisitions at cost	700,000	900,000	-	2,992	-	1,602,992
Change in value in the year	701,362	(70,605)	112,969	(593,021)	(129,000)	21,705
Market value at 31 March 2008	6,418,472	1,474,663	1,785,564	5,653,483	885,300	16,217,482
Historical cost						
At 31 March 2008	4,677,407	1,500,000	1,860,377	4,613,774	1,000,000	13,651,558
At 31 March 2007	4,208,088	600,000	3,697,124	4,823,080	1,000,000	14,328,292

8 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	34,809	34,268
Grants payable	(22,459)	(22,459)
	12,350	11,809

THE HILL FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2008

9	Net cash outflow from operating activities	2008	2007		
		£	£		
	Reconciliation to changes in resources				
	Changes in resources before revaluations	(226,305)	(120,282)		
	Increase/(decrease) in creditors	541	(20,703)		
		<u>(225,764)</u>	<u>(140,985)</u>		
10	Reconciliation of net cash flow to movement in net funds	2008	2007		
		£	£		
	Increase/(decrease) in cash	435,293	(258,868)		
	Net funds at 1 April 2007	370,116	628,984		
	Net funds at 31 March 2008	<u>805,409</u>	<u>370,116</u>		
11	Analysis of net cash balances				
		At 1 April 2007	Cash flow	Non-cash changes	At 31 March 2008
		£	£	£	£
	Cash at bank and in hand	370,116	435,293	-	805,409
		<u>370,116</u>	<u>435,293</u>	<u>-</u>	<u>805,409</u>