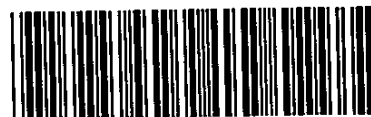


Charity Registration No. 1086396

Company Registration No. 4189311 (England and Wales)

THE HILL FOUNDATION
TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2011

THURSDAY



AONAQZ40

A31

10/11/2011

340

COMPANIES HOUSE

THE HILL FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr Anthony Smith Mr James Kitcatt Alastair Tulloch Prof Catriona Kelly
Secretary	Alastair Tulloch
Charity number	1086396
Company number	4189311
Principal address	11 Hill Street Mayfair London W1J 5LG
Registered office	4 Hill Street Mayfair London W1J 5NE
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

CONTENTS

	Page
Trustees' report	1 - 3
Statement of trustees' responsibilities	4
Independent auditors' report	5 - 6
Statement of financial activities	7
Summary income and expenditure account	8
Balance sheet	9
Cash flow statement	10
Notes to the accounts	11 - 15

THE HILL FOUNDATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2011

The trustees present their report and accounts for the year ended 31 March 2011

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, 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 were
Mr Anthony Smith
Mr James Kitcatt
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 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 managed growth trust, a property fund 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 continue to take legal advice as appropriate.

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 of the Russian Federation or first generation Israelis of Russian descent. Applicants must intend to return to their home country at the end of their studies 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 HILL FOUNDATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

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 awarded 9 Hill Foundation scholarships to Russian students who had been offered a place at Oxford University to read for undergraduate or post-graduate degrees

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

Financial review

The charity has continued to fund its regular commitments to the Hill Foundation Scholarships. Financial market conditions continued to improve in the year and the portfolio is now generating sufficient income and regular gains to meet the costs of the charity's usual activities, and also to cover the cost of smaller one-off grants. The funds had been invested to satisfy the investment policy to increase their underlying value and to provide a target return of 3%, which is estimated to be sufficient to meet the charity's annual grant and award commitments. Actual income performance for the year was a return of 2.33% (2010 2.21%), taking the hedge fund as zero on the grounds of prudence. If, however, hedge fund performance is taken into account then the annual return becomes 3.99% (2010 3.69%).

The fund managers are currently maintaining a defensive stance, and they have a longer term policy to reposition the portfolio to revised asset allocations agreed jointly with the trustees in May 2007, when market stability returns. Current market conditions do not warrant taking major steps in that regard, and there are sufficient cash reserves to enable a rebalancing to take place and to ensure there is liquidity should a suitable opportunity arise.

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. As equity-based investments have recovered significantly, the target level of reserves has been maintained throughout the year across the portfolio as a whole.

Annual portfolio unrealised gains of 4.58% (2010 1.3%) overall were posted, which built on last year's recovery performance. The portfolio is in a reasonable position of surplus measured against book cost of just over 15.93% (2010 10.72%), which is satisfactory.

Whilst there are 2 sub-funds within the overall portfolio that remain in deficit, namely UK bonds and Property funds, they continue to generate positive income yields, and therefore there is no need to crystallize their temporary deficiency.

Plans for the future

Since the scheme's inception in 2000, the Foundation has supported a total of 66 students at Oxford University, with a maximum total of 10 awards per year. The Foundation will continue to seek outstanding scholars for its awards scheme.

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.

THE HILL FOUNDATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

Auditors

A resolution proposing that Simon Silver-Myer be reappointed as auditors of the company will be put to the members

On behalf of the board of trustees



Alastair Tulloch

Trustee

Dated 27 October 2011

THE HILL FOUNDATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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)

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 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 accounts, the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent, and
- prepare the accounts 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 accounts 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 AUDITORS' REPORT

TO THE MEMBERS OF THE HILL FOUNDATION

We have audited the accounts of The Hill Foundation for the year ended 31 March 2011 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 (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its 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 explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of The Hill Foundation for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the accounts in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the accounts.

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available for Small Entities, in the circumstances set out in note 15 to the accounts.

Opinion on accounts

In our opinion the accounts

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2011 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the accounts are prepared is consistent with the accounts.

THE HILL FOUNDATION

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF THE HILL FOUNDATION

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 accounts 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

Simon Silver-Myer

Mr Michael Simon (Senior Statutory Auditor)
for and on behalf of Simon Silver-Myer

Chartered Accountants

Statutory Auditor

8 Durweston Street

London W1H 1EW

Dated *31st October 2011*

THE HILL FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
<u>Incoming resources from generated funds</u>			
Investment income	2	334,128	306,772
Other incoming resources	3	37,014	38,052
Total incoming resources		371,142	344,824
<u>Resources expended</u>			
Costs of generating funds			
Publicity costs	4	100	12,377
Investment management costs		13,252	-
		13,352	12,377
Net incoming resources available		357,790	332,447
Charitable activities			
Student selection & secretarial support costs		31,112	30,936
Grants payable		468,069	320,841
Total charitable expenditure		499,181	351,777
Governance costs		5,521	4,917
Total resources expended		518,054	369,071
Net outgoing resources		(146,912)	(24,247)
Other recognised gains and losses			
Gains on investment assets		848,994	2,240,962
Net movement in funds		702,082	2,216,715
Fund balances at 1 April 2010		16,077,977	13,861,262
Fund balances at 31 March 2011		16,780,059	16,077,977

THE HILL FOUNDATION

SUMMARY INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

	2011 £	2010 £
Gross income	371,142	344,824
Gain on disposal of investment assets held by income funds	109,669	203,273
Provision for loss in value of investments below cost	(2,840)	-
Total income	477,971	548,097
Total expenditure from income funds	518,054	369,071
Net (expenditure)/income for the year	(40,083)	179,026

The summary income and expenditure account is derived from the statement of financial activities on page 0 which, together with the notes on pages 11 to 15, 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	(40,083)	179,026
Unrealised gains on investment assets held by income funds	742,165	2,037,689
	702,082	2,216,715

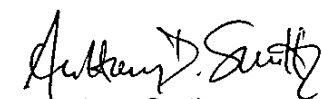
THE HILL FOUNDATION

BALANCE SHEET

AS AT 31 MARCH 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Investments	9	16,127,251		15,250,206	
Current assets					
Debtors	10	-		4,575	
Cash at bank and in hand		684,702		858,950	
		684,702		863,525	
Creditors: amounts falling due within one year	11	(31,894)		(35,754)	
Net current assets		652,808		827,771	
Total assets less current liabilities		16,780,059		16,077,977	
Income funds					
Unrestricted funds					
Unrestricted income funds		16,536,575		16,576,658	
Revaluation reserve		243,484		498,681	
		16,780,059		16,077,977	
		16,780,059		16,077,977	

The accounts were approved by the Board on 27 October 2011



Mr Anthony Smith
Trustee

Company Registration No. 4189311

THE HILL FOUNDATION

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £	2010 £
Net cash outflow from operating activities	12	(146,197)	(45,657)
Capital expenditure and financial investment			
Payments to acquire investments	(552,612)	-	-
Receipts from sales of investments	524,561	203,273	
Net cash (outflow)/inflow from capital expenditure and financial investment		(28,051)	203,273
(Decrease)/increase in cash	13	(174,248)	157,616

THE HILL FOUNDATION

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2011

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 2006

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

	2011 £	2010 £
Income from listed investments	229,449	210,319
UK Bonds interest	94,942	94,942
Interest receivable	9,737	1,511
	<u>334,128</u>	<u>306,772</u>

THE HILL FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2011

3 Other incoming resources

	2011 £	2010 £
Rebates on investment managers charges	37,014	38,052

4 Total resources expended

	Other costs £	Grant funding £	Total 2011 £	Total 2010 £
Costs of generating funds				
Publicity costs	100	-	100	12,377
Investment management costs	13,252	-	13,252	-
Total	13,352	-	13,352	12,377
Charitable activities				
<u>Student selection & secretarial support costs</u>				
Activities undertaken directly	31,112	-	31,112	30,936
<u>Grants payable</u>				
Grant funding of activities	-	468,069	468,069	320,841
	31,112	468,069	499,181	351,777
Governance costs	5,521	-	5,521	4,917
	49,985	468,069	518,054	369,071

Governance costs includes payments to the auditors of £2,340 (2010- £2,174) for audit fees and £3,180 (2010- £2,744) for other services

The investment management charges in the year totalled £178,211 (2010 £123,730), which were applied to the book costs of underlying pooled funds. In addition to charges arising on purchase and sale of assets in the year, fees of £13,252 (2010 £nil) were deducted directly from one of the assets generating income from listed investments

5 Activities undertaken directly

Included in activities undertaken directly are costs of £24,000 (2010 £23,500) for secretarial support payable to a connected firm of one of the trustees for professional services rendered

THE HILL FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2011

	Total 2011 £	Total 2010 £
Grants to institutions	-	801
Cultural exchanges	-	-
Hill Foundation Scholarships	468,069	457,663
	468,069	318,841
Grants to individuals	-	2,000
	468,069	320,841
6 Grants payable	2011 £	2010 £
Grants payable	468,069	320,841

7 Trustees

None of the trustees received any remuneration during the year, but Anthony Smith was reimbursed a total of £6,757 for student selection costs (2010- £6,696) and Tulloch & Co, Solicitors, a firm connected to Alastair Tulloch was paid £23,540 62 inclusive of VAT and disbursements in respect of the administration

8 Employees

There were no employees during the year

THE HILL FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2011

9 Fixed asset investments

	Hedge Funds	International Equities	UK Bonds	UK Equities	Property Funds	Total
	£	£	£	£	£	£
Market value at 1 April 2010	5,832,141	1,686,856	1,772,346	5,277,163	681,700	15,250,206
Disposals at opening book value	(267,347)	-	-	(145,294)	(2,251)	(414,892)
Acquisitions at cost	-	100,151	-	102,461	350,000	552,612
Change in value in the year	2,281	132,635	(7,962)	607,249	5,122	739,325
Market value at 31 March 2011	5,567,075	1,919,642	1,764,384	5,841,579	1,034,571	16,127,251
Historical cost						
At 31 March 2011	4,410,061	1,600,151	1,860,377	4,692,922	1,347,749	13,911,260
At 31 March 2010	4,677,407	1,500,000	1,860,377	4,735,755	1,000,000	13,773,539

10 Debtors

	2011 £	2010 £
Other debtors	-	4,575

11 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	31,894	35,754

THE HILL FOUNDATION

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2011

12	Net cash outflow from operating activities	2011 £	2010 £
	Reconciliation to changes in resources		
	Changes in resources before revaluations	(146,912)	(24,247)
	Decrease/(increase) in debtors	4,575	(4,575)
	Decrease in creditors	(3,860)	(16,835)
		<u>(146,197)</u>	<u>(45,657)</u>

13	Reconciliation of net cash flow to movement in net funds	2011 £	2010 £
	(Decrease)/increase in cash	(174,248)	157,616
	Net funds at 1 April 2010	<u>858,950</u>	<u>701,334</u>
	Net funds at 31 March 2011	<u><u>684,702</u></u>	<u><u>858,950</u></u>

14	Analysis of net cash balances	At 1 April 2010 £	Cash flow £	Non-cash changes £	At 31 March 2011 £
	Cash at bank and in hand	858,950	(174,248)	-	684,702
		<u>858,950</u>	<u>(174,248)</u>	<u>-</u>	<u>684,702</u>

15 Auditors' Ethical Standards

The relevant circumstances requiring disclosure in accordance with the requirements of APB Ethical Standard - Provisions Available for Small Entities are that, in common with many charities of our size and nature we use our auditors to assist with the preparation of the accounts