

Charity Registration No 1086396

Company Registration No 4189311 (England and Wales)

**THE HILL FOUNDATION**  
**TRUSTEES' REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2010**

THURSDAY



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# THE HILL FOUNDATION

## LEGAL AND ADMINISTRATIVE INFORMATION

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### Trustees

Mr Anthony Smith  
Mr James Kitcatt  
Mr Alastair Tulloch  
Prof Catriona Kelly

### 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

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# THE HILL FOUNDATION

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# THE HILL FOUNDATION

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 MARCH 2010

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The trustees present their report and accounts for the year ended 31 March 2010

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, and who served during the year were  
Mr Anthony Smith

Ms Inna Nevzlina (Resigned 10 August 2009)

Mr James Kitcatt

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

# THE HILL FOUNDATION

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2010

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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 7 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 recital was given by Elena Kisileva at the Hill Foundation dinner

(3) a £2,000 grant was given to one student to enable her to continue in residence outside the academic term

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 improved 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 2.21%, 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 3.69%.

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 13% overall were posted, which was a satisfactory result. The portfolio has therefore now returned to a position of surplus measured against book cost of just over 10%, which is reasonable.

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 year end, the trustees have taken opportunities to invest the annual ARTC distribution of £200,000 back into UK and global equities and also have in place a 2% re-allocation from hedge towards property instead. These transactions underway do not represent any significant deviation from previously agreed target objectives for the portfolio as a whole.

On behalf of the board of trustees

# THE HILL FOUNDATION

## TRUSTEES' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 MARCH 2010**

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Mr Alastair Tulloch

Trustee

Dated 18 6 10



# THE HILL FOUNDATION

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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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 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 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 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 enable them to ensure that the accounts comply with the Companies Act 2006. 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

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We have audited the accounts of The Hill Foundation for the year ended 31 March 2010 set out on pages 7 to 15. These accounts have been prepared in accordance with the accounting policies set out on page 11.

This report is made solely to the charity's trustees, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees 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 trustees 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 4, 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.

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.



# THE HILL FOUNDATION

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF THE HILL FOUNDATION

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#### Opinion

In our opinion the accounts

- give a true and fair view of the state of the the charity's affairs as at 31 March 2010 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been prepared in accordance with the Companies Act 2006, and
- the information provided in the Trustees' Report is consistent with the accounts



**Simon Silver-Myer**

Chartered Accountants

Registered Auditor

8 Durweston Street

London W1H 1EW

Dated 22 June 2010

# THE HILL FOUNDATION

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2010

	Notes	2010 £	2009 £
<b><u>Incoming resources from generated funds</u></b>			
Investment income	2	306,772	356,494
Other incoming resources	3	38,052	16,691
<b>Total incoming resources</b>		<b>344,824</b>	<b>373,185</b>
<b><u>Resources expended</u></b>			
<b>Costs of generating funds</b>			
Publicity costs	4	12,377	-
Investment management costs		-	4,392
		<b>12,377</b>	<b>4,392</b>
<b>Net incoming resources available</b>		<b>332,447</b>	<b>368,793</b>
<b>Charitable activities</b>			
Student selection & secretarial support costs		30,936	30,009
Grants payable		320,841	476,464
<b>Total charitable expenditure</b>		<b>351,777</b>	<b>506,473</b>
Governance costs		4,917	4,709
<b>Total resources expended</b>		<b>369,071</b>	<b>515,574</b>
<b>Net outgoing resources</b>		<b>(24,247)</b>	<b>(142,389)</b>
<b>Other recognised gains and losses</b>			
Gains/(losses) on investment assets		2,240,962	(3,006,889)
<b>Net movement in funds</b>		<b>2,216,715</b>	<b>(3,149,278)</b>
Fund balances at 1 April 2009		13,861,262	17,010,540
<b>Fund balances at 31 March 2010</b>		<b>16,077,977</b>	<b>13,861,262</b>

# THE HILL FOUNDATION

## SUMMARY INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2010

	2010 £	2009 £
Gross income	344,824	373,185
Gain on disposal of investment assets held by income funds	203,273	120,057
Total income	548,097	493,242
Total expenditure from income funds	369,071	515,574
Net income/(expenditure) for the year	179,026	(22,332)

The summary income and expenditure account is derived from the statement of financial activities on page 7 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 income/(expenditure) for the year	179,026	(22,332)
Unrealised gains on investment assets held by income funds	2,037,689	(3,126,946)
	2,216,715	(3,149,278)

# THE HILL FOUNDATION

## BALANCE SHEET

AS AT 31 MARCH 2010

	Notes	2010 £	£	2009 £	£
<b>Fixed assets</b>					
Investments	9	15,250,206		13,212,517	
<b>Current assets</b>					
Debtors	10	4,575		-	
Cash at bank and in hand		858,950		701,334	
		<u>863,525</u>		<u>701,334</u>	
<b>Creditors, amounts falling due within one year</b>	11	<u>(35,754)</u>		<u>(52,589)</u>	
<b>Net current assets</b>		<u>827,771</u>		<u>648,745</u>	
<b>Total assets less current liabilities</b>		<u>16,077,977</u>		<u>13,861,262</u>	
<b>Income funds</b>					
Unrestricted funds					
Unrestricted income funds		16,576,658		16,397,632	
Revaluation reserve		498,681		2,536,370	
		<u>16,077,977</u>		<u>13,861,262</u>	
		<u>16,077,977</u>		<u>13,861,262</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 2010, although an audit has been carried out under section 43 of the Charities Act 1993. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts under the requirements of the Companies Act 2006.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing accounts 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 accounts, so far as applicable to the company.

The accounts were approved by the Board on 18 June 2010



Mr Anthony Smith  
Trustee

Company Registration No 4189311

# THE HILL FOUNDATION

## CASH FLOW STATEMENT

**FOR THE YEAR ENDED 31 MARCH 2010**

	Notes	2010 £	2009 £
Net cash outflow from operating activities	12	(45,657)	(102,150)
<b>Capital expenditure and financial investment</b>			
Payments to acquire investments	-	(545,608)	
Receipts from sales of investments	203,273	543,684	
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>		<b>203,273</b>	<b>(1,924)</b>
<b>Increase/(decrease) in cash</b>	<b>13</b>	<b>157,616</b>	<b>(104,075)</b>

# THE HILL FOUNDATION

## NOTES TO THE ACCOUNTS

**FOR THE YEAR ENDED 31 MARCH 2010**

### **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**

	2010 £	2009 £
Income from listed investments	210,319	236,980
UK Bonds interest	94,942	94,942
Interest receivable	1,511	24,572
	<u>306,772</u>	<u>356,494</u>

# THE HILL FOUNDATION

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2010

### 3 Other incoming resources

	2010 £	2009 £
Rebates on investment managers charges	<u>38,052</u>	<u>16,691</u>

### 4 Total resources expended

	Other costs £	Grant funding £	Total 2010 £	Total 2009 £
<b>Costs of generating funds</b>				
Publicity costs	12,377	-	12,377	-
Investment management costs	-	-	-	4,392
<b>Total</b>	<u>12,377</u>	<u>-</u>	<u>12,377</u>	<u>4,392</u>
<b>Charitable activities</b>				
<u>Student selection &amp; secretarial support costs</u>				
Activities undertaken directly	30,936	-	30,936	30,009
<u>Grants payable</u>				
Grant funding of activities	-	320,841	320,841	476,464
	<u>30,936</u>	<u>320,841</u>	<u>351,777</u>	<u>506,473</u>
<b>Governance costs</b>	<u>4,917</u>	<u>-</u>	<u>4,917</u>	<u>4,709</u>
	<u>48,230</u>	<u>320,841</u>	<u>369,071</u>	<u>515,574</u>

Governance costs includes payments to the auditors of £2,174 (2009- £2,116) for audit fees and £2,744 (2009- £2,593) for other services

The investment management charges in the year totalled £123,730 (2009 128,305), which were applied to the underlying pooled funds. Other than brokers charges arising on purchase and sale of assets in the year, no fees are taken directly from the portfolio

### 5 Activities undertaken directly

Included in activities undertaken directly are costs of £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 2010

	Total 2010 £	Total 2009 £
Grants to institutions (1 grants)		
Cultural exchanges	200	801
Hill Foundation Scholarships	318,641	457,663
	<u>318,841</u>	<u>458,464</u>
Grants to individuals (1 grants)	2,000	18,000
	<u>320,841</u>	<u>476,464</u>

### 6 Grants payable

	Grants to institutions £	Grants to individuals £	Total 2010 £	Total 2009 £
Grants payable	<u>318,841</u>	<u>2,000</u>	<u>320,841</u>	<u>476,464</u>
Commitments at 1 April 2009			-	(22,459)

### 7 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 £6,696 for student selection costs (2009- 1 was reimbursed £6,377)

### 8 Employees

There were no employees during the year



# THE HILL FOUNDATION

## NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2010

### 9 Fixed asset investments

	Hedge Funds	International Equities	UK Bonds	UK Equities	Property Funds	Total
	£	£	£	£	£	£
Market value at 1 April 2009	5,472,573	1,225,401	1,796,682	4,070,861	647,000	13,212,517
Change in value in the year	<u>359,568</u>	<u>461,455</u>	<u>(24,336)</u>	<u>1,206,302</u>	<u>34,700</u>	<u>2,037,689</u>
<b>Market value at 31 March 2010</b>	<b><u>5,832,141</u></b>	<b><u>1,686,856</u></b>	<b><u>1,772,346</u></b>	<b><u>5,277,163</u></b>	<b><u>681,700</u></b>	<b><u>15,250,206</u></b>
Historical cost						
At 31 March 2010	<u>4,677,407</u>	<u>1,500,000</u>	<u>1,860,377</u>	<u>4,735,755</u>	<u>1,000,000</u>	<u>13,773,539</u>
At 31 March 2009	<u>4,677,407</u>	<u>1,500,000</u>	<u>1,860,377</u>	<u>4,735,755</u>	<u>1,000,000</u>	<u>13,773,539</u>

### 10 Debtors

	2010 £	2009 £
Other debtors	<u>4,575</u>	<u>-</u>

### 11 Creditors amounts falling due within one year

	2010 £	2009 £
Trade creditors	<u>35,754</u>	<u>52,589</u>

# THE HILL FOUNDATION

## NOTES TO THE ACCOUNTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2010

12 Net cash outflow from operating activities	2010 £	2009 £
Reconciliation to changes in resources		
Changes in resources before revaluations	(24,247)	(142,389)
Increase in debtors	(4,575)	-
(Decrease)/Increase in creditors	(16,835)	40,239
	<u>(45,657)</u>	<u>(102,150)</u>

13 Reconciliation of net cash flow to movement in net funds	2010 £	2009 £
Increase/(decrease) in cash	157,616	(104,075)
Net funds at 1 April 2009	<u>701,334</u>	<u>805,409</u>
Net funds at 31 March 2010	<u>858,950</u>	<u>701,334</u>

14 Analysis of net cash balances	At 1 April 2009 £	Cash flow £	Non-cash changes £	At 31 March 2010 £
Cash at bank and in hand	701,334	157,616	-	858,950
	<u>701,334</u>	<u>157,616</u>	<u>-</u>	<u>858,950</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