

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 2017

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THE HILL FOUNDATION

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr Anthony Smith CBE Mr James Kitcatt Mr Alastair Tulloch Prof Catriona Kelly
Secretary	Mr Alastair Tulloch
Charity number	1086396
Company number	04189311
Registered office	4 Hill Street Mayfair London W1J 5NE
Auditor	Berg Kaprow Lewis LLP 35 Ballards Lane London N3 1XW
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 (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2017

The trustees present their report and accounts for the year ended 31 March 2017.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the the charity's governing document, the Companies Act 2006 and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2015.

The trustees pay due regard 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 of the Russian Federation or first generation Israelis of Russian descent. Applicants must intend to return to their homeland 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 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 in the 2016-17 academic year 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. Financial market conditions have been unsettled. The portfolio income is currently insufficient to meet the costs of the charity's usual activities and the funding gap has been met by the disposal of assets. The funds had been invested to satisfy the investment policy to increase their underlying value and to provide a minimum target long term investment return of 4.5% (above the UK CPI) with at least 3% of the fund available for annual disbursement, but none of these targets have been met.

The actual overall performance for the year turned around in the second half of 2016 and became a positive return of 14.7% (over 3 years: 6.2% pa). The historic yield remained at 2.09% which is short of the target return. Fortunately, there have been past accumulated value surpluses that the charity can now draw upon to meet the funding gap.

The fund managers continue to take an active approach for fixed income and absolute return, but take a passive approach for equities exposure. There is an active UK dynamic fund, a growth trust for charities and global multi-manager funds. They invest in pooled funds only and use appropriate asset allocations, benchmarking and performance measurement.

THE HILL FOUNDATION

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

FOR THE YEAR ENDED 31 MARCH 2017

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. Despite valuation losses, the target level of reserves has been maintained throughout the year across the portfolio as a whole.

The investment portfolio remains in a satisfactory position of surplus measured against book cost of just over 33.6% (2016: 22.7%)

There are two sub-funds within the overall portfolio that are in deficit, namely: the Schroder Strategic Credit Fund (by 1.3% or £15,481) and the Mayfair Capital Property Income Trust (by 24.8% or £333,900). Despite such a large deficit on the Property Income Trust it continues to generate a positive income yield of 6.33% which is satisfactory. The trustees consider that diversification within the portfolio as a whole, despite the significant fall in the values of equity and hedge funds, continues to mitigate the deficits on the identified funds.

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 were:

Mr Anthony Smith CBE

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. 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.

THE HILL FOUNDATION

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

FOR THE YEAR ENDED 31 MARCH 2017

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

Further details of the revaluation of assets are shown in note 8 to the Accounts. Past decisions were taken to further extend the original Hill Foundation portfolio composition to a more diversified, multi-manager approach, which the trustees believe offers effective protection against future asset cover risks. The portfolio continues to show a surplus of £4.11 million in value over book cost [2016 surplus: £3.28 million] which has vindicated this approach.

The trustees regard the current level of asset cover and cash reserves to be sufficient to meet future resource expenditure needs and cover for the current income funding gap, and will closely monitor this situation particularly as the student funding commitments to Oxford University are likely to rise significantly in 2016-17.

The total amount required for the 2017-18 scholarship awards is projected to be £402,195 for a further 9 awards (2016-17: £564,747 - 9 awards).

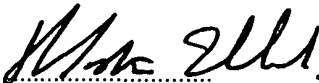
Auditor

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.



Mr Alastair Tulloch

Trustee

Dated: 5th Oct 2017

THE HILL FOUNDATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2017

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; 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 adequate 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 AUDITOR'S REPORT

TO THE MEMBERS OF THE HILL FOUNDATION

We have audited the accounts of The Hill Foundation for the year ended 31 March 2017 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), including Financial Reporting Standard 102.

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 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 charity 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 auditor

As explained more fully in the statement of trustees' responsibilities set out on page 4, 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.

The trustees have elected for the accounts to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. 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. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2017 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.

THE HILL FOUNDATION

INDEPENDENT AUDITOR'S 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 Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustee's report is inconsistent in any material respect with the financial statements; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Berg Kaprow Lewis LLP

for and on behalf of Berg Kaprow Lewis LLP

11 October 2017
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Chartered Accountants
Statutory Auditor

35 Ballards Lane
London
N3 1XW

Berg Kaprow Lewis LLP is eligible to act as an auditor in terms 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 2017

	Notes	2017 £	2016 £
<u>Income from:</u>			
Investment income	2	428,133	382,311
<u>Expenditure on:</u>			
Raising funds	3	46,126	48,451
Charitable activities	4	614,487	481,502
Total resources expended		660,613	529,953
Net gains on investments	9	2,313,056	(902,639)
Net movement in funds		2,080,576	(1,050,281)
Fund balances at 1 April 2016		18,490,986	19,541,267
Fund balances at 31 March 2017		20,571,562	18,490,986

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 2017

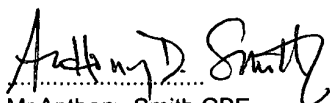
	Notes	2017 £	£	2016 £	£
Fixed assets					
Investments	10	20,488,994		18,484,939	
Current assets					
Debtors	11	26,823		10,480	
Cash at bank and in hand		62,525		3,397	
		89,348		13,877	
Creditors: amounts falling due within one year	12	(6,780)		(7,830)	
Net current assets		82,568		6,047	
Total assets less current liabilities		20,571,562		18,490,986	
Income funds					
Unrestricted funds		20,571,562		18,490,986	
		20,571,562		18,490,986	

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 2017, although an audit has been carried out under section 144 of the Charities Act 2011. 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 trustees' responsibilities for ensuring that the charity 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.

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

The accounts were approved by the Trustees on 5th Oct 2017



Mr Anthony Smith CBE
Trustee

Company Registration No. 04189311

THE HILL FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Net cash provided by operating activities	14		(678,006)		(534,613)
Investing activities					
Purchase of investments		(4,352,316)		(2,460,920)	
Proceeds on disposal of investments		4,661,317		2,572,772	
Dividends interest & other income received		428,133		382,311	
Net cash generated from investing activities			737,134		494,163
Net cash used in financing activities			-		-
Net increase/(decrease) in cash and cash equivalents			59,128		(40,450)
Cash and cash equivalents at beginning of year			3,397		43,847
Cash and cash equivalents at end of year			62,525		3,397

THE HILL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity has prepared the accounts (financial statements) in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has since been withdrawn. This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

FIRST TIME ADOPTION OF FRS 102

These accounts for the year ended 31 March 2017 are the first accounts of The Hill Foundation prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The last financial statements prepared under previous UK GAAP were for the year ended 31 March 2016 and the date of transition to FRS 102 was therefore 1 April 2015. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

The policies applied under the charity's previous accounting framework are not materially different to FRS 102 and have not impacted on funds or net expenditure.

1.2 Going concern

At the time of approving the accounts, the trustees have a reasonable expectation that the the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the accounts.

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 2017

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 2017

2 Investment income

	2017 £	2016 £
Income from listed investments	314,914	274,227
UK Bonds interest	106,773	99,629
Overseas fund interest	6,356	8,170
Interest receivable	90	285
	<u>428,133</u>	<u>382,311</u>

3 Raising funds

	2017 £	2016 £
<u>Investment management costs</u>	46,126	48,451
	<u>46,126</u>	<u>48,451</u>

4 Charitable activities

	2017 £	2016 £
Student selection, secretarial support and dinner costs	13,387	23,571
Bank charges	125	148
Other expenses	374	267
Secretarial support	27,600	27,600
Website expenses	1,300	-
	<u>42,786</u>	<u>51,586</u>
Grant funding of activities (see note 5)	563,919	421,990
Share of governance costs (see note 6)	7,782	7,926
	<u>614,487</u>	<u>481,502</u>

5 Grants payable

	2017 £	2016 £
Grants to institutions:		
University of Oxford	<u>563,919</u>	<u>421,990</u>

THE HILL FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

5 Grants payable

(Continued)

6 Support costs

	Support costs £	Governance costs £	2017 £	2016 £	Basis of allocation
Audit fees	-	3,000	3,000	2,880	Governance
Accountancy	-	4,782	4,782	5,046	Governance
	-	7,782	7,782	7,926	
Analysed between Charitable activities	-	7,782	7,782	7,926	

7 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 (2016-£6,757) and Tulloch & Co, Solicitors, a firm connected to Alastair Tulloch was paid £27,974 (2016-£27,866) inclusive of VAT and disbursements in respect of the administration under the provisions in the governing document.

8 Employees

There were no employees during the year.

9 Net gains/(losses) on investments

	2017 £	2016 £
Revaluation of investments	2,087,594	(598,312)
Gain/(loss) on sale of investments	225,462	(304,327)
	2,313,056	(902,639)

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 2017

10 Fixed asset investments

	Listed investments £	Cash in portfolio	Total £
Cost or valuation			
At 31 March 2017	17,702,144	782,795	18,484,939
Additions	966,918	7,513,557	8,480,475
Valuation changes	2,087,594	-	2,087,594
Movement in year	-	(4,128,159)	(4,128,159)
Disposals	(4,435,855)	-	(4,435,855)
At 31 March 2017	16,320,801	4,168,193	20,488,994
Carrying amount			
At 31 March 2017	16,320,801	4,168,193	20,488,994
At 31 March 2016	17,702,144	782,795	18,484,939

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 2017

11 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Other debtors	26,823	10,480

12 Creditors: amounts falling due within one year

	2017 £	2016 £
Other creditors	6,780	7,830

13 Related party transactions

There were no disclosable related party transactions during the year (2016- none) other than those disclosed in note 7.

14 Cash generated from operations

	2017 £	2016 £
Surplus/(deficit) for the year	2,080,576	(1,050,281)
Adjustments for:		
Investment income recognised in statement of financial activities	(428,133)	(382,311)
(Gain)/loss on disposal of investments	(225,462)	304,327
Fair value gains and losses on investments	(2,087,594)	598,312
Movements in working capital:		
(Increase) in debtors	(16,343)	(5,710)
(Decrease)/increase in creditors	(1,050)	1,050
Cash absorbed by operations	(678,006)	(534,613)