

Charity Commission No 1086396

Company Number: 4189311

THE HILL FOUNDATION

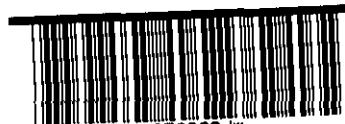
(A Private Company Limited by Guarantee)

REPORT OF THE TRUSTEES

AND

FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2002



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THE HILL FOUNDATION

REPORT OF THE TRUSTEES

YEAR ENDED 31ST MARCH 2002

OBJECTS AND POLICY

The principal objects and policy of the Company in the year was that of the advancement of education and relief of poverty.

The Company may establish and support any charitable trusts, associations or institutions to achieve these objects.

REVIEW AND FUTURE DEVELOPMENTS

During its first year, the Company established the Hill Foundation Scholarship Scheme (having obtained funding thereof) as described on the Hill Foundation website (www.hillfoundation.org). Two such scholarships were awarded to Russian students who have been offered post-graduate places at Oxford University.

In May 2002, a distinguished selection panel chose six further post-graduate Russian students, who were awarded scholarships on the same scheme.

The purpose of these scholarships is to enable young Russians of high academic ability to benefit from a period of study at Oxford before returning to their careers in the Russian Federation.

FINANCIAL RESULTS

Full details are set out in the following accounts which are in accordance with the Statement of Recommended Practice for charities.

CONSTITUTION AND OTHER STATUTORY INFORMATION

The Company is limited by guarantee and is a registered Charity No 1086396 governed by the Memorandum of Association adopted 28th March 2001. It is managed by the trustees who are supported by the company secretary.

The trustees who served during the year were:

MR. JAMES W A KITCATT
MS. IRINA L NEVZLINA
DR. ANTHONY SMITH

The trustees are the directors of the Company whose activities are governed by the Articles of Association adopted 28th March 2001.

THE HILL FOUNDATION

REPORT OF THE TRUSTEES (CONTINUED)

YEAR ENDED 31ST MARCH 2002

TRUSTEES' RESPONSIBILITIES

The Memorandum and Articles of Association require the trustees to prepare financial statements for the financial year which give a true and fair view of the state of affairs of the Company and to explain its transactions. In preparing those financial statements, the trustees are required to:

- * select suitable accounting policies and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable.
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- * prepare the financial statements on the going concern basis unless it is not appropriate to presume that the company will continue in being.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the requirements of the Charities Act and relevant Statements of Recommended Accounting Practice as well as the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Messrs Michael Simon & Co, will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

In preparing the above report, the trustees have taken advantage of special exemptions applicable to small companies under Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board



Secretary - MR. ALASTAIR TULLOCH

24th June 2002

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF THE HILL FOUNDATION

We have audited the financial statements on pages 3 to 8 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities and the accounting policies set out on page 6.

Respective responsibilities of the trustees and auditors

As described on page 2, the charity trustees are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

We have been appointed as auditors under Section 43 of the Charities Act 1993 and report in accordance with regulations made under Section 44 of that Act. We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Charities Act 1993 and the Companies Act 1985. We also report to you if, in our opinion, the Trustees Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it or material inconsistencies with the financial statements.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 as to whether the financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2002 and of its incoming resources and application of resources for the year then ended and have been properly prepared in accordance with the Charities Act 1993 and the Companies Act 1985.

8 Durweston Street
London W1H 1PH

Signed...  ...Registered Auditors

Michael Simon & Co
Chartered Accountants

Dated this 26th June 2002

THE HILL FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31ST MARCH 2002

	<u>Notes</u>	<u>Unrestricted Funds</u> £	<u>Restricted Funds</u> £	<u>Total</u> <u>2002</u> £	<u>Total</u> <u>2001</u> £
<u>INCOMING RESOURCES</u>	<u>1</u>				
Donations		1,100	-	1,100	-
Endowments		13,500,000	-	13,500,000	-
Bank deposit interest		180,014	-	180,014	-
<u>Total Incoming Resources</u>		<u>13,681,114</u>	<u>-</u>	<u>13,681,114</u>	<u>-</u>
<u>RESOURCES EXPENDED</u>	<u>1</u>				
Direct Charitable Costs	<u>2</u>	89,862	-	89,862	-
Legal & Professional costs	<u>3</u>	8,534	-	8,534	-
Administration costs	<u>4</u>	23,544	-	23,544	-
<u>Total Resources Expended</u>		<u>121,940</u>	<u>-</u>	<u>121,940</u>	<u>-</u>
<u>NET INCOMING/(OUTGOING) RESOURCES</u>		<u>13,559,174</u>	<u>-</u>	<u>13,559,174</u>	<u>-</u>
<u>NET MOVEMENT IN FUNDS</u>		<u>13,559,174</u>	<u>-</u>	<u>13,559,174</u>	<u>-</u>
<u>FUND BALANCES AT 1 April 2001</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES AT 31 March 2002</u>		<u>£13,559,174</u>	<u>£ -</u>	<u>£13,559,174</u>	<u>£ -</u>

The notes on pages 6 to 8 form an integral part of these financial statements.

THE HILL FOUNDATION

BALANCE SHEET AT 31 MARCH 2002

	<u>Notes</u>	£	<u>2002</u> £	£	<u>2001</u> £
<u>CURRENT ASSETS</u>					
Cash at bank		13,584,789		-	
		<u>13,584,789</u>		<u>-</u>	
<u>CREDITORS: AMOUNTS FALLING</u> <u>DUE WITHIN ONE YEAR</u>	5	25,615		-	
		<u></u>		<u>-</u>	
<u>NET CURRENT ASSETS</u>			13,559,174		-
			<u>13,559,174</u>		<u>-</u>
<u>TOTAL NET ASSETS</u>			£13,559,174	£	-
			<u>£13,559,174</u>	<u>£</u>	<u>-</u>


Represented by:

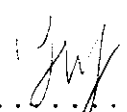
INCOME FUNDS

Unrestricted Funds	6	13,559,174		-	
		<u>13,559,174</u>		<u>-</u>	
			£13,559,174	£	-
			<u>£13,559,174</u>	<u>£</u>	<u>-</u>

The Accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

The accounts were approved by the Board on 24th June 2002 and are signed on their behalf by:


.....
TRUSTEE


.....
TRUSTEE *Irina Nevzlina*

The notes on pages 6 to 8 form an integral part of these financial statements.

THE THE HILL FOUNDATION LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2002

1. ACCOUNTING POLICIES

1.1 Basis of Accounting

The accounts are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities, and the Statement of Recommended Practice - Accounting by Charities.

1.2 Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1.

1.3 Incoming resources

Donations, endowments and other forms of voluntary income are recognised as incoming resources when receivable, except insofar as they are incapable of financial measurement. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of receipt from the Inland Revenue.

1.4 Resources expended

Management and administration expenses reflect central establishment costs and may include costs of managing charitable projects.

1.5 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.6 Accumulated funds

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

1.7 Taxation

The Company is registered as a charity and is not liable to UK income or corporation tax on its charitable work.

THE THE HILL FOUNDATION LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2002

2. COSTS OF ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTS

	<u>Unrestricted</u> <u>Funds</u> £	<u>Restricted</u> <u>Funds</u> £	<u>Total</u> <u>2002</u> £	<u>Total</u> <u>2001</u> £
Travel costs	1,607	-	1,607	-
Student selection costs	7,255	-	7,255	-
Scholarship sponsorship costs	81,000	-	81,000	-
	<u>£ 89,862</u>	<u>-</u>	<u>£ 89,862</u>	<u>-</u>

3. LEGAL AND PROFESSIONAL COSTS

	<u>2002</u> £	<u>2001</u> £
Auditors' remuneration	2,115	-
Legal costs	6,419	-
	<u>£ 8,534</u>	<u>-</u>

4. ADMINISTRATION COSTS

	<u>Unrestricted</u> <u>Funds</u> £	<u>Restricted</u> <u>Funds</u> £	<u>Total</u> <u>2002</u> £	<u>Total</u> <u>2001</u> £
Office and support costs	23,500	-	23,500	-
Bank charges	44	-	44	-
	<u>£ 23,544</u>	<u>-</u>	<u>£ 23,544</u>	<u>-</u>

5. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR

	<u>2002</u> £	<u>2001</u> £
Other creditors	25,615	-
	<u>£ 25,615</u>	<u>-</u>

THE THE HILL FOUNDATION LIMITED

NOTES TO THE ACCOUNTS YEAR ENDED 31ST MARCH 2002

6. ACCUMULATED FUNDS

	<u>As at</u> <u>1.4.2001</u>	<u>Incoming</u> <u>Resources</u>	<u>Outgoing</u> <u>Resources</u>	<u>Interest</u> <u>Added</u>	<u>As at</u> <u>31.3.2002</u>
	£	£	£	£	£
<u>UNRESTRICTED FUNDS:</u>					
Expendable Endowments	-	13,500,000	(121,940)	180,014	13,558,074
Other donations		1,100	-	-	1,100
	-	13,501,100	(121,940)	180,014	13,559,174

7. PURPOSES OF THE ACCUMULATED FUNDS

7.1 Expendable Endowment Fund

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.

The donor has further expressed a wish that the funds are directed towards the integration of the Russian Federation into the world. Such activities are to include, but are not restricted to, sponsorship of Russian students at schools and universities outside of Russia, support of educational establishments, cultural exchanges and promotion of Russian art.

The foregoing is not binding on the trustees, nor subject to specific trusts, and the trustees are free to expend the expendable endowments and income thereof in pursuit of general charitable objects. Hence the accumulated fund is to be regarded as unrestricted within the definitions of the UK SORP relating to charities.