

**KHODORKOVSKY FOUNDATION**  
**FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED 31 DECEMBER 2020**

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Company No: 4988238

Charity No: 1106885



**KHODORKOVSKY FOUNDATION****TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Trustees submit their annual report and audited financial statements for the year ended 31 December 2020.

**REFERENCE AND ADMINISTRATIVE DETAILS**

Trustees	A Tulloch A Smith B Saltykov (resigned 14 September 2020) R Caldecott A Drel M Logan (appointed 14 September 2020)
Company secretary	D Forsdick
Registered office	4 Hill Street London W1J 5NE
Company registration number	4988238
Charity number	1106885
Bankers	Schroder & Co 31 Gresham St. London EC2V 7QA
Investment managers	Morgan Stanley & Co. International Limited 25 Cabot Square Canary Wharf London E14 4QA  Black Rock 33 King William St London EC4R 9AS  Goldman Sachs International 133 Fleet Street London EC4A 2BB
Solicitors	Tulloch & Co 4 Hill Street London W1J 5NE
Auditors	Critchleys Audit LLP Beaver House 23-38 Hythe Bridge Street Oxford OX1 2EP

**KHODORKOVSKY FOUNDATION**  
**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**  
**(CONTINUED)**

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

The charity is governed by its Memorandum and Articles of Association.

Trustees are selected on the basis of the skills and experience they were able to contribute in the fields of education in Russia and the UK, investment management and charity administration and have been drawn from persons known to the trustees, as supportive of the charity's work. New trustees were inducted in to their role as trustees in a series of briefings on the work of the charity. The Trustees have been selected for their skills and professionalism and come with many years of experience in different walks of life and additional training is provided through working together on joint visits to Russian universities and on the Foundation's projects.

**Organisational structure and relationship with related parties**

The charity is managed by its Board of Trustees. Day-to-day management is delegated to A Tulloch. The charity supports the work in Russia of the Oxford Russia Fund, another UK Charity, and the majority of whose trustees are also trustees of the charity. The Oxford Russia Fund focuses on grants to Russian universities for the provision of scholarships, and the distribution of English language academic books to Russian universities.

**KHODORKOVSKY FOUNDATION  
TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT**

The main objects of the charity are to advance education in the Russian Federation through the provision of scholarships to students and the making of donations to educational establishments.

Other than the support of the Oxford Russia Fund, the charity supports the Podmoskovny Lyceum, a boarding school for socially deprived children, situated outside of Moscow.

The Trustees have complied with the duty in section 17(5) of the Charities Act 2011 to have due regard to the public benefit guidance published by the Charity Commission,

**Grant-making policy**

The Foundation was endowed with \$500 million for the purpose of advancing education in Russia and thus supporting the development of a robust and active civil society in Russia.

The Trustees consider that these objects would be advanced by:

- a) the provision of scholarships for students (of Russian nationality) attending Russian universities in the Humanities; The Foundation will not entertain individual applications for scholarships and will only provide scholarships through other UK Charities and Russian universities that are willing to administer the scholarships;
- b) the support of Russian educational institutions and non-profit organisations focused on education;
- c) the support of educational institutions in the UK, which indirectly advance education in Russia through the provision of training, research programmes, student/teacher exchange programmes and cultural activities; and
- d) the support of conferences, whosoever held, on topics related to Russian education and other initiatives which might advance education in Russia.

The Trustees are of the view that the majority of their grant making will lie in the provision of scholarships to Russian students and the support of educational institutions in Russia.

The Trustees' current policy is normally to accept grant proposals which have been initiated by the Foundation. These policies will be annually reviewed in the light of the growing understanding of the needs of Russia and the Trustees intend to respond flexibly to the newly identified needs of succeeding generations of Russian citizens.

**KHODORKOVSKY FOUNDATION****TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)****ACHIEVEMENTS AND PERFORMANCE**

Through the grant making activities of the Oxford Russia Fund which is supported by the charity;

850 undergraduate students, 757 graduate and 111 postgraduate students at 20 Russian Universities were in 2020 awarded scholarships of approximately USD 1,106 each (with an average annual dollar rate USD 1 = RUR 72.32). The scholarships are awarded on merit and are designed to encourage the study of the humanities in Russian Universities.

For the 2020/1 academic year, 30 graduate students studying at Russian Universities were awarded scholarships of approximately USD 4,834 each and 14 graduate students studying at Russian Universities were awarded fellowships of approximately USD 14,772 each.

Over 2,000 English Language academic books across the humanities have been distributed to each of the 20 Russian Universities, whilst 457 titles are available from the ebook electronic library.

**Podmoskovny Lyceum**

As a result of the support of the Podmoskovny Lyceum, a boarding school outside of Moscow for socially deprived children, 168 children now receive a secondary school education of the highest quality in a caring environment.

Apart from Financial constraints and the need to expand the work of the charity and that of the Oxford Russia Fund in a prudent manner so as to ensure that the grants are used in the most effective manner, the trustees do not feel that there are factors inside or outside of the charity constraining the work of the charity in the above areas.

**FUTURE PLANS**

The charity's future plans are to continue to support students at Russian Universities via the Oxford Russia Fund (but with higher value scholarships and fellowships awarded to a small body of students than previously) as well as the Podmoskovny Lyceum. In addition the Charity will be providing scholarships to Russian students studying at Cambridge University and continuing to support the Hill Foundation's scholarship programme at Oxford University.

**FINANCIAL REVIEW*****Funding Sources***

The charity was provided in December 2003 with an expendable endowment of \$500m and the funds for the work of the charity are derived from the income and capital gains generated by the endowment. The financial deficit before investment gains and losses amounted to \$11,791,000 (2019: \$7,374,000) detailed on page 10.

**KHODORKOVSKY FOUNDATION****TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)****Investment policy**

The charity has adopted as its long term current target return for its investment portfolio 4% over increases in the US Consumer Price Index and it is recognised that this policy envisages fluctuations in investment returns over the business cycle.

Three international investment banks manage the charity's funds.

**Risk**

The investment policy has a conservative attitude to risk.

**Currency**

There is an inherent mismatch between the majority of the charity's expenditure being directly or indirectly to Russian institutions (the needs of which are Russian Rouble based) and using as the charity's reference currency the US dollar. However for prudent investment management, the USD has been chosen as the reference currency.

**Anticipated Disbursements**

The long term aim of the charity is to make annual grants of at least 3% of the charity's funds. The above spending rate is designed to preserve the real value of the charity's funds over the long term.

**Monitoring of performance**

The monitoring of the performance of the charity's investment portfolio has been delegated by the Trustees to an investment committee whose members include experienced investment management practitioners. The investment committee also reviews performance of the managers and the allocation between all classes of assets from time to time to ensure that the total portfolio is prudently invested.

**Performance**

Over the year, the aggregate value of the Foundation's investments (\$729M 2019: \$624M) increased significantly after the grants. This was mainly due to rises in US equity markets. The average annual charitable expenditure for the past three years as a percentage of invested assets (as at the end of the financial year) is approx. 1.98% (2019: 1.94%).

**Reserves policy**

Having regard to the charity's endowment based income; the reserves to cover fluctuations in donations are not required. Instead the charity's investment policy plans for fluctuations in income and capital growth and the need for funds to meet on-going commitments of the charity during periods of low dividend yield and nil or negative capital growth. There are no unrestricted reserves but there is a significant expendable endowment which can be drawn upon to cover the costs of charitable activities in excess of the investment income earned.

**KHODORKOVSKY FOUNDATION****TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)****Principal risks and uncertainties**

The trustees conduct the overall supervision and monitoring of the financial position of the charity. There are risks to income as a result of fluctuations in world equity and bond markets but the charity's investment policy adopted should minimise the risks to an acceptable level.

Internal Risks are mitigated by the implementation of procedures for the authorisation of all transactions by at least two of the trustees.

**Statement of Trustees' Responsibilities**

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

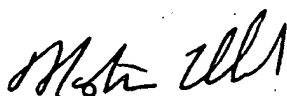
Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards including Financial Reporting Standard 102 (United Kingdom Generally Accepted Accounting Practice). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the net income or expenditure, of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements 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.

So far as the Trustees are aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the charitable company's auditors are unaware; and each Trustee has taken all steps that they ought to have taken as a director in order to make themselves aware of relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Trustees on 30<sup>th</sup> March 2021



..... A Tulloch (Trustee)

## KHODORKOVSKY FOUNDATION

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KHODORKOVSKY FOUNDATION

#### Opinion

We have audited the financial statements of Khodorkovsky Foundation ("the charitable company") for the year ended 31 December 2020 which comprise the statement of Financial Activities, the Balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the annual report, including the trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.



## KHODORKOVSKY FOUNDATION

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KHODORKOVSKY FOUNDATION (CONTINUED)

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper 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
- 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; or
- the trustees were not entitled to take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

#### **Responsibilities of the trustees**

As explained more fully in the trustees' responsibilities statement set out on page 6, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with trustees and other management, and from our commercial knowledge and experience of the client's business sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the terms of grant agreements and Charity Commission regulation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

**KHODORKOVSKY FOUNDATION****INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KHODORKOVSKY FOUNDATION  
(CONTINUED)**

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- obtained evidence direct from the investment managers; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing correspondence with the Charity Commission and the company's legal advisors; and
- reviewing the terms of grant agreements.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors/trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

This description forms part of our auditor's report.

**Use of our report**

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Robert Kirtland  
Senior Statutory Auditor  
For and on behalf of Critchleys Audit LLP, Statutory Auditor  
Oxford

20 April 2021

## KHODORKOVSKY FOUNDATION

**STATEMENT OF FINANCIAL ACTIVITIES  
(INCLUDING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	Unrestricted Funds \$000	Endowment Funds \$000	Total 2020 \$000	Total 2019 \$000
<b>Income &amp; endowments from</b>					
Investments	2	<u>4,243</u>	<u>-</u>	<u>4,243</u>	<u>5,286</u>
<b>Total income</b>		<u>4,243</u>	<u>-</u>	<u>4,243</u>	<u>5,286</u>
<b>Expenditure on</b>					
Raising Funds					
Investment management costs	3	-	1,954	1,954	1,630
Charitable activities	4	<u>14,080</u>	<u>-</u>	<u>14,080</u>	<u>11,030</u>
<b>Total expenditure</b>		<u>14,080</u>	<u>1,954</u>	<u>16,034</u>	<u>12,660</u>
Net (expenditure) before investment gains/(losses)		(9,837)	(1,954)	(11,791)	(7,374)
Net gains/(losses) on investments		<u>-</u>	<u>116,706</u>	<u>116,706</u>	<u>110,618</u>
<b>Net income/(expenditure)</b>		(9,837)	114,752	104,915	103,244
Transfers	1(c)	<u>9,837</u>	<u>(9,837)</u>	<u>-</u>	<u>-</u>
<b>Net movement on funds</b>		-	104,915	104,915	103,244
Total funds brought forward		<u>-</u>	<u>625,555</u>	<u>625,555</u>	<u>522,311</u>
<b>Total funds carried forward</b>		<u>-</u>	<u>730,470</u>	<u>730,470</u>	<u>625,555</u>

All activities are continuing and there are no gains or losses other than those shown above.

## KHODORKOVSKY FOUNDATION

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(INCLUDING INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019 (COMPARATIVES)**

	Note	Unrestricted Funds \$000	Endowment Funds \$000	Total 2019 \$000
<b>Income &amp; endowments from</b>				
Investments	2	<u>5,286</u>	<u>-</u>	<u>5,286</u>
<b>Total income</b>		<u>5,286</u>	<u>-</u>	<u>5,286</u>
<b>Expenditure on</b>				
Raising Funds				
Investment management costs	3	-	1,630	1,630
Charitable activities	4	<u>11,030</u>	<u>-</u>	<u>11,030</u>
<b>Total expenditure</b>		<u>11,030</u>	<u>1,630</u>	<u>12,660</u>
Net (expenditure) before investment gains/(losses)		(5,744)	(1,630)	(7,374)
Net gains/(losses) on investments		<u>-</u>	<u>110,618</u>	<u>110,618</u>
<b>Net income/(expenditure)</b>		(5,744)	108,988	103,244
Transfers	1(c)	<u>5,744</u>	<u>(5,744)</u>	<u>-</u>
<b>Net movement on funds</b>		-	103,244	103,244
Total funds brought forward		<u>-</u>	<u>522,311</u>	<u>522,311</u>
<b>Total funds carried forward</b>		<u>-</u>	<u>625,555</u>	<u>625,555</u>

All activities are continuing and there are no gains or losses other than those shown above.

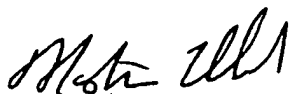
**KHODORKOVSKY FOUNDATION**  
Company No: 4988238

**BALANCE SHEET**  
**AT 31 DECEMBER 2020**

	Note	2020 \$000	2019 \$000
<b>Fixed assets</b>			
Investments	7	<u>728,870</u>	<u>624,472</u>
<b>Current assets</b>			
Cash at bank and in hand		<u>5,206</u>	<u>2,027</u>
		5,206	2,027
<b>Creditors: amounts falling due within one year</b>	8	<u>(3,606)</u>	<u>(944)</u>
<b>Net current assets</b>		<u>1,600</u>	<u>1,083</u>
<b>Net assets</b>		<u>730,470</u>	<u>625,555</u>
<b>Funds</b>			
Endowment funds (expendable)	10	730,470	625,555
Unrestricted income funds		-	-
<b>Total charity funds</b>		<u>730,470</u>	<u>625,555</u>

These financial statements are prepared in United States Dollars.  
The rate of exchange at 31 December 2020 is \$1.35772 (2019: £1 = 1.3166).

These financial statements were approved and authorised for issue by the Trustees on 30<sup>th</sup> March 2021.



..... A Tulloch (Trustee)

## NOTES TO THE CASH FLOW STATEMENT

	31 December 2019 \$000	Cash Flow \$000	31 December 2020 \$000
<b>B ANALYSIS OF CASH AND CASH EQUIVALENTS</b>			
Cash at bank	2,027	3,179	5,206
Cash within investment portfolio	<u>8,923</u>	<u>(3,340)</u>	<u>5,583</u>
Total cash and cash Equivalents	<u>10,950</u>	<u>(161)</u>	<u>10,789</u>

## KHODORKOVSKY FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020**1 ACCOUNTING POLICIES****a) General Information**

This Company is a Charitable Company Limited by guarantee incorporated in United Kingdom. The Khodorkovsky foundation is a public benefit entity, with its registered office at 4 Hill Street, London W1J 5NE.

**b) Basis of preparation**

The financial statements have been prepared under the historical cost convention (as modified by the revaluation of investments) and in accordance with the Charities (Accounts and Reports) Regulations and Statement of Recommended Practice "Accounting and Reporting by Charities" (FRS 102), the Companies Act 2006 and with applicable United Kingdom accounting standards. These financial statements have been prepared in accordance with Financial Reporting Standard 102 'The financial Reporting Standard applicable in the UK and Republic of Ireland.

There are no uncertainties about the charity's ability to continue as a going concern.

The functional and presentational currency is US Dollars.

**c) Fund accounting**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the objects of the charity and which have not been designated for other purposes.

Expendable endowment funds represent assets where the intention is for the assets to be held long term for the benefit of the charity. However, as it is an expendable endowment, assets can be utilised to cover expenditure that exceeds the balance on unrestricted funds.

Income arising on the endowment fund can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management costs are charged against the fund.

**d) Income**

Donations and investment income are included in the Statement of Financial Activities when they are received.

**e) Grants payable**

Grants are included in expenditure under charitable activities when they are approved by the Trustees and the commitment has been communicated to the beneficiaries. Any such grants not paid by the year end are included in creditors.

## KHODORKOVSKY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**1 ACCOUNTING POLICIES (continued)****f) Expenditure**

All expenditure is accounted for on an accruals basis under the appropriate expense category. Expenditure includes irrecoverable VAT where appropriate. Any support costs specific to one of the activities is allocated wholly to the activity. The remaining support costs are allocated to that activity in proportion to the combined costs of activities undertaken directly and grants. All costs are classified as charitable activities apart from those attributable to raising funds (investment management costs).

**g) Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

**h) Investments**

Investments are stated at market value at the balance sheet date. Market value includes accrued interest where applicable. If an investment does not have a readily available market price it is valued by the relevant Investment Manager. The Statement of Financial Activities includes net gains and losses arising on revaluations and disposals throughout the year. Due to the number of investment transactions in the year it is not possible, easily and accurately to split the investment gains between realised and unrealised and hence this split has not been shown on the face of the Statement of Financial Activities.

**2 INCOME FROM INVESTMENTS**

	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Interest receivable	4	46
Other investment income	<u>4,239</u>	<u>5,240</u>
	<u><b>4,243</b></u>	<u><b>5,286</b></u>

**3 INVESTMENT MANAGEMENT COSTS**

	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Investment management fees	1,931	1,628
Professional fees	<u>23</u>	<u>2</u>
	<u><b>1,954</b></u>	<u><b>1,630</b></u>



## KHODORKOVSKY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**4 CHARITABLE ACTIVITIES**

	Grant Funding of Activities \$000	Support Costs (Note 5) \$000	Total 2020 \$000	Total 2019 \$000
Advancement of Education in Russia:				
Grants to Institutions:				
- Oxford Russia Fund	3,789	64	3,853	4,334
- Podmoskovny Lyceum – Boarding School	6,474	108	6,582	6,445
- Hill Foundation	1,423	24	1,447	-
- Cambridge Commonwealth, European and International Trust	1,833	30	1,863	-
- Other specific projects and grants	<u>329</u>	<u>6</u>	<u>335</u>	<u>251</u>
	<u>13,848</u>	<u>232</u>	<u>14,080</u>	<u>11,030</u>

**CHARITABLE ACTIVITIES (2019 comparatives)**

	Grant Funding of Activities	Support Costs (Note 5)	Total 2019
Advancement of Education in Russia:			
Grants to Institutions:			
- Oxford Russia Fund	4,232	102	4,334
- Podmoskovny Lyceum – Boarding School	6,293	152	6,445
- Hill Foundation	-	-	-
- Other specific projects and grants	<u>246</u>	<u>5</u>	<u>251</u>
	<u>10,771</u>	<u>259</u>	<u>11,030</u>

**5 SUPPORT COSTS**

	2020 \$000	2019 \$000
Charity administration and monitoring of activities	122	149
Other expenses, including exchange differences	13	18
Governance costs (note 6)	<u>97</u>	<u>92</u>
	<u>232</u>	<u>259</u>

The charity has no employees.

**KHODORKOVSKY FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**6 GOVERNANCE COSTS**

	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Auditors' remuneration		
- audit and accountancy	17	15
- taxation compliance	3	2
Professional services	<u>77</u>	<u>75</u>
	<u>97</u>	<u>92</u>

No Trustee received any remuneration or reimbursement of expenses in the year other than disclosed in note 9.

**7 INVESTMENTS (AT VALUATION)**

	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Fixed income	109,162	99,476
Equities	450,745	363,193
Alternative investments	154,625	143,458
Commodity and property funds	<u>8,755</u>	<u>9,422</u>
	723,287	615,549
Cash within investment portfolio	<u>5,583</u>	<u>8,923</u>
	<u>728,870</u>	<u>624,472</u>
	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Analysis of movement in investments (excluding cash)		
Brought forward	615,549	519,416
Additions at cost	234,662	165,538
Sale proceeds	(243,630)	(180,023)
Net (loss)/gain on revaluation	<u>116,706</u>	<u>110,618</u>
Carried forward	<u>723,287</u>	<u>615,549</u>

## KHODORKOVSKY FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

**8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
Accruals	1,069	689
Grants payable	<u>2,537</u>	<u>255</u>
	<u><b>3,606</b></u>	<u><b>944</b></u>

**9 RELATED PARTIES**

A solicitor's practice of which A Tulloch (a Trustee) is the principal provided professional services in connection with the charity's administration. For this work Tulloch & Co charged the charity a VAT inclusive amount of \$165,474 (£121,876) (2019: \$171,025 (£130,384)) of which disbursements and VAT amounted to £26,876 (2019: £35,384). Some of the disbursements are travel expenses for Trustees.

The charity is related to Oxford Russia Fund by virtue of Trustees being common to both charities. Grants of \$3,789,000 (2019: \$4,232,000) were payable to Oxford Russia Fund in the year, \$535,000 of this was included in creditors at the year end (2019: \$167,000).

During the year the charity made a grant of \$1,423,000 (2019: \$nil) to The Hill Foundation. The Hill Foundation is a related party as the majority of its Trustees are also Trustees of the Khodorkovsky Foundation

**10 ENDOWMENT FUNDS (EXPENDABLE)**

The fund balance represents the original donation of \$500,000,000, which the donor specified was to be treated as an expendable endowment, together with movements on the funds since that date.

**11 ANALYSIS OF NET ASSETS BY FUND**

	<b>Unrestricted Funds \$000</b>	<b>Endowment Fund \$000</b>	<b>2020 Total \$000</b>
Investments	-	728,870	728,870
Net Assets	<u>-</u>	<u>1,600</u>	<u>1,600</u>
	<u><b>-</b></u>	<u><b>730,470</b></u>	<u><b>730,470</b></u>

**ANALYSIS OF NET ASSETS BY FUND (2019 COMPARATIVES)**

	<b>Unrestricted Funds \$000</b>	<b>Endowment Fund \$000</b>	<b>2019 Total \$000</b>
Investments	-	624,472	624,472
Net Assets	<u>-</u>	<u>1,083</u>	<u>1,083</u>
	<u><b>-</b></u>	<u><b>625,555</b></u>	<u><b>625,555</b></u>