

Registered Number 06293334
Charity Number 1122345

THE NAKED HEART FOUNDATION

Report and Financial Statements

For the year ended
31 December 2020

THE NAKED HEART FOUNDATION
REPORT AND FINANCIAL STATEMENTS 2020

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THE NAKED HEART FOUNDATION

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

LEGAL AND ADMINISTRATIVE INFORMATION

TRUSTEES

Ms Natalia Vodianova
Mr Francois Chateau
Mr Jamey Hargreaves
Ms Lucy Margaret Yeomans
Ms Anastasia Zalogina

REGISTERED CHARITY NUMBER

06293334

PRINCIPAL OFFICE

The Naked Heart Foundation
59-60 Russell Square
London
WC1B 4HP

BANKERS

HSBC Bank Plc
25 Notting Hill Gate
London
W11 3JJ

SOLICITORS

Dentons UKMEA LLP
One Fleet Place
London
EC4M 7WS

AUDITORS

Price Bailey LLP
Chartered Accountants and Statutory Auditors
Tennyson House
Cambridge Business Park
Cambridge
CB4 0WZ

THE NAKED HEART FOUNDATION TRUSTEES REPORT (INCORPORATING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees, who are also directors of the Foundation for the purposes of the Companies Act present their annual report (incorporating Directors' report) and audited financial statements of the charity for the year to 31 December 2020. The financial statements have been prepared under the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities", (FRS 102), and the accounting policies set out on page 16. The financial statements comply with all other statutory requirements and the requirements of the Foundation's governing document.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The charity is registered as a charitable company limited by guarantee on 26 June 2007 and is governed by its Memorandum of Association.

The charity was registered with the UK Charity Commission on 16 January 2008 and is constituted under a Memorandum of Association, its registered charity number is 1122345.

Method of appointment or election of Trustees

Trustees are appointed by the existing Board of Trustees following the review of the expertise required at the board level and the suitability of the proposed candidates. The new Trustees are given copies of the Memorandum and Articles of Association, and the documents that set forth the Foundation's background, modus operandi and its key policies and procedures. In addition, all new Trustees are provided with the relevant guidance materials published by the Charity Commission on the responsibilities of being a trustee. The Trustees are kept informed about the Foundation and relevant developments in the charity sector where appropriate.

Organisational structure and decision making

The Officer (Chief Executive Officer) of the charity manages the day-to-day operations of the charity, liaising with the grant recipient charities - The Children's Relief Foundation "Naked Hearts" (Fond "Obnazhennie Serdtsa"), The Children's Relief Foundation "Naked Heart" (Fond "Obnazhennoe Serdce") in the Russian Federation and US organisation The Naked Heart Foundation Inc., a not-for-profit organisation under section 501(c)(3) of the US Internal Revenue Code. The Trustees meet during the year to discuss developments in the charity and agree policy and strategy. In addition, the Trustees regularly receive activity reports, which they then discuss, feeding back any concerns or questions to the Officer for clarification. The administration of the charity is carried out internally.

Related party relationships

The charity works closely with the Children's Relief Foundation "Naked Hearts" (Fond "Obnazhennie Serdtsa") and the Children's Relief Foundation "Naked Heart" (Fond "Obnazhennoe Serdce"), the two grant-recipient non-commercial organisations in the Russian Federation, and the Naked Heart Foundation Inc, a not-for-profit organisation incorporated in New York. The accounts of all associated organisations are audited on an annual basis.

Risk management

The Trustees opted for the subscription of the management liability insurance renewed on an annual basis, to provide an indemnity limit of £500,000 and, in addition, corporate professional and corporate liability insurance with a limit of £500,000.

**THE NAKED HEART FOUNDATION
TRUSTEES REPORT (INCORPORATING DIRECTORS' REPORT) FOR THE
YEAR ENDED 31 DECEMBER 2020**

OBJECTIVES AND ACTIVITIES

Policies and objectives

The Naked Heart Foundation's objectives are to provide assistance to financially disadvantaged and underprivileged children by:

- Providing recreational and leisure activities, designed to improve their quality of life;
- Providing support and organising activities that develop their skills, capacities and capabilities, enabling them to participate fully and responsibly in society;
- Providing financial assistance to help with their medical and hospital care;
- Supporting other charitable organisations that work towards the aforementioned objectives.

The activities of the Naked Heart Foundation

The Naked Heart Foundation defines its activities within the framework of two key programmes: "Play With Purpose" and "Every Child Deserves a Family".

Play with Purpose

The programme's mission is to build vibrant, safe and stimulating play facilities for children of all abilities. Every neighbourhood, children's hospital and children's home should have a modern inclusive play area that is suitable for children to use, whatever their physical, mental or sensory abilities.

In 2020-2021 the Foundation:

- Helped to build a play park in Blagoveschensk;
- Implemented 3 renovation projects for playparks built in 2008-2010 in:
 - o Saransk (opened in June 2021);
 - o Novoshakhtinsk (opened in June 2021);
 - o Leninsk-Kuznezky (opened in July 2021).
- Completed a site transfer for the Foundation's 100th play facility in Nizhny Novgorod, partially re-installing it at the Forest School, and fully dismantled the playground in Ukhta due to wear and tear;
- Launched a play park project in Krasnoyarsk, the completion of which has been postponed to 2022;
- Launched a play park project in Ekaterinburg, the opening of which is scheduled for October 2021.

To date, through its partnerships and related parties the Foundation has built 213 accessible play facilities in 158 cities and towns across Russia and beyond, including three in the UK. In addition, it has created 13 sensory integration and occupational therapy rooms in St. Petersburg and Nizhny Novgorod and trained specialists to work there with children who have special needs.

Every Child Deserves a Family

The mission of the "Every Child Deserves a Family" programme is, ultimately, to break the cycle of the institutionalisation of children with disabilities, and to ensure that those children can and will stay in the family home, where they can prosper and maximise their human potential. The programme targets activities that bring about fundamental changes in attitudes towards children and people with mental, physical and mental disabilities, developing access to childcare, education and community participation to create an environment and society in which they can grow as independent individuals.

**THE NAKED HEART FOUNDATION
TRUSTEES REPORT (INCORPORATING DIRECTORS' REPORT) FOR THE
YEAR ENDED 31 DECEMBER 2020**

What we do:

- We fund NGOs in Russia that provide free support services for families raising children with special needs and foster families.
- We develop a network of family support services to provide expert support to families raising children with disabilities.
- We bring evidence-based practices to Russia and educate specialists on modern support programmes, including via conferences and an annual international forum, at which Russian and international child development specialists can share their expertise.
- We support a large-scale education project for school and preschool teachers working with children with autism from early intervention through to school education.
- We raise awareness of disability and do everything we can to change attitudes towards children and adults with special needs.

In 2020-2021 the Foundation supported projects in Russia such as the Family Support Centre (which worked with 107 families) and projects run by partner NGOs (CCP legal project, Outfund). In 2020, over 200 development specialists participated in our projects, using evidence-based methods to support children with special needs.

In 2020, owing to the COVID-19 pandemic, all NHF services were still provided online. Specialists trained parents and supervised children 2-3 times a week. In addition, new useful and reliable content was created. Key achievements under the Naked Heart Online project include: the completion of the first season of our podcast "Inclusion and Life" and recording of the second series; the posting of over 100 items on the platform; two online educational marathons consisting of 15 webinars about autism, which were very well received; and the publication of a systematic review of effective interventions for children with cerebral palsy.

Challenges

- Due to lockdown, NHF had to postpone the "Every Child Deserves a Family" forum. This was a very tough time for all charities, but NHF services continued to support families of children with autism and other special needs online. Our specialists had Zoom meetings with families on a daily basis, explaining to parents how they could work with their children at home. This work proved successful and effective.
- Although we have been working hard to develop a professional community in Russia, there is still a lack of highly qualified child development specialists. Graduates have neither theoretical knowledge of evidence-based methods of working with children with special needs, nor practical experience of providing support for such children. There is an urgent need for more trained professionals.
- There is also a strong need to focus on the expansion of early intervention services provided at the Naked Heart Family Support Centre, as early intervention is the key to a happy and successful life for children with special needs. As the majority of the Centre's students are young adults, this needs to be combined with well-developed programmes for older students.

Public benefit

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit. The Trustees have referred to the guidance in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning its future activities. In particular, the Trustees have considered how planned activities will contribute to the aims and objectives they have set. How the charity meets its public benefit requirements is specified in the activities of Naked Heart Foundation as described above.

**THE NAKED HEART FOUNDATION
TRUSTEES REPORT (INCORPORATING DIRECTORS' REPORT) FOR THE
YEAR ENDED 31 DECEMBER 2020**

Grant-making policies

The Foundation makes grants to non-commercial organisations the Children's Relief Foundation "Naked Hearts" (Fond "Obnazhennie Serdtsa") and the Children's Relief Foundation "Naked Heart" (Fond "Obnazhennoe Serdce"), in accordance with the NHF Annual budget approved by the Trustees and the NHF objects specified in the Memorandum of Association of the Naked Heart Foundation.

The Trustees also consider making grants to other charitable organisations that work towards its objectives on a case-by-case basis. The Foundation will not fund individuals directly. The Foundation is not permitted to fund political parties, political lobbying or non-charitable activities.

Going concern

The Covid-19 situation remains a major concern and has affected the Charity's fundraising efforts in the year. However, having made appropriate enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. NHF has also amended its Principal Risk Policy accordingly. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

FINANCIAL REVIEW

Reserves policy

The Trustees consider that apart from £45,000 to cover core costs for approximately three months, the reserves are available to meet the charitable objectives of the Foundation. When the Charity holds an event, significant upfront funding is required, which might be provided from the cash reserves of the Charity. Every effort is taken by the Charity to cover fundraising expenses usually in the form of sponsors for events. The reserves policy is reviewed annually.

PRINCIPAL RISK AND UNCERTAINTIES

The Board of Trustees has overall responsibility for the system of internal control for NHF and its related parties, which includes ensuring that there are reasonable procedures in place for the prevention and detection of major risks, including fraud and other irregularities. All such frameworks are designed to mitigate risks and to provide reasonable assurance against material errors or loss. NHF operates a comprehensive annual planning and budgeting process. This process and the annual budget is approved by the Board of Trustees. Performance is monitored through the use of activity and financial targets and reported to the Board of Trustees. The major risks of the charity are: financial risk, reputational risk, data and information security risk.

Financial risk – the charity is reliant on voluntary income; therefore, we diversified income streams, monitoring market trends, income and expenditure, monitoring grant expenditures, and performing regular financial planning and reviews.

Reputational risk - incidents or events may damage or negatively impact the charity's reputation or operations (e.g. fraud, non-compliance, security, major incidents). How we manage it: preventative procedures and mechanisms are in place to detect, investigate, report, respond, monitor of feedback, complaints and incidents.

Data and information security risk - loss of personal data or confidential information may have an impact on charity, donors and supporters. How we manage it: constant overview of strategy, data protection system implementation, training of staff, information security reviews.

COVID-19 risk – a public health emergency. How we manage it: review and eliminate risks arising from COVID-19 in accordance with Government guidance.

The Trustees have assessed the major risks to which the Naked Heart Foundation is exposed, in particular those related to the operations and finances of the Naked Heart Foundation, and are satisfied that systems and procedures are in place to mitigate the Foundation's exposure to the major risks.

**THE NAKED HEART FOUNDATION
TRUSTEES REPORT (INCORPORATING DIRECTORS' REPORT) FOR THE
YEAR ENDED 31 DECEMBER 2020**

REMUNERATION POLICY

It is essential that we are able to attract and retain people with the right skills, talents and insight, so we can run the charity as efficiently and effectively as possible. To do so, we review our salaries annually and seek to offer suitably competitive levels of reward and appropriate recognition for all our staff, in line with the guiding principles outlined below: any award must be affordable and reflect the overall financial position of the charity; pay should be at the median market rate; we will meet our statutory obligations in respect of pay.

The basic salaries paid to our employees, including Officers, are reviewed by Trustees at the end of each financial year to ensure we are remunerating competitively and consistently against the relevant sectors.

FUNDRAISING POLICY

Fundraising statement Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes". Any such amounts receivable are presented in our accounts as "Donations and legacies" and are all voluntary in nature.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to the Executive Team, which is accountable to the Trustees.

Although the Charity is not required to be bound by any regulatory scheme, the Charity complies with the relevant codes of practice. We have received no complaints in relation to fundraising activities (2018– none). Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds, we do not specify such terms to fundraising activities and nor do we consider it necessary to design specific procedures to monitor such activities.

PLANS FOR THE FUTURE

Future developments

The Foundation will continue to provide the required funding and resources to continue with its "Play with Purpose" and "Every Child Deserves a Family" programmes.

Internationally, the Foundation is actively exploring partnership opportunities with other NGOs, with a particular focus on childcare provision for children with special needs.

Goals for 2021-2022:

- Further expansion of services provided at Family Support Centres in Russia;
- Opening of a Family Support Centre in Moscow in a renovated building, development of Centre programmes;
- Further training for supervisors engaged in various NHF projects;
- Further development of the Online Resource Centre and the Early Intervention project;
- Organisation of the ninth international Every Child Deserves a Family forum, which will focus on the experience of helping professionals adapt to the new COVID-19 reality;
- Creation and development of a new training programme for parents of children with special needs entitled "New Bird" with the University of Cape Town and Edinburgh University;
- Further expansion of the Employment project for young people with disabilities, run in collaboration with the Coca Cola Foundation;
- Construction of 3-5 new inclusive play facilities in Russia;

**THE NAKED HEART FOUNDATION
TRUSTEES REPORT (INCORPORATING DIRECTORS' REPORT) FOR THE
YEAR ENDED 31 DECEMBER 2020**

- Implementation of a renovation project at Nizhnyaya Salda play park (Sverdlovsk region);
- Completion of play park projects in Krasnoyarsk and Ekaterinburg;
- Carrying out of repairs on play parks and playgrounds built in 2009-2018;
- NHF events in the UK were postponed due to the COVID-19 situation; we are considering different approaches for online fundraising in 2021-2022.

Future developments

The Foundation will continue to provide the required funding and resources to continue its “Play with Purpose” and “Every Child Deserves a Family” programmes.

Internationally, the Foundation is actively exploring partnership opportunities with other non-governmental organisations, with a particular focus on childcare provision for children with special needs.

Trustees' responsibilities statement

The Trustees (who are also directors of The Naked Heart Foundation for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgments and accounting 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

Each of the persons who are Trustees, at the time when this Trustees' Report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

**THE NAKED HEART FOUNDATION
TRUSTEES REPORT (INCORPORATING DIRECTORS' REPORT) FOR THE
YEAR ENDED 31 DECEMBER 2020**

Auditor

The auditors, Price Bailey LLP, will be proposed for re-appointment in accordance with Companies Act 2006.

In preparing this report, the Trustees have taken advantage of the small companies' exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Trustees on 28 September 2021 and signed on their behalf by:

Natalia Vodianova, Director



**THE NAKED HEART FOUNDATION
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE NAKED HEART FOUNDATION**

Opinion

We have audited the financial statements of the Naked Heart Foundation (the 'Charitable Company') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, Balance Sheet, 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, 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.

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 Charitable Company's ability to continue as a going concern for a period of at least twelve 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 trustees annual 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.

Opinions 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 (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees report has been prepared in accordance with applicable legal requirements.

THE NAKED HEART FOUNDATION INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE NAKED HEART FOUNDATION

Matters on which we are required to report by exception

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.
- The trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the Charitable Company for the purposes of company law) 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 the trustees 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

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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:

We gained an understanding of the legal and regulatory framework applicable to the Charitable Company and the sector in which it operates and considered the risk of the Charitable Company not complying with the applicable laws and regulations including fraud in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting which could have a material impact on the financial statements. In relation to the operations of the Charity this included compliance with the Charities Act, SORP 2019, employment law and GDPR.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Board meetings, reviewing any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, and enquiries of management and officers of the Charitable Company and a review of the risk management processes and procedures in place including a review of the risk register maintained by the Charitable company. We have also reviewed the procedures in place for the reporting of any incidents to the Trustee Board including serious incident reporting of these matters as necessary with the Charity Commission.

**THE NAKED HEART FOUNDATION
INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE NAKED HEART FOUNDATION**

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We reviewed systems and procedures to identify potential areas of management override risk and evaluated the business rationale of significant transactions to identify large or unusual transactions. We reviewed key authorisation procedures and decision making processes for any unusual or one-off transactions.

We also assessed management bias in relation to the accounting policies adopted and in determining any significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 and its trustees 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 and the Charitable Company's members as a body and the Charitable Company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Helena Wilkinson BSc FCA DChA (Senior Statutory Auditor)

 J. Wilkinson

For and on behalf of

Price Bailey LLP

Chartered Accountants

3rd Floor

24 Old Bond St,

Mayfair,

London

W1S 4AP

29 September 2021

THE NAKED HEART FOUNDATION
STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 December 2020

		Unrestricted 2020	Unrestricted 2019
	Note	£	£
Income			
Donations	2	70,500	200,189
Other trading activities	3	-	4,094,632
Investment income	4	26	412
Profit on disposal of fixed asset		601	-
Total Income		71,127	4,295,233
Expenditure on:			
Raising funds	5	107,813	731,771
Charitable activities	6	762,422	1,329,502
Total expenditure		870,235	2,061,273
Being net (expenditure)/income and net movement in funds for the year		(799,108)	2,233,960
Reconciliation of Funds			
Total funds brought forward		2,470,764	236,804
Total funds carried forward		1,671,657	2,470,764

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 16 to 25 form part of these accounts.

THE NAKED HEART FOUNDATION
COMPANY REGISTRATION NUMBER: 06293334 (England and Wales)
BALANCE SHEET AS AT 31 December 2020

	Notes	£	2020 £	£	2019 £
FIXED ASSETS					
Tangible Fixed Assets	10		-		1,655
CURRENT ASSETS					
Debtors	11	6,354		15,040	
Cash at bank and in hand		1,675,675		2,468,531	
TOTAL CURRENT ASSETS		1,682,029		2,483,571	
LIABILITIES					
Creditors: amounts falling due within one year	12	(10,372)		(14,462)	
NET CURRENT ASSETS			1,671,657		2,469,109
NET ASSETS			1,671,657		2,470,764
FUNDS					
Unrestricted funds			1,671,657		2,470,764
TOTAL FUNDS			1,671,657		2,470,764

These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies.

The attached notes on pages 16 to 25 form part of these financial statements.

The financial statements were approved by the Board of Trustees on 28 September 2021 and signed on their behalf by:



.....
Ms Natalia Vodianova – Director

**THE NAKED HEART FOUNDATION
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 December 2020**

	Note	2020 £	2019 £
Cash Flows from Operating Activities			
Net cash (used)/generated by operating activities	14	(793,483)	2,203,050
Cash Flows from Investing Activities			
Bank interest		26	412
Disposal of fixed assets		601	-
Net Cash Flows from Investing Activities		<u>627</u>	<u>412</u>
Change in cash and cash equivalents in the year		(792,856)	2,203,462
Cash and cash equivalents brought forward		<u>2,468,531</u>	<u>265,069</u>
Cash and cash equivalents carried forward	16	<u><u>1,675,675</u></u>	<u><u>2,468,531</u></u>

The notes on pages 16 to 25 form part of these accounts.

A net debt reconciliation is at note 15.

1.ACCOUNTING POLICIES

General Information

The Naked Heart Foundation is a Company limited by guarantee incorporated in England & Wales within the United Kingdom. The address of the Registered Office is given in the company information of these financial statements.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

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 2019 the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). The financial statements are presented in Pounds Sterling (GBP), which is the functional currency of the charity.

b) Legal status of the Charity

The charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 for each of the 5 (2019:5) members of the charity.

c) Going concern

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. It is believed, that despite the income from the auctions being sporadic by nature, that it will be sustained in the foreseeable future.

As such, they continue to adopt the going concern basis of accounts in the financial statements.

The trustees have outlined the risks that the charity faces as a result of COVID-19 in their annual trustees report above. They however also believe that with such a significant unrestricted reserve brought forward there is no threat to the charity operating as a going concern over the next 12 months.

d) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity.

e) Income

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.

Where income has related expenditure (as with fundraising or contract income), the income and related expenditure are reported gross in the Statement of Financial Activities.

Donations, grants and gifts are recognised when receivable. In the event that a donation is subject to fulfilling performance conditions before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are met in full, or their fulfilment is wholly within the control of the charity is deferred and not recognised and it is probable that those conditions will be fulfilled in

1.ACCOUNTING POLICIES

e) Income (continued)

the reporting period. Income from Gift Aid tax reclaims is recognised for any donations with relevant Gift Aid certificates recognised in income for the year. Any amounts of Gift Aid not received by the year end are accounted for in income and accrued income in debtors.

Income received in advance for a future fundraising event or for a grant received relating to the following year are deferred until the criteria for income recognition are met.

Interest on deposit funds held is included when receivable and the amount can be measured reliably by the charity which is normally upon notification of the interest paid or payable by the bank.

Sponsorship from events, fundraising and events registration fees are recognised in income when the event takes place. Lottery income is accounted for in respect of those draws that have taken place in the year. Trading income is recognised on point of sale for both donated and purchased goods.

f) Expenditure and irrecoverable VAT

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. All expenditure is accounted for on an accruals basis under the following headings:

- Costs of raising funds are those costs incurred in attracting voluntary income and those incurred in fund raising.
- Expenditure on charitable activities includes expenditure associated with the administration function of the Foundation, grants payable for new play facilities, 'every child deserves a family' programme and governance costs and include both the direct costs and support costs relating to these activities.

Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of resources.

g) Fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets over their expected useful lives on the following bases:

Computer Equipment	3 years straight line
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h) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

i) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

j) Creditors

Creditors 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 are normally recognised at their settlement amount after allowing for any trade discounts due.

**NAKED HEART FOUNDATION
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 December 2020**

1.ACCOUNTING POLICIES (continued)

k) 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. Fixed assets are recorded at depreciated historical cost. All other assets and liabilities are recorded at cost which is their fair value.

l) Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

m) Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Statement of Financial Activities.

n) Pension costs

The charity operates a defined contribution pension scheme for employees. These assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities.

o) Critical accounting estimates and judgements

The Charity makes estimates and assumptions concerning the future. The resulting estimates and assumptions will, by definition, seldom equal the related actual results. The Trustees does not consider there to be any estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

2. DONATIONS

	2020	2019
	£	£
Donations	<u>70,500</u>	<u>200,189</u>

THE NAKED HEART FOUNDATION
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 December 2020

3. OTHER TRADING ACTIVITIES

	2020	2019
	£	£
Fund Fair	-	925,320
Qatar Love Ball	-	3,169,312
	<u>-</u>	<u>948,035</u>

4. INVESTMENT INCOME

	2020	2019
	£	£
Bank interest	26	412
	<u>26</u>	<u>412</u>

5. RAISING FUNDS

	2020	2020	2020	2020
	Direct costs	Staff costs	Support costs	Total
	£	£	£	£
Event costs	161	-	-	161
Fundraising expenses	5,932	-	-	5,932
Support costs (Note 7)	-	90,604	1,010	91,614
	<u>6,093</u>	<u>90,604</u>	<u>1,010</u>	<u>97,707</u>
Prior Year	2019	2019	2019	2019
	Direct costs	Staff costs	Support costs	Total
	£	£	£	£
Event costs	439,084	-	-	439,084
Fundraising expenses	15,809	-	-	15,809
Support costs (Note 7)	-	166,105	110,773	276,878
	<u>454,893</u>	<u>166,105</u>	<u>110,773</u>	<u>731,771</u>

THE NAKED HEART FOUNDATION
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 December 2020

6. CHARITABLE ACTIVITIES

	2020 Direct costs £	2020 Staff costs £	2020 Support costs £	2020 Total £
Grants to the Children's Relief Foundations	620,587	-	-	620,587
Support costs (Note 7)	-	49,012	102,929	151,941
	620,587	49,012	102,929	772,528
Prior Year	2019 Direct costs £	2019 Staff costs £	2019 Support costs £	2019 Total £
Grants to the Children's Relief Foundations	1,034,094	-	-	1,034,094
Support costs (Note 7)	-	43,589	251,819	295,408
	1,034,094	43,589	251,819	1,329,502

All grants made during 2020 and 2019 were made to institutions.

7. ANALYSIS OF SUPPORT COSTS

	Raising funds 2020 £	Charitable Activities 2020 £	Total 2020 £
Governance			
Legal and professional	71	7,271	7,342
Auditor's remuneration – audit fees	67	6,783	6,850
Auditor's remuneration – other services	80	8,152	8,232
Trustees' indemnity insurance	45	4,561	4,606
	263	26,767	27,030
Support			
Depreciation	16	1,639	1,655
Sundry expenses	14	1,422	1,436
Programme costs	95	9,664	9,759
Computer costs	41	4,214	4,255
Bank charges	10	1,023	1,033
Travel expenses	2	206	208
Loss on currency transactions	260	26,497	26,757
Irrecoverable VAT	56	5,702	5,758
Rent	107	10,900	11,007
Bad debts	146	14,895	15,041
Staff costs	80,363	43,686	185,112
National insurance	7,699	4,015	19,491
Pension	2,542	1,311	5,091
	91,614	151,941	243,555

THE NAKED HEART FOUNDATION
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 December 2020

7. ANALYSIS OF SUPPORT COSTS (continued)

	Raising funds	Charitable	Total
	2019	Activities	2019
	£	2019	2019
	£	£	£
Governance			
Legal and professional	5,315	12,084	17,399
Consultancy fees	1,375	3,125	4,500
Auditor's remuneration – audit fees	1,986	4,514	6,500
Auditor's remuneration – other services	3,102	7,051	10,153
Trustees' indemnity insurance	2,828	6,430	9,258
	14,606	33,204	47,810
Support			
Depreciation	569	1,295	1,864
Sundry expenses	657	1,494	2,151
Programme costs	20,889	47,486	68,375
Computer costs	6,564	14,921	21,485
Bank charges	1,625	3,694	5,319
Travel expenses	983	2,236	3,219
Loss on currency transactions	33,759	76,744	110,503
Irrecoverable VAT	25,639	58,284	83,923
Rent	5,482	12,461	17,943
Staff costs	146,683	38,429	185,112
National insurance	15,408	4,083	19,491
Pension	4,014	1,077	5,091
	276,878	295,408	572,286

All support costs are allocated to charitable activities and raising funds based upon direct costs except for staff costs which are allocated based on staff time.

8. STAFF EMOLUMENTS AND TRUSTEE EXPENSES

	2020	2019
	£	£
Wages and salaries	124,049	185,112
Social security costs	11,714	19,491
Pension	3,853	5,091
	139,616	209,694

The average number of employees during the year was made up as follows expressed both as whole persons and full time equivalents:

	2020	2020	2019	2019
	No.	FTE	No.	FTE
	£	£	£	£
Administration	2	2	3	3

THE NAKED HEART FOUNDATION
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 December 2020

8. STAFF EMOLUMENTS AND TRUSTEE EXPENSES (continued)

The number of employees whose emoluments (excluding employer pension costs) exceeded £60,000 was:

	2020 No.	2019 No.
In the band £60,001 - £70,000	-	-
In the band £70,001 - £80,000	-	1
In the band £80,001 - £90,000	-	-
In the band £90,001 - £100,000	1	1

The charity considers its key management personnel to comprise of the Trustees and the Finance Director.

None of the Trustees received any remuneration, expenses or benefits in kind from the charity during the year (2019: £nil). The total employee benefits of the 1 key management personnel was £103,913 (2019: £139,068).

9. NET (EXPENDITURE)/INCOME

Net (expenditure)/income is stated after charging:

	2020 £	2019 £
Depreciation	1,655	1,864
Auditors remuneration (see note 7)	15,082	16,653
Operating license: Land and buildings	11,007	17,943
Exchange loss/(gain)	26,757	110,503

10. TANGIBLE FIXED ASSETS

	Computer equipment £
Cost	
As at 1 January 2020	8,057
Additions	-
Disposals	(5,418)
As at 31 December 2020	2,639
Depreciation	
As at 1 January 2020	6,402
Charge for the year	1,655
Depreciation on disposals	(5,418)
As at 31 December 2020	2,639
Net book value	
As at 31 December 2020	-
As at 31 December 2019	1,655

THE NAKED HEART FOUNDATION
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 December 2020

11. DEBTORS

	2020	2019
	£	£
Other debtors	1,664	15,040
Prepayments and accrued income	4,690	-
	<u>6,354</u>	<u>15,040</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	22	
Taxation and social security	135	4,008
Other creditors	465	2,016
Accruals	9,750	8,438
Deferred income	-	-
	<u>10,372</u>	<u>14,462</u>

Deferred income above includes:

	2020	2019
	£	£
Deferred income at 1 January	-	135,000
Amounts recognised during the year	-	(135,000)
Resources deferred during the year	-	-
	<u>-</u>	<u>-</u>
Deferred income at 31 December	<u>-</u>	<u>-</u>

Deferred income relates to sponsorship and donations received in advance for events in 2021, as there were no events held in 2021 due to the impact of COVID-19, deferred income is £nil (2019: £nil).

13. PENSIONS

The charity has a personal pension scheme to which employees are automatically enrolled; staff may then opt out. Total contributions for the year amounted to £3,853 (2019: £5,091). Amounts due to the scheme at year end were £465 (2019: £1,498).

THE NAKED HEART FOUNDATION
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 December 2020

14. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES.

	2020 £	2019 £
Net expenditure	(799,108)	2,233,960
Adjusted for:		
Depreciation charges	1,655	1,864
Bank interest	(26)	(412)
(Increase)/decrease in debtors	8,686	123,271
Increase/(decrease) in creditors	(4,090)	(155,633)
Disposal of fixed asset	(601)	-
Net cash provided by operating activities	(793,484)	2,203,050

15. ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash in hand	2,468,531	(792,857)	1,675,674
	<u>2,468,531</u>	<u>(792,857)</u>	<u>1,675,674</u>

16. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash in hand	1,675,674	2,468,531
	<u>1,675,674</u>	<u>2,468,531</u>

17. COMMITMENTS UNDER OPERATING LEASES

As at 31 December 2020 the company has future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	-	12,240
Later than 1 year and not later than 5 years	-	2,040
Total	-	14,280

THE NAKED HEART FOUNDATION
NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 31 December 2020

18. RELATED PARTY TRANSACTIONS

During the year the charity paid grant to The Children's Relief Foundations, a charity registered in Russia which has a common Trustee, Natalia Vodianova.

	2020	2019
	£	£
Grants to related parties	<u>620,587</u>	<u>1,034,094</u>

There were no other related parties (2019 – none) in the year.