

iheart Principles Limited
Company Limited by Guarantee
Financial Statements
30 June 2021

HICKS AND COMPANY

Chartered Accountants and Statutory Auditor
Vaughan Chambers
Vaughan Road
Harpenden
AL5 4EE

iheart Principles Limited

Company Limited by Guarantee

Financial Statements

Year ended 30 June 2021

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iheart Principles Limited

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report)

Year ended 30 June 2021

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 30 June 2021.

Reference and administrative details

Registered charity name iheart Principles Limited

**Charity Commission for
England and Wales registration
number** 1173025

**Scottish Charity registration
number** SC 050190

Company registration number 10415309

Principal office 66 Brent Street
Hendon
London
NW4 2ES

Registered office Vaughan Chambers
Vaughan Road
Harpenden
AL5 4EE

The trustees	D L Arenson	
	J C Bull	(Appointed 27 November 2020)
	I C Garner-Patel	
	A S Kessel	(Appointed 27 November 2020)
	L J Osborne	(Resigned 5 May 2021)

Auditor Hicks and Company
Chartered Accountants and Statutory Auditor
Vaughan Chambers
Vaughan Road
Harpenden
AL5 4EE

Bank Metro Bank

iheart Principles Limited

Company Limited by Guarantee

Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 30 June 2021

Structure, governance and management

The charity is a company limited by guarantee and is controlled by its articles and memorandum of association.

The trustees, who are also the directors for the purpose of company law, and who served during the period and up to the date of the signature of the financial statements were:

Dana Lisa Arenson
Julian Christopher Bull (Appointed 27 November 2020)
Ila Caroline Garner-Patel
Anthony Stephen Kessel (Appointed 27 November 2020)
Leonie Jane Osborne (Resigned 5 May 2021)

iheart recruit and appoint trustees on an annual basis. During a trustee meeting the current leadership team and trustees will recommend suitable candidates. Each of these will be profiled based upon skill set, experience and personality traits. A shortlist is then drawn up and each candidate is interviewed by the CEO (Brian Rubenstein) and the chair of trustees (Dana Arenson). Chosen candidates are then presented at the quarterly trustee meeting and a vote is taken to appoint or not. This vote needs to be unanimous for an appointment to be made.

All new trustees carry out a basic training induction covering the operational and governance policies at iheart. They are also encouraged to attend one of the iheart facilitator courses in order to gain an understanding of our core purpose and what we teach.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of winding up.

The affairs of the charity are governed by the Board of Trustees. They are responsible for setting the strategic direction of the charity, consideration of reserves, risk management, performance review and setting general organisational policy.

iheart carries out monthly and quarterly leadership meetings which are attended by the leadership team (Brian Rubenstein, Terry Rubenstein, Jeremy Bogush) plus one representative from the board of trustees (in most cases this will be Dana Arenson, Head of Trustees). The strategic direction and key decisions are discussed and debated and then presented and agreed with the head of trustees (Dana Arenson), who represents the wider trustee board.

iheart carries out annual salary audits to ensure all key management personnel are paid in accordance with a fair market rate.

Objectives and activities

The purpose of iheart is to relieve ill mental health and to promote and protect good mental health through the provision of courses and workshops in the subjects of resilience and the principles of innate health.

The main activity undertaken in relation to the purposes is the educating of young people through prevention-based programmes in mental health education, wellbeing and resilience with a focus on young people aged 9-18 years. The accredited iheart resilience training delivers programmes in schools and other youth settings, and offers facilitator training in the iheart curriculum to teachers. The charity also provides additional one-to-one support and online resilience programmes for parents, individuals and groups.

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 30 June 2021

The core objective of the charity is achieved by maximising the delivery of our programme. The strategies in place to achieve this are:

- 1) Training facilitators to deliver the programme to young people in schools, youth groups, private groups, etc.
- 2) The core iheart team to deliver the programme to young people in schools through applying for grants and fundraising.
- 3) iheart is committed to utilising technology to further increase reach. This includes the development of pre-recorded set of resources that can be delivered without facilitator input.

The trustees have paid due regard to guidance issues by the Charity Commission in deciding what activities the charity should undertake and consider that the activities of the charity have been for the public benefit.

Achievements and performance

During this period iheart has continued to increase the delivery of its curriculum to young people in schools, universities and private groups.

iheart continued our delivery of the iheart curriculum to children in schools, with deliveries at both primary and secondary schools, and significantly this financial year saw some of the schools delivering and teaching in-house with their staff, trained and supported by iheart, delivering directly to the children themselves. This is a significant step as it enables iheart to become embedded and sustainable within the school's own system, rather than it being a "bought in" resource.

The iheart training academy expanded with over 180 facilitators from around the world becoming certified iheart facilitators. The shift to a digital course in the previous year, necessitated by Covid, has resulted in a much more global reach for our vision and our training, with facilitators representing iheart in 18 countries by the year end.

Additionally, the iheart training academy was accredited by the Matrix standard in February 2021, a significant step which benchmarks the depth quality of the training information provided to facilitators.

iheart continues in its mission to support young people by also educating and supporting the adults around them in this financial year by expanding our resources and training programmes to reach parents. The Creating a Resilient Families digital programme launched in March 2021, a low cost, easy accessed online course that parents can self-study, educating how understanding how our wellbeing is innate can result in a step shift in how adults parent.

In March 2021, iheart ran a very well attended virtual conference, attended by leaders and practitioners in education and mental health arenas, and significantly relevant for iheart's vision, by over a thousand parents.

iheart sets out clearly defined fundraising activities and financial targets as part of its overall budgeting each year. This budget is reviewed monthly at leadership meetings, and at the AGM attended by the leadership team and board of trustees.

We carried out a successful crowd and match fundraising campaign in December 2020 which proved vital given the tougher climate that we experienced around the availability of grant funding during this financial year.

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 30 June 2021

Financial review

For the period ended 30 June 2021 total income was £1,113,114. Of this figure, £523,774 was received as donations and grants and £586,555 was received from charitable activities. A further £2,785 was received as other income.

Total unrestricted funds carried forward is £253,055. These funds have been allocated as follows;

General contingency fund	£147,289
Programme delivery fund	£52,149
Product development	£34,617
Capital improvement costs	£19,000

iheart carries out monthly financial governance meetings attended by Jeremy Bogush (CSO), Brian Rubenstein (CEO), Dana Arenson (Chair of Trustees), and Ila Garner-Patel (Trustee with financial background). All financial matters are discussed including risks to the charity and key strategies to mitigate and manage these.

The charity aims to hold sufficient funds in reserves to cover its short-term operating costs along with funds which have been allocated to the identified designated funds listed above.

iheart has a number of key objectives over the next 12 months.

Primarily we are looking at how we can deliver our programmes to a greater number of young people, and research and experience has shown clearly that digital platforms are the best way for us to do this. Enabling a whole school of children to be reached for similar cost to a year group with facilitated delivery. In order to achieve this we are carrying out the following activities;

1. Distribution of our first new digital product for school delivery – ignite
2. Reviewing and appraising the best corporate structure for achieving the widest and most efficient distribution of this and future similar products to reach the maximum number of children.
3. Key strategic partnerships. We are talking to several partners, including corporates and education providers, to look at how we can increase the reach of iheart and to utilise more sophisticated technology solutions for increased delivery.
4. iheart is applying for more grants to enable further growth and reach.

Trustees' responsibilities statement

The trustees, who are also directors 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 charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, 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 applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

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Trustees' Annual Report (Incorporating the Director's Report) *(continued)*

Year ended 30 June 2021

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.

Auditor

Each of the persons who is a trustee at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- they have taken all steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

The trustees' annual report was approved on 31 March 2022 and signed on behalf of the board of trustees by:

Dana Arenson

D L Arenson
Trustee

iheart Principles Limited

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Independent Auditor's Report to the Members of iheart Principles Limited

Year ended 30 June 2021

Opinion

We have audited the financial statements of iheart Principles Limited (the 'charitable company') for the year ended 30 June 2021 which comprise the Statement of Financial Activities, the Statement of Financial Position, 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 (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 30 June 2021 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 Auditors' 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.

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Independent Auditor's Report to the Members of iheart Principles Limited

(continued)

Year ended 30 June 2021

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. 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 Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees Annual Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Annual Report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- 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 exemption from the requirement to prepare a Strategic Report or in preparing the Trustees Annual Report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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.

iheart Principles Limited

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Independent Auditor's Report to the Members of iheart Principles Limited

(continued)

Year ended 30 June 2021

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under section 44(1) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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 a Report of the Independent Auditors 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:

Based on our understanding of the entity and sector in which it operates, we identified the principal risks of non-compliance with laws and regulations relating to charitable companies and the application of charitable funds. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud may occur, by making enquiries of the trustees and management as to where they considered there was susceptibility to fraud and considering the internal controls in place to mitigate fraud risks and non-compliance with laws and regulations.

In response to the risk of fraud through management bias (including the risk of override of controls) and the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- performing analytical procedures to identify unusual or unexpected transactions
- assessing whether judgements and assumptions made in determining accounting estimates were indicative of potential bias
- performing completeness of income tests
- sample testing of purchase invoices for appropriateness and correct allocation
- test checking the appropriateness of journal entries
- agreeing financial statement disclosures to the underlying supporting documentation
- checking for correspondence with the Charity Commission
- reading the minutes of trustees' meetings

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Independent Auditor's Report to the Members of iheart Principles Limited

(continued)

Year ended 30 June 2021

There are inherent limitations in our audit procedures outlined 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 to identify non-compliance with laws and regulations to enquiry of the 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. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 Report of the Independent Auditors.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and regulations made under those acts (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Philip Dean (Senior Statutory Auditor)
For and on behalf of
Hicks and Company
Chartered Accountants and Statutory Auditor
Vaughan Chambers
Vaughan Road
Harpenden
AL5 4EE

31 March 2022

iheart Principles Limited

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Statement of Financial Activities (including income and expenditure account)

Year ended 30 June 2021

		Year to 30 Jun 21			Year to 30 Jun 20
	Note	Unrestricted funds £	Restricted funds £	Total funds £	Total funds £
Income and endowments					
Donations and legacies	5	319,175	204,599	523,774	382,964
Charitable activities	6	586,555	-	586,555	541,436
Other income	7	2,785	-	2,785	3,159
Total income		<u>908,515</u>	<u>204,599</u>	<u>1,113,114</u>	<u>927,559</u>
Expenditure					
Expenditure on raising funds	8	74,217	-	74,217	9,765
Expenditure on charitable activities	9, 10	809,516	204,599	1,014,115	729,127
Total expenditure		<u>883,733</u>	<u>204,599</u>	<u>1,088,332</u>	<u>738,892</u>
Net income and net movement in funds		<u>24,782</u>	<u>-</u>	<u>24,782</u>	<u>188,667</u>
Reconciliation of funds					
Total funds brought forward		228,273	-	228,273	39,606
Total funds carried forward		<u>253,055</u>	<u>-</u>	<u>253,055</u>	<u>228,273</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

iheart Principles Limited

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Statement of Financial Position

30 June 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	16	-	343
Tangible fixed assets	17	1,292	2,958
		<u>1,292</u>	<u>3,301</u>
Current assets			
Stocks	18	-	1,678
Debtors	19	46,699	98,419
Cash at bank and in hand		237,905	242,020
		<u>284,604</u>	<u>342,117</u>
Creditors: amounts falling due within one year	20	<u>32,841</u>	<u>117,145</u>
Net current assets		<u>251,763</u>	<u>224,972</u>
Total assets less current liabilities		<u>253,055</u>	<u>228,273</u>
Net assets		<u>253,055</u>	<u>228,273</u>
Funds of the charity			
Unrestricted funds		253,055	228,273
Restricted funds		-	-
Total charity funds	23	<u>253,055</u>	<u>228,273</u>

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

These financial statements were approved by the board of trustees and authorised for issue on 31 March 2022, and are signed on behalf of the board by:

Dana Arenson

D L Arenson
Trustee

iheart Principles Limited

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Statement of Cash Flows

Year ended 30 June 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net income		24,782	188,667
<i>Adjustments for:</i>			
Depreciation of tangible fixed assets		2,827	2,483
Amortisation of intangible assets		343	413
Loss on disposal of tangible fixed assets		593	-
Accrued expenses		2,825	1,500
<i>Changes in:</i>			
Stocks		1,678	(358)
Trade and other debtors		51,720	(21,801)
Trade and other creditors		(87,129)	58,098
Cash (expended on)/generated from operations		(2,361)	229,002
Net cash from operating activities		(2,361)	229,002
Cash flows from investing activities			
Purchase of tangible assets		(1,754)	(250)
Net cash used in investing activities		(1,754)	(250)
Net (decrease)/increase in cash and cash equivalents		(4,115)	228,752
Cash and cash equivalents at beginning of year		242,020	13,268
Cash and cash equivalents at end of year	24	237,905	242,020

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Notes to the Financial Statements

Year ended 30 June 2021

1. General information

The charity is a public benefit entity and a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales as well as in Scotland. The address of the registered office is Vaughan Chambers, Vaughan Road, Harpenden, AL5 4EE.

2. Statement of compliance

These financial statements have been prepared in compliance with the Companies Act 2006, the Charities Act 2011, the Charities Statement of Recommended Practice (FRS 102), the Charities Accounts (Scotland) Regulations 2006 and Charities and Trustee Investment (Scotland) Act 2005, and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue.

Taxation

The Charity is a registered charity and as such is entitled to certain tax exemptions on income and profits from investments and surpluses on any trading activities carried on in furtherance of the charity's primary objectives.

Judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular future project or commitment.

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Notes to the Financial Statements *(continued)*

Year ended 30 June 2021

3. Accounting policies *(continued)*

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds.

Incoming resources

All incoming resources are included in the statement of financial activities when entitlement has passed to the charity; it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following specific policies are applied to particular categories of income:

- income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- legacy income is recognised when receipt is probable and entitlement is established.
- income from donated goods is measured at the fair value of the goods unless this is impractical to measure reliably, in which case the value is derived from the cost to the donor or the estimated resale value. Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- income from contracts for the supply of services is recognised with the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

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Notes to the Financial Statements *(continued)*

Year ended 30 June 2021

3. Accounting policies *(continued)*

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Intangible assets	- 25% straight line
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If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other recognised gains and losses, unless it reverses a charge for impairment that has previously been recognised as expenditure within the statement of financial activities. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other recognised gains and losses, except to which it offsets any previous revaluation gain, in which case the loss is shown within other recognised gains and losses on the statement of financial activities.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Plant and machinery	- 25% straight line
Computer equipment	- 25% to 50% straight line

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Notes to the Financial Statements *(continued)*

Year ended 30 June 2021

3. Accounting policies *(continued)*

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the charity are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Financial instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Debt instruments are subsequently measured at amortised cost.

Where investments in shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in income and expenditure. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

iheart Principles Limited

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 June 2021

3. Accounting policies *(continued)*

Financial instruments *(continued)*

Other financial instruments are subsequently measured at fair value, with any changes recognised in the statement of financial activities, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised under the appropriate heading in the statement of financial activities in which the initial gain was recognised.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as an expense in the period in which it arises.

4. Limited by guarantee

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

5. Donations and legacies

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
Donations			
Donations and gifts	279,355	–	279,355
Grants			
Grants receivable	39,820	204,599	244,419
	<u>319,175</u>	<u>204,599</u>	<u>523,774</u>

iheart Principles Limited

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 June 2021

5. Donations and legacies *(continued)*

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
Donations			
Donations and gifts	97,695	–	97,695
Grants			
Grants receivable	81,400	203,869	285,269
	<u>179,095</u>	<u>203,869</u>	<u>382,964</u>

6. Charitable activities

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
iheart	<u>586,555</u>	<u>586,555</u>	<u>541,436</u>	<u>541,436</u>

7. Other income

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Royalties	-	-	697	697
Stock sales	-	-	535	535
Furlough grant income	<u>2,785</u>	<u>2,785</u>	<u>1,927</u>	<u>1,927</u>
	<u>2,785</u>	<u>2,785</u>	<u>3,159</u>	<u>3,159</u>

8. Costs of raising donations and legacies

	Unrestricted Funds £	Total Funds 2021 £	Unrestricted Funds £	Total Funds 2020 £
Fundraising campaign costs	<u>74,217</u>	<u>74,217</u>	<u>9,765</u>	<u>9,765</u>

9. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	Total Funds 2021 £
iheart	643,524	204,599	848,123
Support costs	<u>165,992</u>	<u>–</u>	<u>165,992</u>
	<u>809,516</u>	<u>204,599</u>	<u>1,014,115</u>

iheart Principles Limited

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 June 2021

9. Expenditure on charitable activities by fund type *(continued)*

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £
iheart	387,335	203,869	591,204
Support costs	137,923	—	137,923
	<u>525,258</u>	<u>203,869</u>	<u>729,127</u>

10. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	Total funds 2021 £	Total fund 2020 £
iheart	848,123	161,552	1,009,675	724,807
Governance costs	—	4,440	4,440	4,320
	<u>848,123</u>	<u>165,992</u>	<u>1,014,115</u>	<u>729,127</u>

11. Analysis of support costs

	Support costs £	Total 2021 £	Total 2020 £
Staff costs	88,499	88,499	61,282
Governance costs	4,440	4,440	4,320
Office support costs	58,725	58,725	45,605
Accountancy support costs	13,249	13,249	25,816
Bank fees and charges	1,079	1,079	900
	<u>165,992</u>	<u>165,992</u>	<u>137,923</u>

12. Net income

Net income is stated after charging/(crediting):

	2021 £	2020 £
Amortisation of intangible assets	243	413
Depreciation of tangible fixed assets	2,827	2,483
Loss on disposal of tangible fixed assets	<u>593</u>	<u>-</u>

13. Auditors remuneration

	Year to 30 Jun 21 £	Year to 30 Jun 20 £
Fees payable for the audit of the financial statements	<u>4,440</u>	<u>4,320</u>

iheart Principles Limited

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 June 2021

14. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	Year to 30 Jun 21 £	Year to 30 Jun 20 £
Wages and salaries	285,753	223,632
Social security costs	24,155	16,731
Employer contributions to pension plans	20,144	4,767
	<u>330,052</u>	<u>245,130</u>

The average head count of employees during the year was 9 (2020: 8).

Three employees received remuneration as a combination of salary and fees for practitioner work. Details of amounts paid are given in Note 25.

15. Trustees

None of the trustee received any remuneration for their services as trustees.

The aggregate of donations from related parties to the charity totalled £3,500 (2020: £1,264).

16. Intangible assets

	Website design £
Cost	
At 1 July 2020	1,650
Disposals	(1,650)
At 30 June 2021	<u>-</u>
Amortisation	
At 1 July 2020	1,307
Charge for the year	343
Disposals	(1,650)
At 30 June 2020	<u>-</u>
Carrying amount	
At 30 June 2021	<u>-</u>
At 30 June 2020	<u>343</u>

iheart Principles Limited

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 June 2021

17. Tangible fixed assets

	Plant and machinery £	Computer equipment £	Total £
Cost			
At 1 July 2020	7,676	2,436	10,112
Additions	-	1,754	1,754
Disposals	(1,906)	(2,436)	(4,342)
At 30 June 2021	5,770	1,754	7,524
Depreciation			
At 1 July 2020	5,874	1,280	7,154
Charge for the year	1,630	1,197	2,827
Disposals	(1,906)	(1,843)	(3,749)
At 30 June 2021	5,598	634	6,232
Carrying amount			
At 30 June 2021	172	1,120	1,292
At 30 June 2020	1,802	1,156	2,958

18. Stocks

	2021 £	2020 £
Finished goods and goods for resale	-	1,678

19. Debtors

	2021 £	2020 £
Trade debtors	44,954	93,916
Prepayments and accrued income	756	3,053
Other debtors	989	1,450
	46,699	98,419

20. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	2,870	13,039
Accruals and deferred income	16,985	97,217
Social security and other taxes	11,853	5,920
Wages and salaries control	-	1
Other creditors	1,133	968
	32,841	117,145

iheart Principles Limited

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 June 2021

21. Deferred income

	2021 £	2020 £
Amount deferred in year	<u>7,500</u>	<u>90,557</u>

22. Pensions and other post-retirement benefits

Defined contribution plans

The amount recognised in income and expenditure as an expense in relation to defined contribution plans was £20,144 (2020: £4,767).

23. Analysis of charitable funds

Unrestricted funds

	At 1 July 2020 £	Income £	Expenditure £	At 30 June 2021 £
General funds	<u>228,273</u>	<u>908,515</u>	<u>(883,733)</u>	<u>253,055</u>

	At 1 July 2019 £	Income £	Expenditure £	At 30 June 2020 £
General funds	<u>39,606</u>	<u>723,690</u>	<u>(535,023)</u>	<u>228,273</u>

Restricted funds

	At 1 July 2020 £	Income £	Expenditure £	At 30 June 2021 £
Grants received	<u>–</u>	<u>204,599</u>	<u>(204,599)</u>	<u>–</u>

	At 1 July 2019 £	Income £	Expenditure £	At 30 June 2020 £
Grants received	<u>–</u>	<u>203,869</u>	<u>(203,869)</u>	<u>–</u>

24. Analysis of changes in net debt

	At 1 July 2020 £	Cash flows £	At 30 June 2021 £
Cash at bank and in hand	<u>242,020</u>	<u>(4,115)</u>	<u>237,905</u>

iheart Principles Limited

Company Limited by Guarantee

Notes to the Financial Statements *(continued)*

Year ended 30 June 2021

25. Related parties

The Trustees consider that the following individuals are related parties to the charity by nature of their positions held. During the period, the charity entered into the following transactions with related parties:

	Practitioner fees £	Salary £	Pension contributions £	30 June 21 £	30 June 20 £
Jeremy Bogush, Chief Operating Officer	34,900	44,337	897	80,134	61,375
Terry Rubenstein, Founder	30,650	31,374	7,975	69,999	64,857
Brian Rubenstein, Chief Executive Officer	32,050	49,189	8,397	89,636	78,271
	<u>97,600</u>	<u>124,900</u>	<u>17,269</u>	<u>239,769</u>	<u>204,503</u>

At the 30 June 2020 Jeremy Bogush owed the charity £603 which was fully repaid in October 2020.