

**Registered Number 06293334**  
**Charity Number 1122345**

**THE NAKED HEART FOUNDATION**

**Report and Financial Statements**

**For the year ended**  
**31 December 2019**

**THE NAKED HEART FOUNDATION**  
**REPORT AND FINANCIAL STATEMENTS 2019**

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**THE NAKED HEART FOUNDATION**

**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

**LEGAL AND ADMINISTRATIVE INFORMATION**

**TRUSTEES**

Ms Natalia Vodianova  
Mr Francois Chateau  
Mr Jamey Hargreaves  
Ms Lucy Margaret Yeomans  
Ms Anastasia Zalogina (appointed 15 October 2019)

**REGISTERED CHARITY NUMBER**

06293334

**PRINCIPAL OFFICE**

The Naked Heart Foundation  
4<sup>th</sup> Floor Rex House  
Regent Street  
London  
SW1Y 4PE

**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 2019**

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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 2019. 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. There was one change to the Board of Trustees in the 2019 fiscal year –Anastasia Zalogina was appointed as a new Trustee.

### **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.

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## **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 2019** the Foundation helped to build play parks and playgrounds in Moscow, Serafimovich (Volgograd region), Molodezhny (Irkutsk region), Samara, Nizhny Novgorod and Blagoveshchensk (Amursk region).

In order to comply with health and safety regulations, the Foundation also contributed to repair works on playgrounds in Nizhny Novgorod.

**In 2020** the Foundation helped to build play parks and playgrounds in Krasnoyarsk, Saransk and Blagoveshchensk.

To date, through its partnerships and related parties the Foundation has built 210 accessible play facilities in 158 cities and towns across Russia and beyond, including three in the UK. In addition, the Foundation has created seven 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.

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.

## THE NAKED HEART FOUNDATION TRUSTEES REPORT (INCORPORATING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2019

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- 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.

The international “Every Child Deserves a Family” forum is a unique platform for leading Russian and international child development experts to share their experience and expertise. Following its success in 2012, the forum became an annual event, creating an interface between child development specialists, parents and State officials.

Every year the forum welcomes specialists and parents from all corners of Russia and a wide range of organisations that provide support to children with disabilities and their families. Since 2012, over 5,000 people from 150 towns and cities and 22 countries have participated in the forum’s seminars and master classes, hosted by 500 speakers.

**In 2019** we supported the eighth international forum, entitled “Every Child Deserves a Family: Quality of life for people with special needs”, which took place in Moscow from 14 to 16 October.

In 2019-2020 the Foundation supported projects in Russia such as the Family Support Centre (we supported 103 families at our centres) and projects run by partner NGOs (CCP legal project, Prostranstvo obshchenia, Early Intervention Project). In 2019, over 2800 development specialists learnt about modern, evidence-based methods of working with children with special needs.

**In 2020**, owing to the COVID-19 pandemic, all NHF services have been provided online. Specialists have been training parents and supervising children 2-3 times a week. In addition, new useful and reliable content has been 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 by the audience; 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.

### EVENTS AND ACTIVITIES SUMMARY

The Foundation held and participated in a number of successful fundraising and awareness-raising events in 2019-2020, including:

**THE NAKED HEART FOUNDATION  
TRUSTEES REPORT (INCORPORATING DIRECTORS' REPORT) FOR THE  
YEAR ENDED 31 DECEMBER 2019**

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1. Fabulous Fund Fair 2019, London, UK

Date: 18 February 2019

Concept: A charity funfair with stalls run by celebrities and sponsored by corporate luxury brands with the aim of raising funds for the Naked Heart Foundation. Organised by Naked Heart Foundation.

2. Love Ball Arabia, Doha, Qatar

Date: 29 March 2019

Concept: The charity gala-dinner 'Love Ball Arabia' was held under the patronage of Her Excellency Sheikha Al Mayassa bint Hamad bin Khalifa Al Thani and Natalia Vodianova in partnership with the Naked Heart Foundation and Qatar museums in Doha as part of the Qatar–Russia cultural exchange.

3. Running Hearts Green Marathon, Moscow, Russia

Date: 1 June 2019

Concept: Charity run, where all the funds raised went towards the Naked Heart Foundation's project to develop early intervention services – a network of free support services for families raising children under six with conditions such as autism, Down's syndrome, cerebral palsy and learning disabilities. Organised by NHF related parties.

4. Magic Fabulous Fund Fair 2019, London, UK

Date: 3 October 2019

Concept: A charity funfair with a unique fundraising format, where participants enjoyed classic funfair games transformed into unforgettable experiences, with prizes from some of the world's most celebrated luxury brands and hosted by renowned individuals from the worlds of fashion, film, art, music and sport, followed by the auction. Organised by Naked Heart Foundation.

5. Charity Gala Baby Dior Love Ball, Moscow, Russia

Date: 15 December 2019

Concept: Charity gala-dinner and auction hosted by Natalia Vodianova and Yana Rudkovskaya. The event was supported by Baby Dior and Mercury Jewellery. All costs associated with the organisation of this event were covered in full by the participating sponsors and partners. Organised by NHF related parties.

6. Online Charity gala Zoom Night, Moscow, Russia (online)

Date: 7 May 2020

Concept: Online charity gala-dinner and auction hosted by Natalia Vodianova and Michail Zygar. The event was supported by Mercury Jewellery. All costs associated with the organisation of the event were covered in full by the participating sponsors and partners. Organised by NHF related parties.

7. Online charity gala Zoom Flower Power, Moscow, Russia (online)

Date: 18 June 2020

Concept: Online charity gala-dinner and auction hosted by Natalia Vodianova and Michail Zygar. The event was supported by Mercury Jewellery and Ralph Lauren. All costs associated with the organisation of the event were covered in full by the participating sponsors and partners. Organised by NHF related parties.

NHF events in the UK were postponed due to the COVID-19 situation; we are considering different approaches for online fundraising in 2020-2021.

**THE NAKED HEART FOUNDATION  
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**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.

**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**

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. However, the COVID-19 situation remains a major concern; for this reason they continue to adopt the going concern basis in preparing the financial statements. 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. The current level of unrestricted reserves is £2,470,764 (2018: £236,804).

**PRINCIPAL RISK AND UNCERTANTIES**

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.

## **THE NAKED HEART FOUNDATION TRUSTEES REPORT (INCORPORATING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 DECEMBER 2019**

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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.

### **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 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.

#### **Goals for 2020-2021:**

- Further expansion of services provided at Family Support Centres in Russia;
- Opening of NHF 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;

**THE NAKED HEART FOUNDATION  
TRUSTEES REPORT (INCORPORATING DIRECTORS' REPORT) FOR THE  
YEAR ENDED 31 DECEMBER 2019**

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- Organisation of the ninth international Every Child Deserves a Family forum (topic: "Growing up as a person with disabilities");
- Creation and development of a new training programme for parents of children with special needs entitled "New Bird" (with the University of Cape Town, Edinburgh University);
- Conference on early intervention for children with ASD;
- Further expansion of the Employment project for young people with disabilities, run in collaboration with the Coca Cola Foundation;
- Construction of new inclusive play facilities in Russia;
- Renovation of older play facilities.

**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.

**THE NAKED HEART FOUNDATION  
TRUSTEES REPORT (INCORPORATING DIRECTORS' REPORT) FOR THE  
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**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.

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 13/01/2021 and signed on their behalf by:

**Natalia Vodianova, Director**



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

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**Opinion**

We have audited the financial statements of The Naked Heart Foundation (the 'charitable company') for the year ended 31 December 2019 which comprises the Statement of Financial Activities, the Balance Sheet, Statement of Cashflows 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 2019 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The trustees are responsible for the 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. 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.

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

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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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of our 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 directors' report.

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

- adequate 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 directors' 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 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Ethical Standards issued by the Financial Reporting Council (FRC), including "Ethical Standard – Provisions Available for Small Entities", in the circumstances set out in note 1 to the financial statements.

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**The use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members 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)

for and on behalf of  
**Price Bailey LLP**

Chartered Accountants  
Statutory Auditors  
Tennyson House  
Cambridge Business Park  
Cambridge  
CB4 0WZ

Date: 13 January 2021

**THE NAKED HEART FOUNDATION  
STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 December 2019**

	Note	Unrestricted 2019 £	Unrestricted 2018 £
<b>Income</b>			
Donations	2	200,189	198,718
Other trading activities	3	4,094,632	948,035
Investment income	4	412	108
<b>Total Income</b>		<b>4,295,233</b>	<b>1,146,861</b>
<b>Expenditure on:</b>			
Raising funds	5	731,771	929,475
Charitable activities	6	1,329,502	1,094,412
<b>Total expenditure</b>		<b>2,061,273</b>	<b>2,023,887</b>
<b>Being net income and net movement in funds for the year</b>		<b>2,233,960</b>	<b>(877,026)</b>
<b>Reconciliation of Funds</b>			
Total funds brought forward		236,804	1,113,830
<b>Total funds carried forward</b>		<b>2,470,764</b>	<b>236,804</b>

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 2019**

	Notes	£	2019 £	£	2018 £
<b>FIXED ASSETS</b>					
Tangible Fixed Assets	10		1,655		3,519
<b>CURRENT ASSETS</b>					
Debtors	11	15,040		138,311	
Cash at bank and in hand		<u>2,468,531</u>		<u>265,069</u>	
<b>TOTAL CURRENT ASSETS</b>		2,483,571		403,380	
<b>LIABILITIES</b>					
Creditors: amounts falling due within one year	12	<u>(14,462)</u>		<u>(170,095)</u>	
<b>NET CURRENT ASSETS</b>			<u>2,469,109</u>		<u>233,285</u>
<b>NET ASSETS</b>			<u><u>2,470,764</u></u>		<u><u>236,804</u></u>
<b>FUNDS</b>					
Unrestricted funds			<u>2,470,764</u>		<u>236,804</u>
<b>TOTAL FUNDS</b>			<u><u>2,470,764</u></u>		<u><u>236,804</u></u>

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 13/01/2021 and signed on their behalf by:



.....  
**Ms Natalia Vodianova – Director**

**THE NAKED HEART FOUNDATION  
STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 31 December 2019**

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	Note	2019 £	2018 £
<b>Cash Flows from Operating Activities</b>			
Net cash generated/(used) by operating activities	14	2,203,050	(789,894)
<b>Cash Flows from Investing Activities</b>			
Bank interest		412	108
<b>Net Cash Flows from Investing Activities</b>		<u>412</u>	<u>108</u>
<b>Change in cash and cash equivalents in the year</b>		2,203,462	(789,786)
<b>Cash and cash equivalents brought forward</b>		265,069	1,054,855
<b>Cash and cash equivalents carried forward</b>	16	<u><u>2,468,531</u></u>	<u><u>265,069</u></u>

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

## **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 (2018:4) 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

**THE NAKED HEART FOUNDATION  
NOTES TO THE ACCOUNTS (Continued)  
FOR THE YEAR ENDED 31 December 2019**

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**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.

**THE NAKED HEART FOUNDATION  
NOTES TO THE ACCOUNTS (Continued)  
FOR THE YEAR ENDED 31 December 2019**

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**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.

**p) Provisions Available for Audits of Small Entities**

In common with many other charities of this size and nature they use their auditors to run monthly payroll submissions, provide company secretarial services, prepare and submit returns to the tax authorities, provide legal advice and assist with the preparation of the financial statements and management accounts.

**2. DONATIONS**

	2019	2018
	£	£
Donations	<u>200,189</u>	<u>198,718</u>

**THE NAKED HEART FOUNDATION  
NOTES TO THE ACCOUNTS (Continued)  
FOR THE YEAR ENDED 31 December 2019**

**3. OTHER TRADING ACTIVITIES**

	2019	2018
	£	£
Fund Fair	925,320	722,558
Unicorn Awards	-	130,000
Charity Gala Dinner – Russia/Qatar	-	97,477
Qatar Love Ball	3,169,312	-
	<u>4,094,632</u>	<u>948,035</u>

**4. INVESTMENT INCOME**

	2019	2018
	£	£
Bank interest	412	108
	<u>412</u>	<u>108</u>

**5. RAISING FUNDS**

	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>
Prior Year				
	2018	2018	2018	2018
	Direct costs	Staff costs	Support costs	Total
	£	£	£	£
Event costs	606,055	-	-	606,055
Fundraising expenses	2,951	-	-	2,951
Support costs (Note 7)	-	203,271	117,198	320,469
	<u>609,006</u>	<u>203,271</u>	<u>117,198</u>	<u>929,475</u>

**THE NAKED HEART FOUNDATION**  
**NOTES TO THE ACCOUNTS (Continued)**  
**FOR THE YEAR ENDED 31 December 2019**

**6. CHARITABLE ACTIVITIES**

	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
	<u>1,034,094</u>	<u>43,589</u>	<u>251,819</u>	<u>1,329,502</u>
	2018 Direct costs £	2018 Staff costs £	2018 Support costs £	2018 Total £
Grants to the Children's Relief Foundations	889,074	-	-	889,074
Support costs (Note 7)	-	34,243	171,095	205,338
	<u>889,074</u>	<u>34,243</u>	<u>171,095</u>	<u>1,094,412</u>

All grants made during 2019 and 2018 were made to institutions.

**7. ANALYSIS OF SUPPORT COSTS**

	Costs of Raising funds 2019 £	Charitable Activities 2019 £	Total 2019 £
<b>Governance</b>			
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 – accountancy fees	-	-	-
Auditor's remuneration – other services	3,102	7,051	10,153
Trustees' indemnity insurance	2,828	6,430	9,258
	<u>14,606</u>	<u>33,204</u>	<u>47,810</u>
<b>Support</b>			
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
	<u>276,878</u>	<u>295,408</u>	<u>572,286</u>

**THE NAKED HEART FOUNDATION  
NOTES TO THE ACCOUNTS (Continued)  
FOR THE YEAR ENDED 31 December 2019**

**7. ANALYSIS OF SUPPORT COSTS (continued)**

	Costs of Raising funds 2018 £	Charitable Activities 2018 £	Total 2018 £
<b>Governance</b>			
Legal and professional	4,288	1,208	10,590
Consultancy fees	-	-	-
Auditor's remuneration – audit fees	2,486	3,654	6,140
Auditor's remuneration – accountancy fees	-	-	-
Auditor's remuneration – other services	3,328	4,829	8,220
Trustees' indemnity insurance	3,571	5,248	8,819
	<u>13,673</u>	<u>20,096</u>	<u>33,769</u>
<b>Support</b>			
Depreciation	822	1,208	2,030
Sundry expenses	547	805	1,352
Programme research	24,179	35,537	59,716
Computer costs	1,139	1,673	2,812
Bank charges	1,088	1,598	2,686
Travel expenses	2,488	3,656	6,144
Loss on currency transactions	10,230	15,035	25,265
Irrecoverable VAT	53,132	77,567	130,699
Rent	9,645	14,175	23,820
Staff costs	181,490	30,500	211,990
National insurance	18,652	3,209	21,834
Pension	3,156	534	3,690
	<u>320,469</u>	<u>205,338</u>	<u>525,807</u>

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**

	2019 £	2018 £
Wages and salaries	185,112	211,990
Social security costs	19,491	21,834
Pension	5,091	3,690
	<u>209,694</u>	<u>237,514</u>

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

	2019 No. £	2019 FTE £	2018 No. £	2018 FTE £
Administration	<u>3</u>	<u>3</u>	<u>4</u>	<u>4</u>

**THE NAKED HEART FOUNDATION  
NOTES TO THE ACCOUNTS (Continued)  
FOR THE YEAR ENDED 31 December 2019**

**8. STAFF EMOLUMENTS AND TRUSTEE EXPENSES (continued)**

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

	<b>2019</b>	<b>2018</b>
	<b>No.</b>	<b>No.</b>
In the band £60,001 - £70,000	-	1
In the band £70,001 - £80,000	1	2
In the band £80,001 - £90,000	-	-
In the band £90,001 - £100,000	1	-
	<u>1</u>	<u>-</u>

The charity considers its key management personnel to comprise of the Finance Director and Chief Operating Officer.

None of the Trustees received any remuneration, expenses or benefits in kind from the charity during the year (2018: £nil).

The total employee benefits of the 2 key management personnel were £139,068 (2018: £147,908).

**9. NET INCOME /(EXPENDITURE)**

Net income/(expenditure) is stated after charging:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Depreciation	1,864	2,030
Auditors remuneration (see note 7)	16,653	14,360
Operating license: Land and buildings	17,943	23,820
Exchange loss/(gain)	110,503	25,265
	<u>146,963</u>	<u>65,475</u>

**10. TANGIBLE FIXED ASSETS**

	<b>Computer equipment</b>
	<b>£</b>
<b>Cost</b>	
As at 1 January 2019	8,057
Additions	-
	<u>8,057</u>
As at 31 December 2019	<u>8,057</u>
<b>Depreciation</b>	
As at 1 January 2019	4,538
Charge of the year	1,864
	<u>6,402</u>
As at 31 December 2019	<u>6,402</u>
<b>Net book value</b>	
As at 31 December 2019	<u>1,655</u>
As at 31 December 2018	<u>3,519</u>

**THE NAKED HEART FOUNDATION  
NOTES TO THE ACCOUNTS (Continued)  
FOR THE YEAR ENDED 31 December 2019**

**11. DEBTORS**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Other debtors	15,040	17,447
Prepayments and accrued income	-	120,864
	<u><b>15,040</b></u>	<u><b>138,311</b></u>

**12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Taxation and social security	4,008	9,820
Other creditors	2,016	1,197
Accruals	8,438	24,078
Deferred income	-	135,000
	<u><b>14,462</b></u>	<u><b>170,095</b></u>

Deferred income above includes:

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Deferred income at 1 January 2019	135,000	-
Amounts recognised during the year	(135,000)	-
Resources deferred during the year	-	135,000
	<u>-</u>	<u>135,000</u>
Deferred income at 31 December 2019	<u><b>-</b></u>	<u><b>135,000</b></u>

Deferred income relates to sponsorship and donations received in advance for events in 2019, as there were no events held in 2020 due to the impact of COVID-19, deferred income is nil (2018: £135,000).

**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 £5,091 (2018: £3,690). Amounts due to the scheme at year end were £1,498 (2018: £979).

**THE NAKED HEART FOUNDATION  
NOTES TO THE ACCOUNTS (Continued)  
FOR THE YEAR ENDED 31 December 2019**

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

	<b>2019</b> £	<b>2018</b> £
Net expenditure	2,233,960	(877,026)
<b>Adjusted for:</b>		
Depreciation charges	1,864	2,030
Bank interest	(412)	(108)
(Increase)/decrease in debtors	123,271	(75,355)
Increase/(decrease) in creditors	(155,633)	160,565
<b>Net cash provided by operating activities</b>	<b><u>2,203,050</u></b>	<b><u>(789,894)</u></b>

**15. ANALYSIS OF CHANGES IN NET DEBT**

	<b>At 1</b> <b>January</b> <b>2020</b> £	<b>Cash</b> <b>flows</b> £	<b>At 31</b> <b>December</b> <b>2020</b> £
Cash in hand	265,069	2,203,462	2,468,531
	<u>265,069</u>	<u>2,203,462</u>	<u>2,468,531</u>

**16. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	<b>2019</b> £	<b>2018</b> £
Cash in hand	2,468,531	265,069
	<u>2,468,531</u>	<u>265,069</u>

**17. COMMITMENTS UNDER OPERATING LEASES**

As at 31 December 2019 the company has future minimum lease payments under non-cancellable operating leases as follows:

	<b>2019</b> £	<b>2018</b> £
Not later than 1 year	12,240	7,140
Later than 1 year and not later than 5 years	2,040	14,280
<b>Total</b>	<b><u>14,280</u></b>	<b><u>21,420</u></b>

**THE NAKED HEART FOUNDATION  
NOTES TO THE ACCOUNTS (Continued)  
FOR THE YEAR ENDED 31 December 2019**

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**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.

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Grants to related parties	<b><u>1,034,094</u></b>	<b><u>889,074</u></b>

There were no other related parties (2018 – none) in the year.