

Registered number: 06293334
Charity number: 1122345

THE NAKED HEART FOUNDATION

TRUSTEES REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012



With offices in
Bishop's Stortford Cambridge Ely Guemsey
London City London Mayfair London North Norwich

A member of the UK 200 Group,
an association of independent practising Chartered Accountants

**THE NAKED HEART FOUNDATION
(A Company Limited by Guarantee)**

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THE NAKED HEART FOUNDATION
(A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 30 JUNE 2012

Trustees Ms Natalia Vodianova, President
Mr Francois Chateau
Mr Jamey Hargreaves
Ms Lucy Yeomans

Company registered number 06293334

Charity registered number 1122345

Registered office The Naked Heart Foundation
1-6 Yarmouth Place
London
W1J 7BU

Auditors Price Bailey LLP
Chartered Accountants
Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT

Bankers HSBC Bank Plc
25 Notting Hill Gate
London
W11 3JJ

Solicitors Salans
Millenium Bridge House
2 Lambeth Hill
London
EC4V 4AJ

THE NAKED HEART FOUNDATION
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TRUSTEES' REPORT
FOR THE YEAR ENDED 30 JUNE 2012

The Trustees, who are also directors of the Foundation for the purposes of the Companies Act, present their annual report and audited financial statements of the charity for the year to 30 June 2012. The financial statements have been prepared under the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities", (SORP 2005), and the accounting policies set out on page 12. 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 the relevant developments in the charity sector where appropriate. There have been no changes in the composition of the Board of Trustees or the Executive Management in the 2012 fiscal year.

Organisational structure and decision making

The Executive Director of the charity manages the day-to-day operations of the charity, liaising with the grant recipient charities, The Children's Relief Foundation "Fond obnazhennye serdtsa", The Play With Purpose "Fond igra so smislom" in the Russian Federation and the US organisation The Naked Heart Foundation, 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 receive quarterly activity reports, which they then discuss, feeding back any concerns or questions to the Executive Director for clarification. The administration of the charity is carried out internally.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2012

Organisation Chart

	US	UK	Russia	
Entity Full Legal Name	The Naked Heart Foundation, Inc.	The Naked Heart Foundation	The Children's Relief Foundation "Naked Hearts" (Fond Obnazhennye Serdtsa) Nizhniy Novgorod	The Children's Relief Foundation "Naked Heart" (Fond Obnazhennoe Serdtse) Moscow
Date of Organization	9 September 2004	26 June 2007	20 April 2005	6 December 2010
Entity Type	Non-Profit Corporation under section 503(c)(3)	Company Limited by Guarantee Charity N:1122345 Company N:6293334	Non-Commercial Organization	
Directors / Trustees	Natalia Vodianova François Chateau Gordon Weiss	Natalia Vodianova François Chateau Jamey Hargreaves Lucy Yeomans	Natalia Vodianova Taissia Markelova	
Directors	<i>Svitlana Kozlyuk International Director</i>	<i>Svitlana Kozlyuk International Director</i>	<i>Anastasia Zalogina Executive Director Russia</i>	

Related party relationships

The charity works closely with the Children's Relief Foundation "Naked Hearts" and the Children's Relief Foundation "Naked Heart", 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 have assessed the major risks to which the Naked Heart Foundation is exposed, in particular those related to the operations and finances of the Naked Heart Foundation, and are satisfied that systems and procedures are in place to mitigate the Foundation's exposure to the major risks.

The trustees opted for an extension of the trustee liability insurance, to provide an indemnity limit of £2 million and, in addition, professional and legal liability insurance with a limit of £1 million. The cost of this to the Foundation totalled £2,100.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2012

OBJECTIVES AND ACTIVITIES

Policies and objectives

The Naked Heart Foundation strives to deliver the improvement of the quality of life and to provide assistance to underprivileged children in Russia by way of:

- Providing recreational grounds and leisure time activities that are designed to improve their living conditions and enhance their social welfare;
- Providing support and activities, that promote the development of skills, capacities and capabilities to maximise the level of their participation in the society as mature and responsible individuals;
- Providing the necessary resources and the assistance to help with the care of such children;
- Making distributions to entities that are organised and operated exclusively for charitable purposes and which further the afore-mentioned objectives.

The activities of the Naked Heart Foundation

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

Play With Purpose

The mission of the "Play With Purpose Programme" is to build modern play facilities in urban areas of Russia. To date, the Foundation has built 90 accessible play facilities in 68 cities and towns across the country. Some of them are located at orphanages, children's hospitals and rehabilitation centres. Further 4 play facilities have been built internationally in collaboration with the local partners: including 3 in the UK (Glasgow, Liverpool, London), 1 in Abkhazia (Gagra) and 1 in Ukraine (Simferopol).

Every Child Deserves a Family

The mission of the "Every Child Deserves a Family Programme" is, ultimately, to break the cycle of institutionalization of children with disabilities, and ensure that they can and will stay with their families, where they can prosper and maximise their human potential. The programme targets the activities that bring about a fundamental change in the manner in which children and people with disabilities are perceived, to create an environment and structure, through developing access to childcare, education and community participation where they can grow as independent individuals.

Since the launch of the programme in March 2011 the Foundation has financed a multitude of projects across Russia, opened the "Naked Hearts" Family Support Centre" in Nizhny Novgorod, the first ever "play library" in the Tula Region, has sponsored the publishing and legal departments of the Centre for Curative Pedagogics (CCP) in Moscow and has organized the Summer and Autumn camps for children with special needs and their parents. In addition, the charity actively campaigns for the full implementation of the United Nations Convention on the Rights of Persons with Disabilities.

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.

Grant making policies

The trustee's current focus is to provide play facilities that are sustainable. For this purpose The Foundation makes grants to the specialist non-commercial organisations in the Russian Federation, The Children's Relief Foundation "Naked Hearts" and The Children's Relief Foundation "Naked Heart" that partner with the local municipalities for the required authorizations and receive assistance in the provision of safe play areas with 24-

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2012

hour surveillance.

Projects are usually championed by a local authority and/or other social body that has identified a need for play facilities for which it does not have sufficient funds. The aforementioned Russian non-commercial organisations work to obtain the co-funding from local partners and a commitment to providing for continuous 24-hour security and maintenance. The trustees will also consider making grants to other charitable organisations that work towards its objects 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.

ACHIEVEMENTS AND PERFORMANCE

Going concern

After making appropriate enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

Review of activities

ACHIEVEMENTS AND PERFORMANCE

The 2012 had been an excellent and important years for the development of the Naked Heart Foundation.

Fundraising Events:

The Foundation held a number of successful fundraising events including:

2011, July 6th : the White Fairy Tale Love Ball, Paris, France

2011 September 16th : Sponge Bob Square Pants Exhibition and Auction

2011 December 19th : Christmas Jewellery Sale, Guerlain, Paris, France

2012 February 11th : Serdechniy Priem Dinner and Auction, Moscow, Russia

2012, March, 6th Paris Half Marathon, Paris, France

2012 June 30th Bazaar Heart Ball, Moscow, Russia

The Trustees were very pleased with the amount raised and also with the feedback from the guests and the media.

Corporate Funding

The Foundation has had a significant development of its corporate fundraising initiatives having secured the long term collaborations with Castorama RUS (Affiliate of Kingfisher PLC), MariVanna Ltd (Ginza Project), Caramel Baby & Child, Centro and Bank Vozrozhdeniye. The new collaborations would provide significant additional resources to fund the Foundation's programmes.

Achievements

Play With Purpose

During 2012 the Foundation built 8 new play parks and 17 new playgrounds with a total surface area of more than 22,000 square metres in 23 cities and benefited 80,000 children who now have modern and safe places to play.

Please see the "2012 Impact Report: Play With Purpose" for detailed information.

Every Child Deserves a Family

On 2012 the Foundation supported and realized a multitude of projects within the framework of the "Every Child Deserves a Family Programme" including: the operation and development of the "Naked Hearts Family Support Centre", the funding of 9 projects targeted at normalization of the lives of children with special needs and their families, the funding of 11 Summer and Autumn Integrative camps projects, the advancement of the advocacy work and the provision of expert and financial assistance to other charitable organizations that complement and

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2012

advance the Foundation's work.

The New Play Facilities of 2012

The Play Parks in the towns:

1. Gagra, Abkhazia
2. Gusinoozersk, The Republic of Buryatia
3. Kaliningrad, The Kaliningrad Region
4. Kokuy, The Sretenskaya Region, Transbaikalia
5. Melnikovo, The Tomsk Region
6. Uryupinsk, the Volgograd Region
7. Sovetskaya Gavan, The Khabarovsk Territory
8. Yakutsk, The Republic of Sakha (Yakutia)

The Playgrounds on the grounds of social institutions:

1. The Orphanage, Belgorod, The Belgorod Region
2. The Remedial Orphanage, Berezovo, KMAD-Yugra
3. Childhood Home, Zarechnyy, The Penza Region
4. Music School, Zima, The Irkutsk Region
5. Infants' Home No 1, Irkutsk, The Irkutsk Region
6. Infants' Home No 3, Irkutsk, The Irkutsk Region
7. Orphanage, Lyulpani, The Mari-El Republic
8. Children's Hospital, Moscow
9. The Centre for Curative Pedagogics, Moscow
10. Peschanokopskoe Village, The Rostov Region
11. Infants' Home, Perm, The Perm Territory
12. Kindergarten for Children with Visual Disorders, Naberezhnye Chelny, Tatarstan
13. Orphanage, Novorossiysk, The Krasnodar Territory
14. The Social Rehabilitation Centre, Pesochnya, The Ryazan Region
15. Childrens' care home, Tashtagol, The Kemerovo Region
16. Infants' Home, Tyumen, The Tyumen Region
17. Orphanage-School, Yalga, Mordovia (Saransk)

Summary and Goals for 2013:

In 2012 the Foundation invested over 69 million Russian roubles (1,73 million Euros or 2,25 million US dollars) in building new play facilities, 20.6% and 79.4% was spent on building playgrounds and play parks respectively. In 2012 the Foundation financed the construction of 8 play parks and 17 playgrounds in 23 towns and cities in Russia and the CIS. The total area built amounted to over 22,000 square metres. Over 80,000 children now benefit from having access to modern and safe play areas.

The success of any activity depends on the commitment to a continuous learning and improvement:

- In 2012 besides building 25 new facilities, the Foundation received a consultation by ERM Eurasia. An analysis of the existing projects was carried out and a number of recommendations for development had been made.
- The analysis had pointed out the importance of landscaping on the playgrounds and parks, and had highlighted the necessity to optimize the construction work, and develop a number of park design templates that differ by size and complexity. The initial standardization could simplify the project selection process with the applicant, optimize the inventory management in the future and help to improve the general appearance of the future play areas by having an added element of landscape design.
- During the Krymsk tragedy the Foundation demonstrated its determination and capability to respond to the emergency situations where children were the victims. The response highlighted the importance of planning and fundraising "in real-time", and of the use of social networks to increase the effectiveness and the quality of the project activities.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2012

- The development of collaborations with private companies within the framework of their corporate social responsibility (CSR) has become one of the key achievements of 2012. These long-term partner programmes could give the companies an opportunity to engage directly in the development of the local community utilising the Foundation's expertise and appraisal
- In 2013 the Foundation plans to build at the least 10 new play facilities (4 play parks and 6 playgrounds): in Samara, Novosibirsk, Nizhny Novgorod and in a number of other towns and cities.
- The project in Nizhny Novgorod will be the 100th and the Foundation's anniversary play project!

"If a miracle happened and all the childrens' care homes, orphanages and the city yards have had such amazing playgrounds, and children played there, there be no time to be naughty. And there would be no fights and quarrels." Bashev Nikolay, the 1st form pupil, Tashtagol.

FINANCIAL REVIEW

Reserves policy

The trustees consider that apart from £25,000 to cover core costs for approximately six months, the reserves are available to meet the charitable objectives of the Foundation.

PLANS FOR THE FUTURE

Future developments

In concert with the Naked Heart Foundation Inc., and the non-profit organisation "The Children's Relief Foundation "Naked Hearts" and "The Children's Relief Foundation "Naked Heart", the Foundation will continue to provide the required funding and resources to continue to execution of its "Play With Purpose" and "Every Child Deserves a Family" programmes.

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

In Russia, the Foundation is actively developing a model that could represent an optimal level of engagement and interaction between the government, the private sector and the not-for profit sector to maximise the economic and welfare benefits of the social welfare

HR Changes

There were no HR changes at the senior management level of the Foundation with Svitlana Kozlyuk acting as the Executive Officer

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;
- make judgments and accounting estimates that are reasonable and prudent;

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 30 JUNE 2012**

- 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.

Provision 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.

This report was approved by the Trustees on 15 February 2013 and signed on their behalf by:

Ms Natalia Vodianova, President

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

We have audited the financial statements of The Naked Heart Foundation for the year ended 30 June 2012 set out on pages 11 to 17. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008). (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities)

This report is made solely to the charity'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 charity'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 charity and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the charity 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.

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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 June 2012 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 applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters 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 prepare the financial statements in accordance with the small companies regime.

Gary Miller (Senior Statutory Auditor)

for and on behalf of

Price Bailey LLP

Chartered Accountants
Statutory Auditors

Causeway House
1 Dane Street
Bishop's Stortford
Hertfordshire
CM23 3BT
27 March 2013

THE NAKED HEART FOUNDATION
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STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account)
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Unrestricted funds 2012 £	Total funds 2011 £
INCOMING RESOURCES			
Incoming resources from generated funds:			
Voluntary income	2	606,277	54,171
Activities for generating funds	3	2,968,150	763,828
		<u>3,574,427</u>	<u>817,999</u>
TOTAL INCOMING RESOURCES			
RESOURCES EXPENDED			
Costs of generating funds:			
Costs of activities for generating funds	4	998,892	68,079
Charitable activities:			
Grants payable	5	1,980,169	154,254
Support costs	6	170,532	53,623
Governance costs	7	16,767	14,234
		<u>3,166,360</u>	<u>290,190</u>
TOTAL RESOURCES EXPENDED			
MOVEMENT IN TOTAL FUNDS FOR THE YEAR - NET INCOME FOR THE YEAR			
		408,067	527,809
Total funds at 1 July 2011			
		<u>684,305</u>	<u>156,496</u>
TOTAL FUNDS AT 30 JUNE 2012			
		<u><u>1,092,372</u></u>	<u><u>684,305</u></u>

The notes on pages 13 to 17 form part of these financial statements.

THE NAKED HEART FOUNDATION
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REGISTERED NUMBER: 06293334

BALANCE SHEET
AS AT 30 JUNE 2012

	Note	£	2012 £	£	2011 £
CURRENT ASSETS					
Debtors	10	473,826		825,025	
Cash at bank		630,033		664,507	
		<u>1,103,859</u>		<u>1,489,532</u>	
CREDITORS: amounts falling due within one year	11	<u>(11,487)</u>		<u>(805,227)</u>	
NET CURRENT ASSETS			<u>1,092,372</u>		<u>684,305</u>
NET ASSETS			<u>1,092,372</u>		<u>684,305</u>
CHARITY FUNDS					
Unrestricted funds	12		<u>1,092,372</u>		<u>684,305</u>
TOTAL FUNDS			<u>1,092,372</u>		<u>684,305</u>

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Trustees on 15 February 2013 and signed on their behalf, by:

Ms Natalia Vodianova, President

The notes on pages 13 to 17 form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, applicable accounting standards and the Companies Act 2006.

1.2 COMPANY STATUS

The charity is a company limited by guarantee. The members of the company are the Trustees named on page . In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

1.3 FUND ACCOUNTING

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

1.4 INCOMING RESOURCES

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

1.5 RESOURCES EXPENDED

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

1.6 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 monthly average rate relating to the date of the transaction.

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2. VOLUNTARY INCOME

	Unrestricted funds 2012 £	Total funds 2011 £
Charitable donations received	606,277	54,171

3. FUNDRAISING INCOME

	Unrestricted funds 2012 £	Total funds 2011 £
Love Ball Paris	1,906,093	-
Bazaar Heart	401,358	-
Serdechniy Priem	593,632	-
Sponge Bob Auction	43,922	-
Guerlain Auction	23,145	-
Moscow event	-	681,047
Dubai event	-	82,781
	<u>2,968,150</u>	<u>763,828</u>

4. COSTS OF GENERATING VOLUNTARY INCOME

	Unrestricted funds 2012 £	Total funds 2011 £
Events Cost	998,892	68,079

5. GRANTS TO INSTITUTIONS

	Unrestricted funds 2012 £	Total funds 2011 £
The Children's Relief Foundation "Fond Obnazhennie Serdtsa"	1,879,341	54,254
South Lanarkshire Council	-	50,000
London Borough of Greenwich	-	50,000
KSIL Ukraine	50,828	-
Southern Neighbourhood Council	50,000	-
	<u>1,980,169</u>	<u>154,254</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

6. SUPPORT COSTS

	Total 2011 £	Total 2011 £
General Expenses	2,712	3,969
Computer costs	1,376	1,307
Bank Charges	966	197
Travel expenses	21,976	20,300
(Gain)/loss of currency translation	41,065	(7,483)
Donations & Gifts	22,697	-
Legal & Professional fees	150	-
Consultancy fees	15,819	-
Transportation	14,957	-
Staff costs	48,814	35,334
	<u>170,532</u>	<u>53,624</u>

7. GOVERNANCE COSTS

	Unrestricted funds 2012 £	Total funds 2011 £
Governance Auditors' remuneration	3,000	3,000
Governance Auditors' non audit costs	8,034	1,200
Trustees' indemnity insurance	5,733	3,074
Administration fees	-	6,960
	<u>16,767</u>	<u>14,234</u>

8. NET INCOME

This is stated after charging:

	2012 £	2011 £
Auditors' remuneration	<u>3,000</u>	<u>3,000</u>

During the year, no Trustees received any remuneration (2011 - £NIL).

During the year, no Trustees received any benefits in kind (2011 - £NIL).

During the year, Trustees received £7,648 as reimbursement of expenses (2011 - £NIL).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

9. STAFF COSTS

Staff costs were as follows:

	2012 £	2011 £
Wages and salaries	48,814	35,334

The average monthly number of employees during the year was as follows:

	2012 No.	2011 No.
	2	2

No employee received remuneration amounting to more than £60,000 in either year.

10. DEBTORS

	2012 £	2011 £
Trade debtors	62,720	-
Other debtors	9,748	-
Prepayments and accrued income	401,358	825,025
	<u>473,826</u>	<u>825,025</u>

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

	2012 £	2011 £
Trade creditors	2,255	-
Social security and other taxes	361	7,264
Other creditors	871	63,733
Accruals and deferred income	8,000	734,230
	<u>11,487</u>	<u>805,227</u>

Deferred income and prepaid expenses relate to the Love Ball event that took place on 6 July 2011.

	2012 £	2011 £
Brought Forward	(723,070)	-
Movement in year	723,070	(723,070)
	<u>-</u>	<u>(723,070)</u>

THE NAKED HEART FOUNDATION
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

12. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Carried Forward £
UNRESTRICTED FUNDS				
General Funds	684,305	3,574,427	(3,166,360)	1,092,372

SUMMARY OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Carried Forward £
General funds	684,305	3,574,427	(3,166,360)	1,092,372

13. RELATED PARTY TRANSACTIONS

During the year the company had expenses paid on its behalf of £90,188 (2011 £61,236), by The Naked Heart Foundation Inc, a charity registered in the USA which is under common control.

The amount due to them at the year end was £ NIL (2011 £61,236).

During the year the company paid grants of £1,879,341 (2011 £154,254), to The Children's Relief Foundation "Fond Obnazhennie Serdtsa" , a charity registered in Russia which is under common control.

An overpayment for reimbursed expenses was made to Natalia Vodianova. The balance at the year end was £ 500 (2011 £ NIL).

14. CONTROLLING PARTY

The charity is controlled by its trustees.