

Registered number: 06293334  
Charity number: 1122345

**THE NAKED HEART FOUNDATION**

**TRUSTEES REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**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 31 DECEMBER 2013**

<b>Trustees</b>	Ms Natalia Vodianova, Director Mr Francois Chateau Mr Jamey Hargreaves Ms Lucy Margaret Yeomans
<b>Company registered number</b>	06293334
<b>Charity registered number</b>	1122345
<b>Registered office</b>	The Naked Heart Foundation 41 Whitehall London SW1A 2BY
<b>Independent auditors</b>	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
<b>Bankers</b>	HSBC Bank Plc 25 Notting Hill Gate London W11 3JJ
<b>Solicitors</b>	Dentons UKMEA LLP One Fleet Place, London EC4M 7WS

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

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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 31 December 2013. 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 13. 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 to the Board of Trustees in the 2013 fiscal year.

**Organisational structure and decision making**

The Officers (Chief Operating Officer and Finance Director) of the charity manage 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 the 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 Officers for clarification. The administration of the charity is carried out internally.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**Organisation Chart**

	US	UK	Russia	
<b>Entity Full Legal Name</b>	The Naked Heart Foundation, Inc.	The Naked Heart Foundation	The Children's Relief Foundation "Naked Hearts" (Fond "Obnazhennie Serdtsa") Nizhniy Novgorod	The Children's Relief Foundation "Naked Heart" (Fond "Obnazhennoe Serdce") Moscow
<b>Date of Organization</b>	9 September 2004	26 June 2007	20 April 2005	6 December 2010
<b>Entity Type</b>	Non-Profit Corporation under section 503(c)(3)	Company Limited by Guarantee Charity N:1122345 Company N:06293334	Non-Commercial Organization	
<b>Directors/ Trustees</b>	Natalia Vodianova François Chateau Gordon Weiss	Natalia Vodianova François Chateau Jamey Hargreaves Lucy Margaret Yeomans Ekaterina Kazakova,	Natalia Vodianova Taissia Markelova	
<b>Directors</b>	Natalia Vodianova	Chief Operating Officer Svillana Qamarauli, Finance Director	Anastasia Zalogina, President (Nizhniy Novgorod)	Oxana Medvedeva, Executive Director (Moscow)

**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 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 the subscription of the trustee liability insurance renewed on an annual basis, 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.

**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;

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

- 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 Programme mission is to build vibrant, safe and stimulating places to play for children across urban Russia. Every neighbourhood, children's hospital and children's home should have a modern play area that is suitable for children, whatever their physical ability.

To date, the Foundation has built 112 accessible play facilities in 68 cities and towns across the country. Further 5 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.

What we do:

- We fund Russian NGOs that provide services for vulnerable families.
- We are creating a network of Family Support Centres to provide expert support for families raising children with disabilities.
- We run an annual international forum, at which Russian and international child development specialists can share their expertise.
- We run a large-scale education project for teachers working with children with autism.
- We are doing everything we can to change attitudes towards children and adults with special needs.
- We are lobbying for Russian legislation to be brought into line with the International Convention on the rights of Persons with Disabilities, which Russia ratified in April 2012.

**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.

**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" (Fond "Obnazhennie Serdtsa") and The Children's Relief Foundation "Naked Heart" (Fond "Obnazhennoe Serdce") that partner with the local municipalities for the required authorizations and receive assistance in the provision of safe play areas with 24-hour surveillance.

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

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**

**Fundraising Events:**

The Foundation held a number of successful fundraising events including:

1. Half Marathon - Paris, France  
Date: 3 March 2013  
Concept: Sports fundraising event  
Participants: over 20 runners and fundraisers  
Aim: Fundraising for the the construction of the Foundations's 100th play park in Nizhny Novgorod.  
Partners: Guerlain
2. Russian Maslenitsa - London, UK  
Date: 16 March 2013  
Concept: NHF stall at a Russian cultural event in London  
Participants: Over 1500 people  
Aim: Spread the word about NHF among Russian society in London and fundraise for NHF programmes.  
Partners: Stuarts
3. Beach Ball - Cannes, France  
Date: 21 May 2013  
Concept: Fundraising event  
Participants: Over 200 guests  
Aim: Fundraising support of Naked Heart Foundation and FilmAid International  
Partners: Cinemoi, FilmAid
4. Love Ball RIVIERA - Monte-Carlo, Monaco  
Concept: NHF Fundraising event held under High Patronage of H.S.H Prince Albert II and the Presidencies of H.S.H. Princess of Monaco and H.R.H Princess of Hanover.  
Participants: Over 300 guests.  
Aim: Fundraising in support of Naked Heart Foundation programmes  
Partners: AMADE, SBM
5. Marathon, a "Colour Run" - Moscow, Russia  
Date: 25 August 2013  
Concept: Sport fundraising event  
Participants: Over 1700 runners  
Aim: Fundraising for the further development of the NHF Family Support Centre in Nizhny Novgorod

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

Partners: Moscow Marathon, Adidas

"Every Child Deserves a Family programme" achievements include:

1. 14 selected organisations received financial assistance and specialist support as part of the programme
2. 9 selected integrative summer camps projects supported.
3. Further development and recognition of the Family Support Centre project.
4. Moscow's first ever playground adapted to meet the special needs of children with mental disabilities has been officially unveiled in the Centre for Curative Pedagogics.
5. II International Forum "Every Child Deserves a Family" held from 14 to 17 October.
6. Launch of a joint education programme between NHF and Gazprom Export focusing on teacher training.

**The New Play Facilities of 2013**

"Play With Purpose programme" achievements include:

The New Play Facilities financed throughout 2013:

**Play Parks**

1. Novosibirsk, Novosibirsk Oblast.
2. Elkhotovo, Republic of North Ossetia-Alania.
3. Sharia, Kostrom Oblast.
4. Sarapul, Udmurt Republic.
5. Nizhny Novgorod, Nizhny Novgorod Oblast.

**Playgrounds:**

1. Pavlosk, (St Petersburg), Leningrad Oblast, Children's Home No. 4.
2. Elan-Koleno, Voronezh Oblast, Elan-Kolenovskaya correctional boarding school.
3. Krasny Chikoi, Zabaikalsky Krai.
4. Krasnogorodsk, Pskov Oblast, Krasnogorodsk state boarding school "Agroshkola".
5. Ivanovo, Ivanovo Oblast, non-state orthodox secondary school.
6. Bratsk, Irkutsk Oblast, non-state orthodox secondary school.
7. Nizhny Novgorod, Nizhny Novgorod Oblast, "Piano" boarding school for deaf children.
8. Nizhny Novgorod, Nizhny Novgorod Oblast, "Solnyshko" state social rehabilitation centre, Leninsky District.
9. Kerzhenets, Nizhny Novgorod Oblast, "Yuniy Nizhnygoroets" state regional social support centre for children and families.
10. Zavolzhye, Nizhny Novgorod Oblast, Zavolzhye State Specialised Children's Home.
11. Yuzhnouralsk, Chelyabinsk Oblast, Children's Home (municipal educational institution)
12. Chita, Public Park.

**Summary of 2013**

As of end of December 2013 the Foundation received £2,112,121 in donations and spent £2,170,139 on charitable activities, governance and costs of generating funds. The programme distribution for charitable activities was the following: 53% were used to fund "Play with purpose" programme and 47% were spent on "Every Child Deserve a Family" programme.

**FINANCIAL REVIEW**

**Reserves policy**

The trustees consider that reserves are available to meet the charitable objectives of the Foundation.



**THE NAKED HEART FOUNDATION**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**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" (Fond "Obnazhennie Serdtsa") and "The Children's Relief Foundation "Naked Heart" (Fond "Obnazhennoe Serdce"), 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.

**Goals for 2014:**

During 2014 the Foundation plans to build at least 22 playgrounds and 2 play parks in Russia.

The following fundraising events will be organised to benefit the Foundation: Paris Half Marathon (March, 2014) and Monumenta Gala Dinner in Paris (May, 2014).

The third International Forum "Every Child Deserves a Family" will take place in Russia (October 2014). Its topic: "Education with purpose: children with special needs in the educational environment".

**HR Changes**

Svitlana Kozlyuk acting Executive Director resigned from her role in January 2014. Svillana Qamarauli was appointed in January 2014 as Finance Director. Ekaterina Kazakova was promoted to Chief Operating 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;
- 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**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**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 *27/09/14* and signed on their behalf by:

**Ms Natalia Vodianova, Director**



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

**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 31 December 2013 set out on pages 11 to 18. 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).

This report is made solely to the charity's members, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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.

The Trustees have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and report to you in accordance with regulations made under section 154 of that Act. 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 31 December 2013 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.

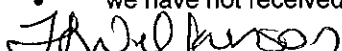
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE NAKED HEART FOUNDATION

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

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

  
Helena Wilkinson  
(Senior Statutory Auditor)

**Price Bailey LLP**

Chartered Accountants  
Statutory Auditors

Causeway House  
1 Dane Street  
Bishop's Stortford  
Hertfordshire  
CM23 3BT  
Date:

Price Bailey LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

30 September 2014

**THE NAKED HEART FOUNDATION**  
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**STATEMENT OF FINANCIAL ACTIVITIES**  
(Incorporating Income and Expenditure Account)  
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Unrestricted funds 2013 £	Total funds 2012 £
<b>INCOMING RESOURCES</b>			
Incoming resources from generated funds:			
Voluntary income	2	423,502	198,214
Activities for generating funds	3	1,688,605	11,922
Investment income	4	14	-
		<u>2,112,121</u>	<u>210,136</u>
<b>TOTAL INCOMING RESOURCES</b>			
<b>RESOURCES EXPENDED</b>			
Costs of generating funds:			
Costs of activities for generating funds	5	1,085,913	72,691
Charitable activities	6,7	1,064,791	529,140
Governance costs	8	19,435	15,256
		<u>2,170,139</u>	<u>617,087</u>
<b>TOTAL RESOURCES EXPENDED</b>			
<b>MOVEMENT IN TOTAL FUNDS FOR THE YEAR - NET (EXPENDITURE)/INCOME FOR THE YEAR</b>		(58,018)	(406,951)
Total funds at 1 January 2013		<u>685,422</u>	<u>1,092,373</u>
<b>TOTAL FUNDS AT 31 DECEMBER 2013</b>		<u><u>627,404</u></u>	<u><u>685,422</u></u>

The notes on pages 13 to 18 form part of these financial statements.

All amounts related to continuing activities. There were no other recognised gains or losses other than those included above.

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**REGISTERED NUMBER: 06293334**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2013**

	Note	£	2013 £	£	2012 £
<b>FIXED ASSETS</b>					
Tangible assets	11		1,421		1,175
<b>CURRENT ASSETS</b>					
Debtors	12	2,241		64,747	
Cash at bank		634,057		638,035	
		<u>636,298</u>		<u>702,782</u>	
<b>CREDITORS:</b> amounts falling due within one year	13	<u>(10,315)</u>		<u>(18,535)</u>	
<b>NET CURRENT ASSETS</b>			<u>625,983</u>		<u>684,247</u>
<b>NET ASSETS</b>			<u><u>627,404</u></u>		<u><u>685,422</u></u>
<b>CHARITY FUNDS</b>					
Unrestricted funds			<u>627,404</u>		<u>685,422</u>
<b>TOTAL FUNDS</b>			<u><u>627,404</u></u>		<u><u>685,422</u></u>

The Trustees consider that the charity is entitled to exemption from the requirement to have an audit under the provisions of section 477 of the Companies Act 2006 ("the Act") and members have not required the charity to obtain an audit for the year in question in accordance with section 476 of the Act. However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and for preparing financial statements which give a true and fair view of the state of affairs of the charity as at 31 December 2013 and of its net resources expended for the year in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the charity.

The financial statements have been prepared in accordance with the provisions applicable to small companies 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 27/09/14 and signed on their behalf, by:

**Ms Natalia Vodianova, Director**



The notes on pages 13 to 18 form part of these financial statements.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**1. ACCOUNTING POLICIES**

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared under the historical cost convention, 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 2011.

**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 has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

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**

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 TANGIBLE FIXED ASSETS AND DEPRECIATION**

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

Computer equipment                      -     3 years straight line

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**1. ACCOUNTING POLICIES (continued)**

**1.7 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.

**2. VOLUNTARY INCOME**

	31 December 2013 £	6 months ending 31 December 2012 £
Charitable donations received	423,502	198,214
	<u>423,502</u>	<u>198,214</u>

**3. FUNDRAISING INCOME**

	31 December 2013 £	6 months ending 31 December 2012 £
Love Ball Riviera	1,251,966	-
Bazaar Heart	-	1,234
Other Fundraising Income	436,639	-
Serdechniy Priem	-	(69,210)
ToyStory	-	79,898
	<u>1,688,605</u>	<u>11,922</u>

**4. INVESTMENT INCOME**

	Unrestricted funds 2013 £	6 months ending 31 December 2012 £
Investment income	14	-
	<u>14</u>	<u>-</u>



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2013**

**5. COSTS OF GENERATING FUNDS**

	31 December 2013 £	6 months ending 31 December 2012 £
Events cost	871,103	2,148
Fundraising expenses	37,346	-
Voluntary income staff costs	177,464	70,543
	<u>1,085,913</u>	<u>72,691</u>

**6. GRANTS TO INSTITUTIONS**

	31 December 2013 £	6 months ending 31 December 2012 £
The Children's Relief Foundation "Naked Hearts" (Fond "Obnazhennie Serdtsa")	901,843	447,920
KSIL Ukraine	-	45,516
	<u>901,843</u>	<u>493,436</u>

**7. SUPPORT COSTS**

	31 December 2013 £	6 months ending 31 December 2012 £
Expenses	3,967	1,698
Sundry expenses	155	-
Computer costs	11,979	4,159
Bank charges	948	3,336
Travel expenses	24,046	2,270
Loss of currency translation	8,767	2,775
Legal & professional fees	168	15
Consultancy fees	19,715	3,961
Transportation	443	894
Irrecoverable VAT	55,603	-
Rent	2,369	-
Staff costs	31,033	16,596
National insurance	3,755	-
	<u>162,948</u>	<u>35,704</u>

**THE NAKED HEART FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**8. GOVERNANCE COSTS**

	31 December 2013 £	6 months ending 31 December 2012 £
Auditors' remuneration	3,000	3,000
Auditors' non audit costs	13,061	10,030
Trustees' indemnity insurance	2,829	2,226
Depreciation	545	-
	<u>19,435</u>	<u>15,256</u>

**9. NET EXPENDITURE**

This is stated after charging:

	31 December 2013 £	6 Months Ending 31 December 2012 £
Depreciation of tangible fixed assets: - owned by the charity	545	-
Auditors' remuneration	3,000	3,000
Lease of premises	2,369	-
	<u>5,914</u>	<u>3,000</u>

During the year, no Trustees received any remuneration (2012 - £NIL).

During the year, no Trustees received any benefits in kind (2012 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2012 - £NIL).

**10. STAFF COSTS**

Staff costs were as follows:

	31 December 2013 £	6 Months Ending 31 December 2012 £
Wages and salaries	189,294	77,810
Social security costs	22,958	9,329
	<u>212,252</u>	<u>87,139</u>

**THE NAKED HEART FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**10. STAFF COSTS (continued)**

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

	31 December 2013 No.	6 Months Ending 31 December 2012 No.
	3	3
	<u>          </u>	<u>          </u>

The number of higher paid employees was:

	31 December 2013 No.	6 Months Ending 31 December 2012 No.
In the band £60,001 - £70,000	1	-
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	-
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>
	2	1

**11. TANGIBLE FIXED ASSETS**

	Computer equipment £
<b>COST</b>	
At 1 January 2013	1,175
Additions	791
At 31 December 2013	<u>1,966</u>
<b>DEPRECIATION</b>	
At 1 January 2013	-
Charge for the year	545
At 31 December 2013	<u>545</u>
<b>NET BOOK VALUE</b>	
At 31 December 2013	<u>1,421</u>
At 31 December 2012	<u>1,175</u>

**THE NAKED HEART FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2013**

**12. DEBTORS**

	2013	2012
	£	£
Other debtors	2,241	13,516
Prepayments and accrued income	-	51,231
	<u>2,241</u>	<u>64,747</u>
	<u>2,241</u>	<u>64,747</u>

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

	2013	2012
	£	£
Trade creditors	4,465	9,074
Other taxation and social security	1,145	1,031
Other creditors	455	430
Accruals	4,250	8,000
	<u>10,315</u>	<u>18,535</u>
	<u>10,315</u>	<u>18,535</u>

**14. RELATED PARTY TRANSACTIONS**

During the period the company paid grants of £901,843 (2012: £447,921), to The Children's Relief Foundation "Naked Hearts" (Fond "Obnazhennie Serdtsa"), a charity registered in Russia which is under common control.

An overpayment for reimbursed expenses was made to Natalia Vodianova in 2011. The balance at the year end was £ 500 (2012: £ 500 ).

**15. CONTROLLING PARTY**

The charity is controlled by its trustees.