

Registered number: 06293334  
Charity number: 1122345

**THE NAKED HEART FOUNDATION**

**TRUSTEES REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2011**

**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 2011**

<b>Trustees</b>	Ms Natalia Vodianova, President Mr Francois Chateau Mr Jamey Hargreaves Ms Lucy Yeomans
<b>Chief executive director</b>	Miss Svitlana Kozlyuk
<b>Company registered number</b>	06293334
<b>Charity registered number</b>	1122345
<b>Registered office</b>	The Naked Heart Foundation 1-6 Yarmouth Place London W1J 7BU
<b>Auditors</b>	Price Bailey LLP Chartered Accountants Causeway House 1 Dane Street Bishop's Stortford Hertfordshire CM23 3BT
<b>Bankers</b>	SG Hambros Trust Company Limited Norfolk House 31 St James's Square London SW1Y 4JJ
<b>Solicitors</b>	Salans Millenium Bridge House 2 Lambeth Hill London EC4V 4AJ

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

**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

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 2011. 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 existing Trustees after reviewing the skills required at board level and the suitability of proposed candidates. New Trustees are given copies of the Memorandum and Articles of Association, and documents explaining the Foundation's history and its key policies and procedures. In addition all new Trustees are given guidance material 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 when appropriate.

Honorable Justin Trevor Berkeley Portman resigned on 1st of April 2011.

Amy Bramley, the Executive Director International resigned and Svitlana Kozlyuk was appointed on 30th of May 2011 as an International Director. Svitlana is responsible for the oversight of international activity of the Foundation. Prior to joining NHF Svitlana worked in investment banking for a number of years at Citi in London. Svitlana obtained an Economics and Philosophy Bachelors Degree from London School of Economics. She speaks fluent English, French, Italian, Russian and Ukrainian.

Honesty Pern resigned as a Development Officer in May 2011.

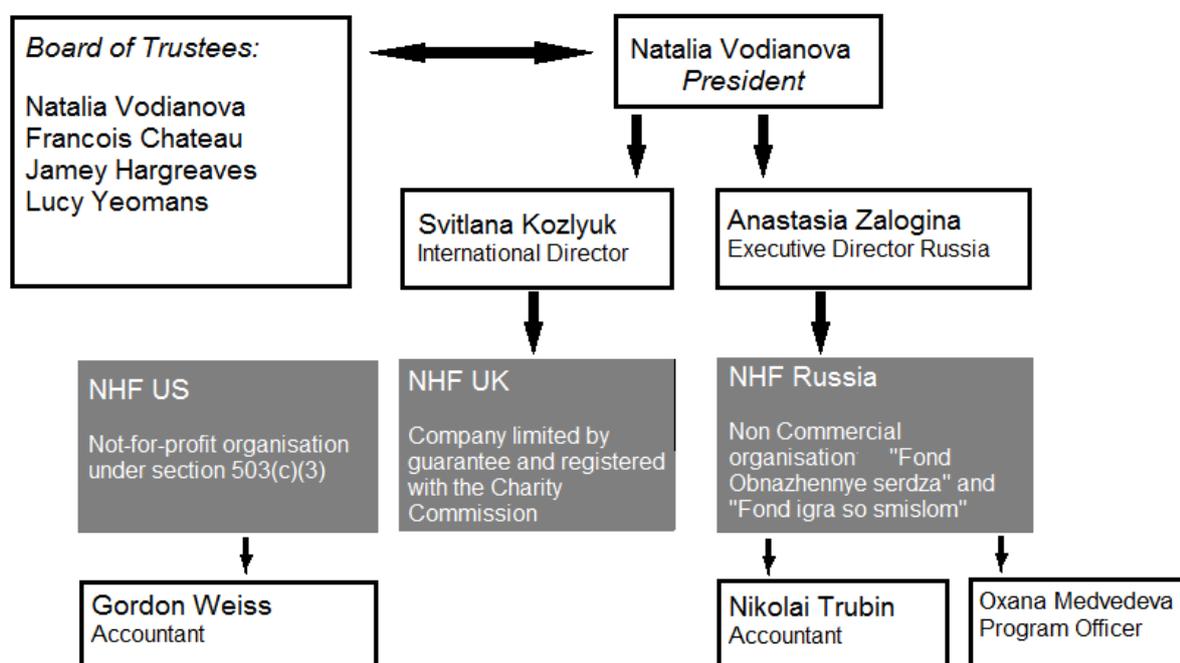
**THE NAKED HEART FOUNDATION**  
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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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.

Organisation Chart



**Related party relationships**

The charity works closely with The Children's Relief Foundation "Fond obnazhennyeserdtsa" and "Fond Igra so smislom", non-commercial organisations in the Russian Federation that are discussed in more detail below, and also The Naked Heart Foundation Inc, a sister not-for-profit organisation incorporated in New York. The accounts of both partner 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 our exposure to the major risks.

The trustees opted for an extension of their 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 was £3,074.

**THE NAKED HEART FOUNDATION  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 30 JUNE 2011**

**OBJECTIVES AND ACTIVITIES**

**Policies and objectives**

The objectives of the Naked Heart Foundation are: to advance in life and provide assistance to financially needy and underprivileged children through:

- The provision of recreational and leisure time activities provided in the interest of social welfare, designed to improve their conditions of life;
- Providing support and activities which develop their skills, capacities and capabilities to enable them to participate in society as mature and responsible individuals;
- Providing financial assistance to help with the medical and hospital care of such children;
- Making distributions to entities that are organised and operated exclusively for charitable purposes and which further the afore-mentioned objects.

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 a specialist non-commercial organisation in the Russian Federation, The Children's Relief Foundation "Fond obnazhnyeserdtsa" and "Fond Igra so smislom" that partner with local government to construct safe play areas with 24-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 organisation works to obtain co-funding from local partners as well as a commitment to provide for ongoing 24-hour security and upkeep. The trustees will also consider making grants to other charitable organisations that work towards its objects. The Foundation will not fund individuals directly. The Foundation is not permitted to fund political parties, political lobbying or non-charitable activities.

**THE NAKED HEART FOUNDATION  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 30 JUNE 2011**

**ACHIEVEMENTS AND PERFORMANCE**

**Review of activities**

2010 and 2011 have been challenging and important years for the development of the Naked Heart Foundation. The Foundation held a number of fundraising events.

5 year Anniversary Gala Moscow was held in partnership with Harper's Bazaar Russia, at the old Krasnyi Oktyabr (Red October) chocolate factory in central Moscow. 450 guests attended a sit-down dinner with an auction of art works especially donated to the Foundation for the purpose. Contributing artists included Dinos Chapman, Peter Blake, Gosha Ostretsov and Pavel Pepperstein. The event raised £610,014 in ticket sales and auction and received a sponsorship of £71,073.

An auction was held in Dubai and the proceeds were donated to The Foundation were £82,781.

Semi-Marathon de Paris held on the 6th of March 2011 netted The Foundation £51,171.

The Trustees were very pleased with the amount raised and also with the feedback from guests and press surrounding the events that were very positive.

The grants made to Russia amounted to £54,254.

On 5th of July 2010 the Board meeting shortlisted and approved three playground projects in the UK: Barnfield Estate, Greenwich site of the first UK playground to be funded by a grant of £50,000 from the Company to Groundwork London; Liverpool playground sites to be funded by a grant of £50,000 from the Company to Groundwork Liverpool; Glasgow playground sites to be funded by a grant of £50,000 from the Company to The Play Practice (Scotland) Ltd.

The grants for Branfield Estate and Glasgow were made in the financial year to 30th of June 2011, while the remaining Liverpool grant would be accounted for in the financial year to 30th of June 2012.

**New program 2011**

In Spring 2011, The Naked Heart Foundation launched a new programme, based on the principle that: "Every Child Deserves to have a Family". This new programme will support the implementation of new and development of existing family support centres. The foundation pledges to dedicate 30% of funds raised in 2011 towards this new programme.

Grounding principles of the new programme:

- Providing support to families of children with special needs, thus helping children to stay in their families and not be taken into orphanages.
- Development of a network of centres providing psychological, therapeutic, legal and social support for children with special needs and their families, as well as for families intending to foster or adopt

**THE NAKED HEART FOUNDATION  
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**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 30 JUNE 2011**

**THE NAKED HEART FOUNDATION PLAYGROUNDS AND PLAYPARKS IN RUSSIA**

The following playgrounds and playparks have been opened since the last annual report:

Type	Location	Opening
Playpark	Nizhnaya Salda, Ekaterinburg Region	13-Sep-10
Playpark	Kemerovo, Siberia	21-Oct-11
Playpark	Novoshahtinsk, Rostov Region	25-Sep-10
Playpark	Moscow, Sokolniki Park	15-Oct-10
Playpark	Tikhvin, St Petersburg Region	16-Oct-10
Playpark	Ukhta, Komi Region	Oct-10
Playground	Ekaterinburg Orphanage	05-Sep-10
Playground	Ekaterinburg Orphanage/«Специализированный дом ребенка № 1»	05-Sep-10
Playground	Ekaterinburg Orphanage	05-Sep-10
Playground	Arzamas Rehab Centre	Oct-10
Playground	Nizhny Novgorod Orphanage	Oct-11
Playground	Kyshtym Chelyabinsk Orphanage	Oct-10
Playground	Bezhetsk Orphanage Tverskaya obl	17-Jul-10
Playground	Moscow Orphanage Saburovo	03-Aug-10
Playground	Dzerzhinsk Orphanage	Apr-11
Playground	Olckhon PG	Apr-11
Playpark	Kazan	24-Jun-11
Playpark	Gorno-Altaiisk	Aug-11
Playpark	Chernushka, Perm region	26-Nov-11
Playground	Upper Fiagdon	25-Nov-11

**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.

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

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 30 JUNE 2011**

**PLANS FOR THE FUTURE**

**Future developments**

In conjunction with the US Naked Heart Foundation and the Russian non-profit organisation, The Children's Relief Foundation "Fond obnazhennyserdtsa" and "Fond Igra so smislom", the charity will continue to fund the construction of play parks and playgrounds throughout Russia, co-funding three playgrounds in the United Kingdom and incorporate grants to non-governmental organisations in the Russian Federation working with underprivileged children. At the trustees' request, the Foundations' team is currently exploring non-governmental organisations with a particular focus on children with special needs.

The Naked Heart Foundation has been offered to be a beneficiary by Nickelodeon launch in Russia – SpongeBob Expo, Moscow on 15 September 2011. Further partnership with Nickelodeon is aimed at developing short animation that strongly reflects the Foundations' principles and will be broadcast on Nickelodeon Russia channel.

Space Ball, Moscow, November 2011 organised by: The Federal Space Agency ROSCOSMOS, Administration of the Yuri Gagarin's Space Training Center & «D. E. & G. McGOR Production». An auction will be held and the proceeds will be donated to NHF.

"Lukxor" movie company, Polansky's "Carnage" premiere in Russia. The ticket sales proceeds will be donated to The Foundation.

Paris Semi-marathon, March 2012. Natalia has agreed to run Paris semi-marathon. In previous year the event raised over £50,000.

Centro shoe collection by Natalia Vodianova for NHF. A Russian mass market female footwear brand Centro offered NHF a donation of \$1 million in return for Natalia creating the capsule collection of high heel shoes. NHF is also entitled to receive 3 % of profits.

Raketa watches, Moscow. The old Soviet watch manufacturer, Raketa, has successfully re-launched and found its selling spots in Moscow and Paris. In 2010 Natalia designed a limited edition model to benefit the Naked Heart Foundation. We are currently negotiating to receive 50% of profits from the campaign.

The Love Ball China 2012. There is an opportunity to hold Love Ball in 2012 in China that is fully funded by Hearst Publishing, and supported by Harper's Bazaar China in particular.

**HR Changes**

The Executive Director International resigned in October 2010 and the search for a new Executive Director International began immediately, with a new Executive Director International appointed in January 2011. However she has then been replaced in May by a new International Director.

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

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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 and charity law requires the Trustees to prepare financial statements for each financial year which 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 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 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 auditors**

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.

**Auditors**

Following the year end haysmacintyre resigned as auditors and Price Bailey LLP were appointed in their place. The auditors, Price Bailey LLP, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report was approved by the Trustees on 2 December 2011 and signed on their behalf, by:

**Ms Natalia Vodianova, President**

**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 30 June 2011 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 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 company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company 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 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.

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 company's affairs as at 30 June 2011 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.

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

**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

16 December 2011

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

**STATEMENT OF FINANCIAL ACTIVITIES**  
**(Incorporating Income and Expenditure Account)**  
**FOR THE YEAR ENDED 30 JUNE 2011**

	Note	Unrestricted funds 2011 £	Total funds 2010 £
<b>INCOMING RESOURCES</b>			
Incoming resources from generated funds:			
Voluntary income	2	54,171	4,600
Activities for generating funds	3	763,828	1,440,323
<b>TOTAL INCOMING RESOURCES</b>		817,999	1,444,923
<b>RESOURCES EXPENDED</b>			
Costs of generating funds:			
Costs of generating voluntary income	4	68,079	482,036
Charitable activities:			
Grants payable	5	154,254	1,277,430
Support costs	6	53,624	48,663
Governance costs	7	14,234	12,147
<b>TOTAL RESOURCES EXPENDED</b>		290,191	1,820,276
<b>MOVEMENT IN TOTAL FUNDS FOR THE YEAR - NET INCOME/(EXPENDITURE) FOR THE YEAR</b>		527,808	(375,353)
Total funds at 1 July 2010		156,496	531,849
<b>TOTAL FUNDS AT 30 JUNE 2011</b>		684,304	156,496

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

**THE NAKED HEART FOUNDATION**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 06293334**

**BALANCE SHEET**  
**AS AT 30 JUNE 2011**

	Note	£	2011 £	£	2010 £
<b>CURRENT ASSETS</b>					
Debtors	10	825,025		34,448	
Cash at bank		664,507		136,600	
		1,489,532		171,048	
<b>CREDITORS:</b> amounts falling due within one year	11	(805,228)		(14,552)	
<b>NET CURRENT ASSETS</b>			684,304		156,496
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			684,304		156,496
<b>CHARITY FUNDS</b>					
Unrestricted funds			684,304		156,496
			684,304		156,496

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 2 December 2011 and signed on their behalf, by:

**Ms Natalia Vodianova, President**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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 2006.

**1.2 COMPANY STATUS**

The charity is a company limited by guarantee. The members of the company are the Trustees named on page 1. 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. Where the income has been received before an event has taken place, the income is deferred until the charity is entitled to the income.

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.

**THE NAKED HEART FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**1. ACCOUNTING POLICIES (continued)**

**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.

**2. VOLUNTARY INCOME**

	Unrestricted funds 2011 £	Total funds 2010 £
Charitable donations received	54,171	4,600
	<u>54,171</u>	<u>4,600</u>

**3. FUNDRAISING INCOME**

	Unrestricted funds 2011 £	Total funds 2010 £
Marathon sponsorship	-	10,891
Moscow event	681,047	-
Dubai event	82,781	-
Love Ball event	-	1,429,432
	<u>763,828</u>	<u>1,440,323</u>

**4. COSTS OF GENERATING VOLUNTARY INCOME**

	Unrestricted funds 2011 £	Total funds 2010 £
Moscow event	68,079	-
Love Ball event	-	482,036
	<u>68,079</u>	<u>482,036</u>

**THE NAKED HEART FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**5. GRANTS TO INSTITUTIONS**

	Unrestricted funds 2011 £	Total funds 2010 £
The Children's Relief Foundation "Fond Obnazhennie Serdtsa"	54,254	1,277,430
South Lanarkshire Council	50,000	-
London Borough of Greenwich	50,000	-
	<u>154,254</u>	<u>1,277,430</u>

**6. SUPPORT COSTS**

	Total 2011 £	Total 2010 £
Expenses	3,969	10,441
Computer costs	1,307	-
Bank Charges	197	917
Travel expenses	20,300	-
(Gain)/loss of currency translation	(7,483)	(12,346)
Staff costs	35,334	49,651
	<u>53,624</u>	<u>48,663</u>

**7. GOVERNANCE COSTS**

	Unrestricted funds 2011 £	Total funds 2010 £
Governance Auditors' remuneration	3,000	3,600
Governance Auditors' non audit costs	1,200	-
Trustees' indemnity insurance	3,074	1,732
Administration fees	6,960	6,815
	<u>14,234</u>	<u>12,147</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

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

This is stated after charging:

	2011 £	2010 £
Governance Auditors' remuneration	3,000	3,600
	<u>3,000</u>	<u>3,600</u>

During the year, no Trustees received any remuneration (2010 - £NIL).  
During the year, no Trustees received any benefits in kind (2010 - £NIL).  
During the year, no Trustees received any reimbursement of expenses (2010 - £NIL).

**9. STAFF COSTS**

Staff costs were as follows:

	2011 £	2010 £
Wages and salaries	35,334	49,651
	<u>35,334</u>	<u>49,651</u>

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

	2011 No.	2010 No.
	2	2
	<u>2</u>	<u>2</u>

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

**10. DEBTORS**

	2011 £	2010 £
Other debtors	-	34,448
Prepayments and accrued income	825,025	-
	<u>825,025</u>	<u>34,448</u>
	<u>825,025</u>	<u>34,448</u>

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

	2011 £	2010 £
Social security and other taxes	7,264	4,137
Other creditors	63,734	6,815
Accruals and deferred income	734,230	3,600
	<u>805,228</u>	<u>14,552</u>
	<u>805,228</u>	<u>14,552</u>

**THE NAKED HEART FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**11. CREDITORS:**  
**AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)**

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

	2011 £	2010 £
Brought Forward	-	-
Movement in year	(723,070)	-
	<u>                    </u>	<u>                    </u>
Carried Forward	<u>(723,070)</u>	<u>-</u>

**12. RELATED PARTY TRANSACTIONS**

During the year the company had expenses paid on its behalf of £61,236 (2010 £NIL), 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 £61,236 (2010 £ NIL ).

During the year the company paid grants of £54,254 (2010 £1,277,430), to The Children's Relief Foundation "Fond Obnazhennie Serdtsa" , a charity registered in Russia which is under common control.

**13. CONTROLLING PARTY**

The charity is controlled by its trustees.