COMPANY REGISTRATION NUMBER: 10415309
CHARITY COMMISSION FOR ENGLAND AND WALES REGISTRATION NUMBER: 1173025
SCOTTISH CHARITY REGISTRATION NUMBER: SC 050190

iheart Principles Limited

Company Limited by Guarantee

Financial Statements

30 June 2020

HICKS AND COMPANY
Chartered Accountants & Statutory Auditor
Vaughan Chambers
Vaughan Road
Harpenden
Hertfordshire
AL5 4EE

iheart Principles Limited

Company Limited by Guarantee

Financial Statements

Year ended 30 June 2020

	Page
Trustees' annual report (incorporating the director's report)	1
Independent auditor's report to the members	6
Statement of financial activities (including income and expenditure account)	10
Statement of financial position	11
Statement of cash flows	12
Notes to the financial statements	13

iheart Principles Limited

Company Limited by Guarantee

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

Year ended 30 June 2020

The trustees, who are also the directors for the purposes of company law, present their report and the financial statements of the charity for the year ended 30 June 2020.

Reference and administrative details

Registered charity name	iheart Principles Limited
Charity Commission for England and Wales registration number	1173025
Scottish Charity registration number	SC 050190
Company registration number	10415309
Principal office	66 Brent Street Hendon London NW4 2ES
Registered office	Vaughan Chambers Vaughan Road Harpenden Hertfordshire AL5 4EE
The trustees	D L Arenson J C Bull (Appointed 27 November 2020) I C Garner-Patel A S Kessel (Appointed 27 November 2020) L J Osborne
Auditor	Hicks and Company Chartered Accountants & Statutory Auditor Vaughan Chambers Vaughan Road Harpenden Hertfordshire AL5 4EE
Bank	Metro Bank

Structure, governance and management

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

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

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

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

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

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

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

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

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

Objectives and activities

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

The main activity undertaken in relation to the purposes is the educating of young people (aged 10-18) through the teaching of a resilience curriculum in educational settings including schools. The other activity is adult education through one-to-one sessions, workshops and speaker events.

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

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

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

Achievements and performance

During this period iheart has continued to increase the delivery of its curriculum to young people in schools, universities, and private groups. From July 2019 to March 2020 iheart continued to increase the delivery of its curriculum to young people in schools, universities and private groups. However, the Covid 19 pandemic and subsequent closing of schools resulted in a number of programmes being postponed (these subsequently took place in September 2020).

iheart also developed and launched a Resilience programme for educators in Q3 which was delivered to over 300 teachers. As a result of adapting to online delivery, iheart was less impacted by the Covid 19 pandemic for this product.

The iheart training academy expanded with over 180 facilitators from around the world becoming certified iheart facilitators. We have expanded the course to include more foundational and practical content in order to increase the quality and skills of the facilitators.

iheart also engaged with the market research agency, Youth Sight, on a significant research project. This work was unfortunately disrupted by the Covid 19 pandemic; however, steps were taken to ensure we could resume the work as restrictions eased and schools began to open.

In terms of achieving the charity's objectives, iheart measures reach by number of schools, beneficiaries, teachers, youth groups, and private groups that have been delivered to in a year. iheart measures the impact it is making by extensive qualitative and quantitative research including pre and post questionnaires given to each beneficiary. The data collected is then analysed against a set of well-being and resilience based indicators.

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

We carried out a successful crowd and match fundraising campaign in September 2019. iheart also significantly increased the number of grants it was awarded during this period. This included the National Lottery and The London Community Response Fund Grant.

Financial review

For the period ended 30 June 2020 total income was £927,559. Of this figure, £382,964 was received as donations and grants and £541,436 was received from charitable activities. A further £3,159 was received as other income.

Total unrestricted funds carried forward is £228,273. These funds have been allocated as follows;

Covid 19 emergency fund	£35,000
Redundancy fund	£25,000
Product development	£90,000
Legal fees	£12,000
Capital improvement costs	£24,500
Contingency fund	£41,773

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

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

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

Primarily we are looking at how we can deliver our programmes to a greater number of young people, whilst at the same time having to navigate the Covid19 pandemic, and the limitations in traditional face-to-face delivery. In order to achieve this we are carrying out the following activities;

1) Taking our existing curriculum and adapting it for online/virtual delivery.
2) Creating a suite of "shallow learning" products that can be self-taught without the need of an external facilitator.
3) The creation of a young persons (age 7 -9) provision to be delivered by parents and/or teachers. Again, this will be a "shallow" learning based product which will not require external facilitators.
4) Key strategic partnerships. We are talking to a several partners, including Corporates and Education providers, to look at how we can increase the reach of iheart, and to utilise more sophisticated technology solutions for increased delivery.
5) iheart is applying for more grants to enable further growth and reach.

Trustees' responsibilities statement

The trustees, who are also directors for the purposes of company law, are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the incoming resources and application of resources, including the income and expenditure, for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the applicable Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

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

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

Small company provisions

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

The trustees' annual report was approved on 25 February 2021 and signed on behalf of the board of trustees by:

Dana Arenson

D L Arenson
Trustee

iheart Principles Limited

Company Limited by Guarantee

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

Year ended 30 June 2020

Opinion

We have audited the financial statements of iheart Principles Limited (the 'charity') for the year ended 30 June 2020 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 30 June 2020 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 (United Kingdom Accounting Standards, comprising FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Responsibilities for the financial statements and the audit

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

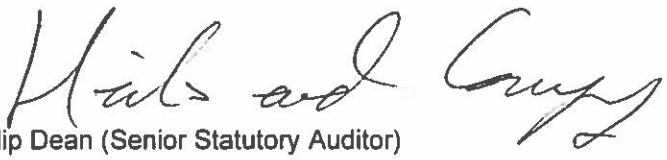
This report, including the options, has been prepared for and only for the charity's members and trustees as a body in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and regulations made under those Acts (regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and Chapter 3 of Part 16 of the Companies Act 2006) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Matters on which we are required to report by exception

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate and proper accounting records have not been kept by the charity or returns adequate for our audit have not been received; 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
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

We have no exceptions to report arising from this responsibility.



Philip Dean (Senior Statutory Auditor)

For and on behalf of
Hicks and Company
Chartered Accountants & Statutory Auditor
Vaughan Chambers
Vaughan Road
Harpenden
Hertfordshire
AL5 4EE

25 February 2021

iheart Principles Limited

Company Limited by Guarantee

Statement of Financial Activities (including income and expenditure account)

Year ended 30 June 2020

	Note	Year to 30 Jun 20 Unrestricted funds £	Restricted funds £	Total funds £	Period from 1 May 18 to 30 Jun 19 Total funds £
Income and endowments					
Donations and legacies	5	179,095	203,869	382,964	188,467
Charitable activities	6	541,436	–	541,436	493,560
Other income	7	3,159	–	3,159	2,649
Total income		723,690	203,869	927,559	684,676
Expenditure					
Expenditure on raising funds	8	9,765	–	9,765	–
Expenditure on charitable activities	9,10	525,258	203,869	729,127	655,728
Total expenditure		535,023	203,869	738,892	655,728
Net income and net movement in funds		188,667	–	188,667	28,948
Reconciliation of funds					
Total funds brought forward		39,606	–	39,606	10,658
Total funds carried forward		228,273	–	228,273	39,606

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

iheart Principles Limited

Company Limited by Guarantee

Statement of Financial Position

30 June 2020

	Note	2020 £	2019 £
Fixed assets			
Intangible assets	17	343	756
Tangible fixed assets	18	2,958	5,191
		3,301	5,947
Current assets			
Stocks	19	1,678	1,320
Debtors	20	98,419	76,618
Cash at bank and in hand		242,020	13,268
		342,117	91,206
Creditors: amounts falling due within one year	21	117,145	57,547
Net current assets		224,972	33,659
Total assets less current liabilities		228,273	39,606
Net assets		228,273	39,606
Funds of the charity			
Unrestricted funds		228,273	39,606
Total charity funds	24	228,273	39,606

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

These financial statements were approved by the board of trustees and authorised for issue on 25 February 2021, and are signed on behalf of the board by:

Dana Arenson

D L Arenson
Trustee

iheart Principles Limited

Company Limited by Guarantee

Statement of Cash Flows

Year ended 30 June 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net income		188,667	28,948
Adjustments for:			
Depreciation of tangible fixed assets		2,483	2,673
Amortisation of intangible assets		413	481
Accrued expenses		1,500	1,322
Changes in:			
Stocks		(358)	3,833
Trade and other debtors		(21,801)	(43,932)
Trade and other creditors		58,098	(24,656)
Cash generated from operations		229,002	(31,331)
Net cash from operating activities		229,002	(31,331)
Cash flows from investing activities			
Purchase of tangible assets		(250)	(1,870)
Net cash used in investing activities		(250)	(1,870)
Net increase in cash and cash equivalents		228,752	(33,201)
Cash and cash equivalents at beginning of year		13,268	46,469
Cash and cash equivalents at end of year	**25**	242,020	13,268

1. General information

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

2. Statement of compliance

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

3. Accounting policies

Basis of preparation

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

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

Going concern

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

Taxation

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

Judgements and key sources of estimation uncertainty

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

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

Fund accounting

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

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

3. Accounting policies *(continued)*

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

Incoming resources

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

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

Resources expended

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

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

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

3. **Accounting policies** *(continued)*

Intangible assets

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

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

Amortisation

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

Intangible assets	-	25% straight line

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

Tangible assets

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

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

Depreciation

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

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

3. Accounting policies *(continued)*

Impairment of fixed assets

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

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

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

Stocks

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

Financial instruments

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

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

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

Debt instruments are subsequently measured at amortised cost.

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

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

3. **Accounting policies** *(continued)*

Financial instruments *(continued)*

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

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

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

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

Defined contribution plans

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

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

4. **Limited by guarantee**

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

5. **Donations and legacies**

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

5. Donations and legacies *(continued)*

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
Donations			
Donations and gifts	152,167	–	152,167
Grants			
Grants receivable	–	36,300	36,300
	152,167	36,300	188,467

6. Charitable activities

	Unrestricted Funds £	**Total Funds 2020 £**	Unrestricted Funds £	Total Funds 2019 £
iheart	541,436	541,436	493,560	493,560

7. Other income

	Unrestricted Funds £	**Total Funds 2020 £**	Unrestricted Funds £	Total Funds 2019 £
Royalties	697	697	1,189	1,189
Stock sales	535	535	1,460	1,460
Furlough grant income	1,927	1,927	–	–
	3,159	3,159	2,649	2,649

8. Costs of raising donations and legacies

	Unrestricted Funds £	**Total Funds 2020 £**	Unrestricted Funds £	Total Funds 2019 £
Fundraising campaign costs	9,765	9,765	–	–

9. Expenditure on charitable activities by fund type

	Unrestricted Funds £	Restricted Funds £	**Total Funds 2020 £**
iheart	387,335	203,869	591,204
Support costs	137,923	–	137,923
	525,258	203,869	729,127

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

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £
iheart	457,019	36,300	493,319
Support costs	162,409	–	162,409
	619,428	36,300	655,728

10. Expenditure on charitable activities by activity type

	Activities undertaken directly £	Support costs £	**Total funds 2020 £**	Total fund 2019 £
iheart	387,335	133,603	520,938	652,968
Governance costs	–	4,320	4,320	2,760
	387,335	137,923	525,258	655,728

11. Analysis of support costs

	Support costs £	**Total 2020 £**	Total 2019 £
Staff costs	61,282	61,282	83,391
Governance costs	4,320	4,320	2,760
Office support costs	45,605	45,605	44,301
Accountancy support costs	25,816	25,816	29,421
Bank fees and charges	900	900	2,536
	137,923	137,923	162,409

12. Net income

Net income is stated after charging/(crediting):

	2020 £	2019 £
Amortisation of intangible assets	413	481
Depreciation of tangible fixed assets	2,483	2,673

13. Auditors remuneration

	Year to 30 Jun 20 £	Period from 1 May 18 to 30 Jun 19 £
Fees payable for the audit of the financial statements	4,320	–

14. Independent examination fees

	Year to 30 Jun 20 £	Period from 1 May 18 to 30 Jun 19 £
Fees payable to the independent examiner for:		
Independent examination of the financial statements	–	2,760

15. Staff costs

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

	Year to 30 Jun 20 £	Period from 1 May 18 to 30 Jun 19 £
Wages and salaries	223,632	156,338
Social security costs	16,731	7,804
Employer contributions to pension plans	4,767	2,562
	245,130	166,704

The average head count of employees during the year was 8 (2019: 6).

No employee received employee benefits of more than £60,000 during the year (2019: Nil).

16. Trustees

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

The aggregate of donations from related parties to the charity totalled £1,264 (2019: £10,000).

17. Intangible assets

	Website design £
Cost	
At 1 July 2019 and 30 June 2020	1,650
Amortisation	
At 1 July 2019	894
Charge for the year	413
At 30 June 2020	1,307
Carrying amount	
At 30 June 2020	343
At 30 June 2019	756

18. Tangible fixed assets

	Plant and machinery £	Computer equipment £	Total £
Cost			
At 1 July 2019	7,676	2,186	9,862
Additions	–	250	250
At 30 June 2020	7,676	2,436	10,112
Depreciation			
At 1 July 2019	3,954	717	4,671
Charge for the year	1,920	563	2,483
At 30 June 2020	5,874	1,280	7,154
Carrying amount			
At 30 June 2020	1,802	1,156	2,958
At 30 June 2019	3,722	1,469	5,191

19. Stocks

	2020 £	2019 £
Finished goods and goods for resale	1,678	1,320

20. Debtors

	2020 £	2019 £
Trade debtors	93,916	73,549
Prepayments and accrued income	3,053	2,862
Other debtors	1,450	207
	98,419	76,618

21. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	13,039	9,397
Accruals and deferred income	97,217	44,320
Social security and other taxes	5,920	3,048
Wages and salaries control	1	63
Other creditors	968	719
	117,145	57,547

22. Deferred income

	2020	2019
	£	£
Amount deferred in year/period	90,557	39,160

23. Pensions and other post retirement benefits

Defined contribution plans

The amount recognised in income or expenditure as an expense in relation to defined contribution plans was £4,767 (2019: £2,562).

24. Analysis of charitable funds

Unrestricted funds

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

	At 1 May 2018	Income	Expenditure	At 30 June 2019
	£	£	£	£
General funds	10,658	648,376	(619,428)	39,606

Restricted funds

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

	At 1 May 2018	Income	Expenditure	At 30 June 2019
	£	£	£	£
Grants received	–	36,300	(36,300)	–

25. Analysis of changes in net debt

	At 1 Jul 2019	Cash flows	At 30 Jun 2020
	£	£	£
Cash at bank and in hand	13,268	228,752	242,020

25. Related parties

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

	Practitioner fees £	Salary £	Pension contributions £	30 Jun 20 £	30 Jun 19 £
Jeremy Bogush, Chief Operating Officer	36,000	24,816	559	61,375	49,240
Terry Rubenstein, Founder	51,862	12,796	199	64,857	71,785
Brian Rubenstein, Chief Executive Officer	52,400	25,296	575	78,271	71,412
	140,262	62,908	1,333	204,503	192,437

At the end of the period Jeremy Bogush owed the charity £603 (2019: £nil) which was fully repaid in October 2020.