



TRUSTEES'
REPORT &
FINANCIAL
STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

**CHURCH
URBAN
FUND** ⊕

CHANGING LIVES AND
COMMUNITIES TOGETHER



TRUSTEES, OFFICERS AND ADVISERS

PATRON

Her Majesty the Queen

PRESIDENT

The Most Reverend and The Right Honourable **Justin Welby**

TRUSTEES

Rev'd Canon Paul Hackwood,
Chair

Derek Twine CBE, Deputy Chair

OTHER TRUSTEES

Brian Carroll

Patrick Coldstream CBE

Andrew Dorton

Philip Fletcher

Alison Grieve from 07.03.17

Gavin Oldham to 09.05.17

Rev'd Canon Denise Poole

Marnie Woodward FCMA to
22.02.17

John Iles

FINANCE AND ADMINISTRATION COMMITTEE

Marnie Woodward FCMA, Chair
(Trustee) to 22.02.17

Alison Grieve Chair (Trustee)
from 07.03.17

Brian Carroll (Trustee)

David Foxtton QC to 18.07.17

Rev'd Canon Edward Carter

Charlie Wale

FUNDRAISING COMMITTEE

Patrick Coldstream CBE
(Trustee)

Rev'd Canon Denise Poole
(Trustee)

Colin Bullett

David Brealey

Brunel James

DEVELOPMENT COMMITTEE

John Iles, Chair (Trustee)

Patrick Coldstream CBE
(Trustee)

Rev'd Canon Denise Poole
(Trustee)

Andrew Dorton (Trustee)

Ed Saville

Lily Axworthy from 01.01.17

David Primrose from 01.01.17

RESEARCH AND POLICY COMMITTEE

Philip Fletcher Chair (Trustee)

Patrick Coldstream CBE
(Trustee)

Bev Botting

Ian Geary

Steven Saxby

Warwick Hawkins

PRINCIPAL OFFICERS

Paul Hackwood, Executive Chair

Tony Edwards, Managing
Director from 02.01.18

Emma Snow, Deputy Chief
Executive to 13.06.17

Jeremy Aspinall, Director of
Fundraising and Communications
to 31.07.17

Ben Alonso, Director of
Fundraising from 11.12.17

Michelle Brissett, Director of
Finance and Resources

Heather Buckingham, Director
of Research and Policy

Jon Miles, Director of
Development

Rachel Sharpe, Director of
Partnerships

ADVISERS

Bankers

National Westminster Bank Plc
Millbank Branch, PO Box 2
27-29 Horseferry Road
London SW1P 2AZ

Investment Managers

**CCLA Investment Management
Ltd**
80 Cheapside
London EC2V 6DZ

Auditors

Mazars LLP
Times House, Throwley Way
Sutton, Surrey, SM1 4JQ

Solicitors

Legal advice is provided by:

The Legal Office

The Archbishops' Council
Church House, Great Smith
Street, London SW1P 3AZ

Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham B3 2ES

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Registered office:

Church House, Great Smith Street, London.
SW1P 3AZ

Registered company number: 02138994

Registered Charity number: 297483

CHURCH URBAN FUND

CHAIR'S REPORT

2017 has seen a significant step change in our activity. In recent years we have put in place the structures needed to enable change, develop our impact and improve the way these are evidenced. We now have in place a robust organisation which is both local and national with the ability to develop work across the country in ways that are sustainable for the long term. We see really positive change through our work, where individuals and communities are given the support they need to flourish. This is a significant achievement and has entailed a great deal of work for our partners both local and national.

We have now begun to put in place our five-year strategy of growth and partnership-building. This will respond to the increasing needs that we see around us and will ensure we make best use of the firm foundations we have created. We are now well placed to bring about real change for people and communities across the country and so we want to expand what we do.

Emerging plans for the UK's departure from the European Union mean that our society faces a time of considerable uncertainty. Whilst it is difficult to predict what the economic and social impacts to this will be, as we continue to develop our work in communities across the country, we will be building the resilience of people and communities and equipping them to respond to the challenges and opportunities that the changes ahead will inevitably present.

Our central team have been engaged in supporting three main programmes during the year:

This year has seen us reach our target of 20 local Joint Venture partnerships with our **Together Network**. This Network gives us unique reach across the country enabling us to access local communities whilst maintaining a national presence. The network provides the capacity necessary to ensure we can reach large scale implementation effectively and sustainably through the relationships we have built in local communities. We have been developing this capacity over the last 12 months. Places of Welcome, for example, is a simple idea which involves opening a public building usually a church hall or community centre, providing hospitality and a warm welcome and then simply inviting people to come in. This provides a valuable support to people who are lonely, new migrants who do not know anyone in their community and people with mental health problems. This programme was developed in Birmingham and there are now over 200 Places of Welcome across the country run by local people for the benefit of their communities.

The **Near Neighbours** programme is our social cohesion and integration programme working in nine main areas across the country. It aims to break down barriers, build trust and create opportunities

for people to work together and develop a stronger associational life. Our most significant achievement this year has been the development of the Real People, Honest Talk programme which we have piloted in Luton and the Black Country. This new initiative creates safe spaces for people to have honest conversations about living together. The relationships of trust we have built over the last few years through our Near Neighbours hubs have been a key factor in being able to bring people together in this way. The programme has been a huge success and we hope to roll it out across the country over the next few months.

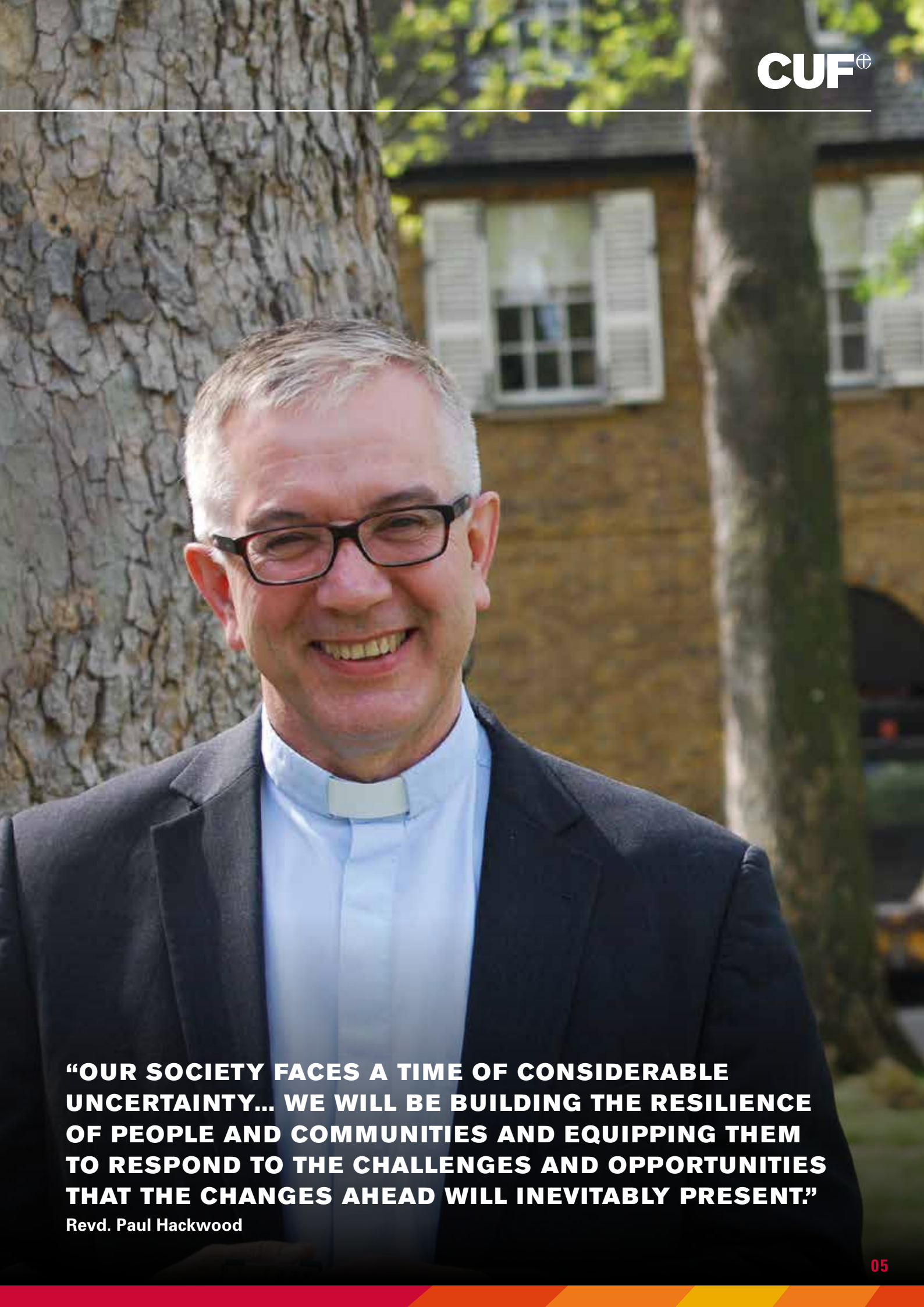
Our **Just Finance Foundation** work which began last year has performed well during the year. Our society faces some very pressing issues around financial inclusion and we have focused on tackling three of them. First by starting at the very beginning of the story with encouraging children in primary schools to save and manage money through our **LifeSavers** programme. Second through providing a local response which helps people develop their financial capability. This has focused on our **Cash Smart, Credit Savvy** course which provides a basic understanding of budgeting, how credit works and wider money management skills. We have recently developed a supplementary programme called UC Savvy which provides support for those who are part of the roll out of Universal Credit. Then third in supporting Community Finance organisations including some ambitious plans to develop a loan fund for social finance organisations.

We continue to develop our central capability in fundraising, financial management, evaluation and the effective management of resources.

None of this would be possible without our trustees and staff team who are deeply committed to our vision of building human flourishing for individuals and communities.



Paul Hackwood
March 2018



“OUR SOCIETY FACES A TIME OF CONSIDERABLE UNCERTAINTY... WE WILL BE BUILDING THE RESILIENCE OF PEOPLE AND COMMUNITIES AND EQUIPPING THEM TO RESPOND TO THE CHALLENGES AND OPPORTUNITIES THAT THE CHANGES AHEAD WILL INEVITABLY PRESENT.”

Revd. Paul Hackwood

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2017

The trustees present their annual report and financial statements of the charity for the year ended 31 December 2017. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.



OVERVIEW

Church Urban Fund (CUF) was established by the Church of England as a practical response to unmet need and has been active in local communities for over 30 years.

Our vision is to see people and communities all over England flourish and enjoy life in all its fullness. We work across the political spectrum and with a network of partners in churches, other faith communities and secular organisations, and are engaged with local communities across the country. We are committed to working through relational partnerships to bring about long-term, sustainable change. Our aim is to mobilise local people to be the source of the change they want to see and to use the assets already available in their community.

AIMS AND OBJECTIVES

We do this through:

- **Accessing Resources** – through the Together Network, which supports local churches and other groups as they seek to make a positive difference within their communities.
- **Enabling Infrastructure** – build capacity and confidence in local communities, enable churches and others to respond to local need and shaping a fairer finance system. Through our national programmes which include Near Neighbours, the Just Finance Foundation and our Together Grants.
- **Shaping the public sphere** – by connecting with policy makers and local churches in order to influence and build individual resilience and agency as well as community capacity.

Legal structure and basis of consolidation

The Together Network is a network of organisations set up in partnership with CUF and Church of England dioceses and includes 20 member organisations

The Together Network builds local capacity for action through dedicated development workers, who provide expertise and support to churches and other organisations as they seek to bring about positive change in their communities.

The Near Neighbours programme is funded principally by the Ministry of Housing, Communities and Local Government (MHCLG) and CUF and brings people together who are near neighbours in communities that are religiously and ethnically diverse, so that they can get to know each other better, build relationships of trust and collaborate on initiatives that improve the community they live in.

The Just Finance Foundation is funded by the Department for Digital, Culture, Media and Sport and Virgin Money and CUF and focusses on advancing saving in schools, developing the community finance sector and increasing levels of financial capability.

TRANSACTIONS BETWEEN THE GROUPS

During the year CUF undertook the following transactions with the Together Network, Near Neighbours and the Just Finance Foundation:

- In 2017 CUF received a grant of £1.65m from MHCLG (2016: £1.7m) which it passed to Near Neighbours to deliver the programme. NN also received a grant from CUF of £135k (2016: £202k).
- Near Neighbours paid CUF a grant of £1.26m (2016: £877k) for the Small Grants programme in addition to a contribution of £139k (2016: £72k) towards staff costs for the administration for the overall programme.
- CUF paid a total of £880k (2016: £948k) to the subsidiaries under the Together Network. An intercompany balance of £45k (2016: £72k) was owed by CUF to the Network at the year end.
- Just Finance Foundation received a grant of £50k (2016: £0k) from CUF during the year.

In the group accounts these transactions were eliminated on consolidation.

REVIEW OF 2017

As in previous years, we continued to support the transformation of lives and communities helping to support their safety, flourishing and prosperity. We worked through and supported the infrastructure of the Church of England building on its reach and depth in communities across the nation.

DURING 2017 WE INVESTED IN FOUR MAIN AREAS:

1

The Together Network has continued to grow in terms of its coverage, and in the breadth and depth of its engagement.

Together in Sussex, established at the end of 2016, is now fully active, and a new Joint Venture, Together Leicester, was set up during 2017. The Together Network now comprises 20 members, employing 35 Development Workers, with a focus on the most deprived areas in England. In total, the Together Network provided support (e.g. with fundraising, governance, project development and partnerships) to at least 687 community projects in 2017.

The Network has proved to be an effective vehicle for spreading ideas that work: for example, there are now more than 200 Places of Welcome in locations from Birmingham and Bradford through to Widnes and Wolverhampton, each offering a safe space in which people from all walks of life can build the kinds of mutually supportive relationships that are foundational to personal resilience and wellbeing, and to thriving local communities. This year has seen deepening engagement with the problem of holiday hunger, with several Joint Ventures delivering innovative programmes to address this and working closely with the Feeding Britain inquiry. Our work amongst refugees and asylum seekers has also grown, including through the Fresh Start initiative led by Together for Change in Coventry and Warwickshire, which has successfully mobilised volunteers and local churches to get involved in its befriending service, English teaching, and football sessions.

During the year we have been exploring how we measure the impact of the Together Network – a challenge given the diversity of work it undertakes. Through a consultative process, we have developed a set of tools with which to do this and will be piloting these during 2018. Early 2018 will see us develop a strategic plan for the next 5 years of the network's work.

2

Near Neighbours has continued to draw people together across different ethnic and religious groups in local communities

through our Small Grants Programme. This work has continued to be supported financially by the Ministry of Housing, Communities and Local Government and in 2017 we disbursed £1,006,486 to 314 projects (an average grant of £3,205) in the nine areas covered by this programme. Encouragingly, in a survey completed by 581 participants, 93% agreed that because of the Near Neighbours project they took part in, they feel they understand people in their local community who are from different religions or ethnic groups better.

In addition, a further 80 projects were supported through the Common Good Fund (totaling £200,012), a short-term fund we established in November 2016 to extend our activity across the whole country in response to community tensions in the aftermath of the EU referendum.

Catalyst, our leadership training programme for young people, has continued to develop. In 2017, 13 programmes were run and 161 young people took part. The majority of participants were from Black, Asian and Minority Ethnic (BAME) groups. We did not manage to achieve the growth in delivery projected for this period but have learnt valuable lessons about some of the challenges of upscaling this kind of work and are confident that the programme represents a valuable and much needed offering in a society that currently seems to be struggling to navigate its own religious and cultural diversity in a fruitful way.

2017 also saw us pioneer a new initiative, Real People, Honest Talk, which has already seen well over 300 people from different backgrounds getting together to talk about difficult issues in their communities. Challenging topics were discussed, yet people left feeling more positive about diversity and more optimistic about working together to make a difference. Feedback from participants and external evaluators (Leeds University) has been positive and we look forward to building on the success of this work in 2018.

3

Just Finance Foundation has expanded its work on building financial capability and is actively engaged in developing fairer financial systems at local and national levels. More than 14,500 pupils have now taken part in LifeSavers, an initiative which helps children manage money wisely now and in the future by providing training and resources for primary school teachers, offering support for school savings clubs, and encouraging parental and wider community engagement. 1,000 teachers have been trained through CPD provision. Teaching materials engage pupils in learning about money through the lens of four core values: generosity, wisdom, thankfulness and justice. An independent evaluation of the programme reveals strong endorsement from head teachers and teachers. LifeSavers is delivered in partnership with Young Money and receives financial support from the Cabinet Office and Virgin Money.

Cash Smart Credit Savvy, a short financial capability course for adults, has been developed and rolled out to four areas as part of the Money Advice Service's What Works Fund. 27 courses were delivered to 285 participants exceeding the project target of 25 courses to 175 participants. This project was premised on a cascading model, and its success in this respect is evidenced by the fact that 72% of participants in follow-up survey by evaluators at Sheffield Hallam University said that they had shared some of what they had learned about managing money with others in the four weeks after the course. 2018 will see further development of the resources and planning for a more widespread rollout.

Other area-specific Just Finance activity has included work in Liverpool to encourage a large employer to offer payroll savings and promote widespread uptake, and in Tyne to Tweed, the Just Finance Worker supported the creation of a new credit union, and a merger. In London there has been comprehensive mapping of church activity on financial inclusion, as well as three well attended launch events across the city.

4

2017 has seen us consolidate the core function of the **Church Urban Fund** central office with the development of new capability in our fundraising, financial management, policy and evaluation and central management structures. This gives us the tools we need for the next phase in the development of the organisation. In terms of our engagement in the public sphere, 2017 has seen us submitting evidence to government consultations on hunger and civic engagement; publishing reports on loneliness, community engagement and food poverty; and commencing a major three-year project exploring the relationship between social action, discipleship and church growth.

PLANS FOR 2018-19

In 2017 we had a comprehensive review of CUF's strategy and the board of trustees agreed to a new three-year strategy and implementation plan covering 2018-2021. A key strand of this new strategy is a significant investment in fundraising resources in order to increase unrestricted and restricted income to CUF and its subsidiaries.

As CUF grows as part of its strategic plans it needs to ensure that it has adequate management and staff expertise to grow well as an organisation and support its programmes of work effectively. To meet these challenges several new roles have been recruited or are in the process of being recruited, including a Head of Communications, and a Brand Manager, which will be key to achieving CUF's ambitious objectives. A managing director was recruited and started in January 2018 with the remit of leading on the delivery of the strategy implementation plan. In addition, a new fundraising director was recruited and started in December 2017 to drive forward our fundraising plans.

In 2018 we also aim to strengthen our partnership arrangements with our subsidiaries; enhance the brand awareness of all three programmes of work: Near Neighbours, Together Network and Just Finance, develop a communications strategy

with clear measurable objectives and review of all existing policies and procedures to meet all relevant legislation and associated obligations, including GDPR and safeguarding.

Our research and policy activities in 2018 will include facilitating debate to inform the government's Civil Society Strategy, responding to the developing Integrated Communities Strategy, and conducting research – in collaboration with the Centre for Housing Policy at York University - into the significance of relationships as a factor in the prevention of and recovery from homelessness. We will continue to monitor and evaluate all our programmes and projects and will place a greater emphasis on ensuring that the data we collect is used to maximum effect in terms of learning and awareness raising within and beyond the organisation.

**NEAR
NEIGHBOURS**
BRINGING PEOPLE TOGETHER

**JUST
FINANCE
FOUNDATION**

**TOGETHER
NETWORK** ⊕



FINANCIAL REVIEW

Overview

The financial statements represent the consolidated income and expenditure and balance sheet for the year of CUF and its subsidiaries Near Neighbours, Just Finance Foundation and the Together Network. The results of the Near Neighbours, the Together Network and Just Finance Foundation subsidiaries are shown in notes 2, 3 and 4 respectively of the accounts.

THE CHARITABLE ACTIVITIES OF CUF CONTINUES TO BE DELIVERED IN THREE WAYS:

1 ENABLING INFRASTRUCTURE:

The Together Network's programme of activities is delivered through a network of churches, faith based organisations and secular groups. It works ecumenically and relationally to ensure that:

- *Social action* by churches and community groups – delivered directly by the Together Network – increases in its extent, effectiveness, and faithfulness, as best practice is shared, resources are leveraged, and appropriate opportunities are identified.
- *Collaboration* for the common good grows, including across sectors (state, private, and voluntary), faiths, church denominations, and within neighbourhoods.
- *Social policy*, public opinion, and public service design and resourcing are increasingly informed by real life experiences in local communities.

2 ACCESSING RESOURCES THROUGH:

The *Just Finance Foundation* aims to create a fairer financial system focused on servicing the whole community, where everyone has access to responsible credit, savings and other essential financial services.

The *Together Grants* which is a small grant programme supporting local action in specific areas across the country and

The *Near Neighbours* programme whose aim is to:

- Build a network of people across particular neighbours and develop relationships across faiths and ethnic boundaries through presence and engagement Hubs.
- Create engagement through a small grants programme and supporting local action.
- Build capacity of community and leadership delivery partners, broadening skills of individuals and organisations.

3 SHAPING THE PUBLIC SPHERE

Through research, evaluation, promotion and dissemination of information to network participants and the wider public to influence thinking about and respond to issues affecting the flourishing of individuals and communities.

Income and Expenditure

Total income for the year was £5.96m (2016: £5.60m), an increase of £356k when compared to the previous year and reflects the growth in income primarily from the Together Network and Near Neighbours and to a lesser extent from Just Finance Foundation.

Income from individuals and churches donations as well as legacies continues to be a vital source of funding and in 2017 we received £1.99m (£2016: £2.28m).

The total Unrestricted income received in the year was £1.11m (2016: £1.41m) while Restricted income increased from £4.19m in 2016 to £4.85m. Of the restricted income, £1.98m (2016: £1.69m) relates to Near Neighbours, £1m (2016: £0.78m) to the Together Networks, £0.5m (2016: £0.43m) to Just Finance Foundation and £1.12m (2016: £1.1m) to CUF's other programmes.

Total expenditure increased by 11% to £6.05m (2016: £5.37m), reflecting spend on raising funds of £665k (2016: £641k) and expenditure on Charitable Activities

of £5.38m (2016: £4.72m), of which £2.18m (2016: £1.72m) on Near Neighbours, £1.65m (2016: £1.45m) directly on the Joint Ventures, £0.70m (2016: £0.51m) on the Just Finance Foundation and the balance on CUF's and other activities.

The Balance Sheet funds for the group remain strong with unrestricted funds results ending the year at £1.20m (2016: £1.27m) and restricted funds at £2.59m (2016: £2.61m). Cash position at the end of the year was £4.05m (2016: £4.24m) with net assets of the charity at 31 December 2017 being £3.79m (2016: £3.78m)

CUF gratefully acknowledges the many contributions it receives from individuals and churches, both large and small, without which its work would not be possible. The much-valued support from the Archbishops' Council of £0.2m (2015: £0.2m) is an important contribution as is the support from trusts and foundations.

Reserves and Reserves Policy

The trustees have reviewed the level of required reserves and do so annually due to the highly volatile context in which the charity operates. The trustees aim is to maintain the correct balance between a growth strategy with the desire to achieve a prudent level of reserves. They have considered a target level for reserves of £1.5m appropriate, £1m of which is unrestricted providing operational cover to ensure a timely and orderly transition of the organisation

if necessary. The reserves will provide support for commitments in the medium term for the Near Neighbours programme, the Together Network and Just Finance Foundation as well as being ready for new opportunities as they arise.

At the year end unrestricted reserves were £1.2m (2016: £1.3m) and Restricted reserves were £2.6m (2016: £2.6m).

Investment Policy and Performance

There has been no change in our investment policy during the year and the policy continues to be to maintain the nominal value of the Charity's assets and to generate an income commensurate with a prime focus on capital security and liquidity. The policy is to invest in cash and cash-related investments, £2.4m (2016: £2.9m) was held with CCLA Investment

Management Limited's "The CBF Church of England Deposit Fund". CCLA Investment Management Limited invests in accordance with the Church of England's ethical policies. The performance of the investments is commensurate with the policy and the current economic situation.

DELIVERING PUBLIC BENEFIT

CUF's primary aim is to tackle social and economic disadvantage and we do this in ways set out earlier in this document. We are also working for the renewal of civil society and encouraging the development of the charitable sector.

We work through Church of England structures but focus our activity on people and organisations of all faiths and denominations. Beneficiaries are not restricted by faith, gender, ethnic origin, disability, age or sexual orientation.

The trustees consider the guidance on public benefit each year issued by the Charity Commission and are confident that CUF aims and objectives, as set out above, fulfil the criteria. The trustees do not anticipate any change in the future to this operational approach.



Governing Documents

CUF is both a company limited by guarantee subject to the Companies Act 2006 and a charity registered with the Charity Commission. It is governed by its Memorandum and Articles of Association which were

updated on 19 May 2011. The company registration number is 02138994 and the charity number is 297483. The directors of the company are known as trustees.

Governance Structure

The Articles of Association allow for up to twelve trustees and provide that the Archbishop of Canterbury is President. Four trustees are nominated jointly by the Archbishops of Canterbury and York; three by the Church Commissioners; two by the Archbishops' Council; one by the Finance Committee of the Archbishops' Council and two are co-opted by the trustees after consultation with the Archbishops. The current composition of the Trustees and its Executives are set out on page 3.

The trustees have established four board sub-committees which support CUF work throughout the year and report fully to the Trustees Board:

- A Finance and Administration Committee, which operates under their designated authority and which oversees and advises on financial, risk management and administrative matters,

- a Development Committee, which oversees the work of the Together Network, the social action they facilitate and the network they create,
- a Fundraising Committee, which has responsibility for overseeing our fundraising work and acting as ambassadors to potential funders, and
- a Research and Policy Committee, which oversees our research work.

The main Board meets five times a year to review strategy, operational and financial performance.

On the 17 July 2015 the Charity Commission approved the employment of the Executive Chair as an employee of CUF with a paid salary which is disclosed in note 9 of the accounts. No other trustee received any remuneration or benefits from CUF. Any expenses reclaimed are set out in note 9 to the financial statements.

Trustee Induction and Training

On appointment, trustees receive a detailed induction which includes briefings from key staff, the Executive Chair and meetings with those active in our networks. This maintains their awareness of grass roots issues and developments. They also receive regular briefings

on developments in CUF's operating environment to keep them up to date. Further training is carried out on an ongoing basis, making use of the Charity Commission website and other charity publications.

Management and Organisational Structure

The day-to-day management and the responsibility for the implementation of strategy and planning are delegated to the Executive Chair.

Formal reporting to the trustee board takes place regularly throughout the year.

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

Principal Risks

CUF maintains a comprehensive register of risks which identifies the major strategic and operational risks faced by the organisation and how they are being managed.

An independent review of Strategic and Operational Risk were carried out during the year and agreed by the trustees. The Trustees have identified the most important potential risks and uncertainties that may seriously affect the performance, future prospects or reputation of CUF and its subsidiaries and how they will be managed.

The trustees' risk management strategy is to actively review the major risks that the charity faces. A central risk register is held to ensure that all areas of the charity are assessed for risks and suitable policies and procedures are put in place to mitigate those risks. Strategic risks are to be reviewed annually by the trustees and Operational risks by the Finance and Administration Committee Executive Team on a regular basis and following reassessment by the Executive Team.

The Trustees are satisfied that systems are in place to monitor, manage and mitigate CUF's exposure to major risks.

Potential Risk	Management & Control
<p>Reduction in funding – an inherent risk due to the reliance on a few large funders.</p> <p>A loss of this key funding would have a serious impact on the charity's ability to carry out its charitable activities.</p>	<ul style="list-style-type: none"> Relationships with current major funders continue to be nurtured as a matter of priority Number of skilled senior staff recruited to help diversify funding Progress is being made with programme partners to reduce financial reliance on CUF Plans in place for effective closedown & legacy if necessary
<p>The charity's strategic choice results in either over promising on a programme or missing a major opportunity</p> <p>The organisation's effectiveness is due partly to its entrepreneurial culture, its ability to identify needs and capacity to seize opportunities. A more cautious approach risks stifling that innovation and reducing impact.</p>	<ul style="list-style-type: none"> Strategic plan in place which provides prioritisation guidance New senior management team including Managing Director to build capacity Management processes which include regular reviews of plans and priorities A new system in place to assess major new developments
<p>Risk of a disconnect in a programme between what is envisioned centrally and how that is translated into action at a local level through its partners</p>	<ul style="list-style-type: none"> Agreements, detailed management and reporting structures, and communications protocols in place to support and monitor Joint Ventures and other partners Programme leads, are represented on CUF leadership team who also maintains contact with people at local level A sustainability strategy has been developed and is currently been shared with the Network
<p>Risk of the loss of key staff, in particular the Executive Director and Programme Directors</p> <p>Valuable in terms of the relational way CUF works and a loss would take time to build a similar rapport</p>	<ul style="list-style-type: none"> Relationships are being built with key stakeholders Recent engagement of a Managing Director addresses the management structure concerns

Going Concern

The trustees have reviewed the charity's financial position, taking account of the satisfactory levels of reserves and cash, the annual plan and its systems of financial and risk management. As a result of their review, the trustees believe that the charity is well placed to manage operational and financial risks successfully despite the ongoing uncertain economic

outlook. Accordingly, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Key Management Personnel Remuneration

The trustees consider the board of trustees, the Executive Chair and the Directors (listed in note 9) as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis.

The Executive Chair has been remunerated following consent by the Charity Commission for his employment by the charity. The trustees are at the final stages of recruiting for a new chair to manage the Board. All other trustees give of their time freely and were not remunerated in the year.

Details of trustees and related party transactions are disclosed in note 21 to the accounts.

The pay of senior staff is reviewed annually and normally increased in accordance with inflation. In view of the nature of the charity, the directors benchmark against pay awards in similar charitable organisations. A full review of its employee's salary structure, including that of its Senior Management Team, was embarked on by the charity in 2017. All staff are paid above the National Living Wage.



THE TRUSTEES' RESPONSIBILITY

FOR PREPARING ANNUAL FINANCIAL STATEMENTS

The charity trustees are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare annual financial statements for each financial year that give a true and fair view of the Charity's financial activities during the year, its surplus or deficit for the year and its financial position at the end of that year.

In preparing annual financial statements, the trustees have followed best practice and:

- Selected suitable accounting policies and applied them consistently;
- Observed the methods and principles in the applicable Charities SORP;
- Made judgments and estimates that are reasonable and prudent;
- Followed applicable Accounting Standards and Statements of Recommended Practice; and
- Prepared the annual financial statements on the going concern basis.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the Charity's assets and for taking reasonable steps to detect and prevent fraud and other irregularities. The trustees have overall responsibility for ensuring that the Charity has appropriate systems of control, financial and otherwise.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Each of the trustees at the date of approval of this trustees' report confirms that:

- In so far as the trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware; and
- The trustees have taken all the steps that they are obliged to take as trustees in order to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

SMALL COMPANY EXEMPTION

The company have taken advantage of the small companies' exemption as annual income and total gross assets is below the threshold. The accounts have been prepared in accordance with the special provision contained in the Companies Act.

The entity's Financial Statements comply with FRS102.

AUDITORS

The Trustees reappointed Mazars LLP as auditors at the Board Meeting on 10th May 2018.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHURCH URBAN FUND

OPINION

We have audited the financial statements of Church Urban Fund (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 December 2017 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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.

USE OF THE AUDIT REPORT

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's

members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the group and the parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out on page 15, the trustees (who are also the directors of the parent 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, 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 group's and the parent 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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2017 £'000	Total 2016 £'000
INCOME & EXPENDITURE					
Income					
Donations and legacies	5	887	1102	1,989	2,284
Trusts income	6	13	219	232	148
Income from Charitable Activities					
Near Neighbours Programme (NN)	2	0	1,984	1,984	1,693
Together Network	3	0	1,003	1,003	779
Just Finance Foundation (JFF)	4	0	542	542	430
Other income	7	203	0	203	258
Investment income		8	0	8	13
Total Income		1,111	4,850	5,961	5,605
Expenditure					
Expenditure on Raising funds	8	625	40*	665	641
Expenditure on Charitable activities					
Enabling Infrastructure					
Together Network (TN)	8a	0	1,655*	1,655	1,448
Network Development	8b	214	167*	381	415
Assessing Resources					
Just Finance Foundation (JFF)	8c	0	698	698	507
Together Grants	8d	59	101*	160	380
Near Neighbours					
Building Networks	8e	0	479	479	432
Creating Engagement	8f	0	1,261	1,261	877
Building Capacity	8g	0	436	436	411
Shaping the public sphere	8h	281	33*	314	255
		554	4,830	5,384	4,725
Total Expenditure		1,179	4,870	6,049	5,366
Net (expenditure)/ income		-68	-20	-88	239
Balance brought forward at 1 January		1,266	2,612	3,878	3,639
Balance carried forward at 31 December		1,198	2,592	3,790	3,878

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2017



Company Number: 02138994

		2017		2016	
	Notes	£'000	£'000	£'000	£'000
CURRENT ASSETS					
Cash held on deposit	12	2,394		2,907	
Bank		1,652		1,332	
Debtors	13	236		267	
			4,282		4,506
CURRENT LIABILITIES					
Amounts falling due within one year:	14				
Grants awarded but not yet due for payment					
Church Urban Fund		79		101	
Near Neighbours		8		35	
Other creditors		405		492	
			492		628
NET CURRENT ASSETS			3,790		3,878
NET ASSETS			3,790		3,878
FUNDS					
Restricted	16				
Church Urban Fund	11		1,152		1,525
Together Network (TN)			1,143		914
Just Finance Foundation (JFF)			193		0
Near Neighbours (NN)			104		173
	11		2,592		2,612
Unrestricted			1,198		1,266
TOTAL FUNDS	20		3,790		3,878

The charity has taken advantage of the small companies exemption as annual income is less than £10.2m pounds and gross assets are less than £5.1m and therefore below the threshold. The accounts have been prepared in accordance with the special provisions contained in the Companies Act 2006.

CHARITY BALANCE SHEET

AS AT 31 DECEMBER 2017

Company Number: 02138994

		2017		2016	
	Notes	£'000	£'000	£'000	£'000
CURRENT ASSETS					
Cash held on deposit	12	2,394		2,907	
Bank		404		216	
Debtors	13	212		245	
			<u>3,010</u>	<u>3,368</u>	
CURRENT LIABILITIES					
Amounts falling due within one year:	14				
			<u>660</u>	<u>577</u>	
NET ASSETS					
			<u>2,350</u>	<u>2,791</u>	
FUNDS					
Restricted	16				
Church Urban Fund			1,152	1,525	
Unrestricted			1,198	1,266	
TOTAL FUNDS					
	20		<u>2,350</u>	<u>2,791</u>	

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017



	2017		2016	
	£'000	£'000	£'000	£'000
Reconciliation of net movement in funds to net cash flow from operating activities				
Net (expenditure)/ income for the reporting period (as per statement of financial activities)		-88		239
Adjustments for:				
Decrease in debtors	31		12	
(Decrease) / increase in creditors	-136		17	
		-105		29
Net cash (used)/gained in operating activities		-194		268
Change in cash and cash equivalents in the reporting period		-194		268
Cash and cash equivalents at the start of the reporting period		4,239		3,971
Cash and cash equivalents at the end of the reporting period		4,045		4,239

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1. ACCOUNTING POLICIES

a. Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities", applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 (effective 1 January 2015) Charities SORP and the Companies Act 2006. The date of transition to FRS 102 is 1 January 2014.

The consolidated accounts of the Group incorporate the accounts of the Charity, Church Urban Fund, its subsidiaries, Near Neighbours, the Together Network and Just Finance Foundation (which became a subsidiary on the 1 January 2017).

No separate Statement of Financial Activities is presented for the Charity as permitted by the Companies Act.

Net movement in funds for the charity alone for the year was deficit of £441k (2016: £213k).

The charity constitutes a public benefit entity as defined by FRS102.

The Trustees consider that it is appropriate to prepare the accounts on a going concern basis and there are no material uncertainties about the organisation's ability to continue as a going concern.

b. Income recognition

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donations include tax recoverable where applicable, and are recognised when receivable and when the charity has been notified in writing of both the amount and settlement date.

Legacies are recognised on a case by case basis following the granting of probate when the administrator or executor for the estate has communicated in writing both the amount and settlement date.

Grants receivable and Trust Income are accounted for in the year to which they relate.

c. Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated or apportioned to the applicable expenditure headings.

Grants payable are payments made to third parties in the furtherance of the charity objectives. Grants are charged to the Statement of Financial Activities when they are awarded.

Grants to Near Neighbours Delivery Partners are charged to the Statement of Financial Activities when the funds have been transferred to the recipient's account.

d. Grant support costs

The support costs for grants include the costs of assessing, reporting on, facilitating the use of and paying grants.

e. Support costs

Support costs relating to charitable activities have been apportioned based on the staff time spent on each activity and analysed in note 11.

f. Cost of raising funds

The cost of fundraising comprises costs incurred in encouraging churches, individuals, and trusts to contribute to its activities.

g. Charitable activities

Costs of charitable activities included grants made and apportionment of support costs as shown in note 10.

h. Investment returns

Investment income is accounted for when receivable.

i. Pensions costs

The charity operates a defined pension scheme, Church Urban Fund Pension Plan with Legal and General for all employees.

The contributions to the defined contribution schemes are accounted for in the year to which they relate. Costs of the contributions to the scheme are accounted for in the year to which they relate and included within staff costs (note 10).

The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

j. Fund structure

Unrestricted funds represents funds received that are available for use at the discretion of the trustees for any purpose in furtherance of the objectives of the charity.

Restricted funds represents funds received that are subject to specific restrictive conditions imposed by donors (see note 16 for more details of restricted funds).

k. Operating lease

Rentals payable under operating leases are charged against income on a straight-line basis over the term of the lease.

l. Tangible fixed assets and policy on capitalisation

Capital additions which do not exceed £10,000 are expensed in full in the year of purchase.

There were no tangible fixed assets in 2017 or 2016.

m. Financial Instruments

The charity has elected to apply the provisions of Section 11 'Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

The Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. RESULTS OF SUBSIDIARY - NEAR NEIGHBOURS

Near Neighbours is a charitable company limited by guarantee that builds associations and relationships across faith and ethnic divisions and creates a context where people can come together to develop common values and address community issues. The Board of Trustees is appointed by Church Urban Fund and the Archbishops' Council.

The company registration number 07603317 and charity number 1142426.

Near Neighbours receives funding from the Ministry of Housing, Communities and Local Government (MHCLG) and from Church Urban Fund.

	2017 £'000	2016 £'000
Income		
Income from Charitable Activities - DCLG via Church Urban Fund	1,972	1,691
Income from Charitable Activities - Church Urban Fund	123	202
Income from Charitable Activities - Other	12	0
Total Income	2,107	1,893
Expenditure		
Charitable activities		
Building Networks	473	432
Creating Engagement	1,261	877
Building Capacity:		
Faith Leaders	132	117
Young Leaders	209	142
Real People Honest Talk	101	0
Community	0	152
Total Expenditure	2,176	1,720
Net (expenditure)/ income	-69	173
Balance brought forward at 1 January	173	-
Balance carried forward at 31 December	104	173

3a. RESULTS OF SUBSIDIARIES - TOGETHER NETWORK

The Together Network comprises of 20 small subsidiaries which are consolidated in the CUF group accounts at the year end. A summary of the 20 subsidiaries are shown below:

	Church Urban Fund Income	Other External Income	Total Income	Total Expenditure	Balance b/f 01/01/17	Net Assets
	£'000	£'000	£'000	£'000	£'000	£'000
Thrive Together Birmingham	40	475	515	435	139	219
Transformation Cornwall	40	19	59	58	34	35
Transforming Notts Together	45	12	57	73	57	41
Together Southwark	40	1	41	33	55	63
Together Lancashire	40	51	91	98	43	36
Together Newcastle	40	15	55	45	26	36
Wellsprings Together Bradford	42	32	74	45	59	88
Together Liverpool	40	11	51	65	24	10
Transforming Lives Together	40	3	43	53	48	38
Communities Together Durham	50	1	51	40	32	43
Together Middlesbrough and Cleveland	47	72	119	97	69	91
Capital Mass	50	62	112	111	88	89
Together for Change Coventry and Warwickshire	50	80	130	139	91	82
Transforming Communities Together	50	89	139	109	23	53
Together Canterbury	50	1	51	53	11	9
Transforming Plymouth Together	50	2	52	43	13	22
Greater Together Manchester	50	67	117	73	79	123
Together Norfolk	53	-	53	54	23	22
Together in Sussex	46	10	56	30	-	26
Together Leicester	17	-	17	-	-	17
Total	880	1,003	1,883	1,654	914	1,143

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

3b. SUMMARY OF THE TOGETHER NETWORK

A summary of the 20 subsidiaries that form part of Together Network are shown below. The Trustees for each subsidiary are appointed by CUF and one other organisation, with CUF having control by virtue of the majority of trustees being appointed:

	Company Reg. No.	Charity Reg. No.	Trustees appointed by CUF and:
Thrive Together Birmingham	8039675	1153942	Bishop of Birmingham
Transformation Cornwall	7329249	1138706	Bishop of Truro & Cornwall Methodist District
Transforming Notts Together	8399842	1152870	Southwell & Nottingham Diocesan Board of Finance
Together Southwark	8257445	1153362	South London Church Fund & Southwark Diocesan Board of Finance
Together Lancashire	7966145	1147848	Bishop of Blackburn & Lancashire Methodist District
Together Newcastle	8139375	1150824	Newcastle Diocesan Board of Finance
Wellsprings Together Bradford	6633154	1139674	Bradford Diocesan Board of Finance
Together Liverpool	8190148	1151977	Liverpool Diocesan Board of Finance
Transforming Lives Together	8419285	1157348	Chester Diocesan Board of Finance
Communities Together Durham	8860961	1157214	Durham Diocese Board of Finance
Together Middlesbrough and Cleveland	9196281	1159355	York Diocesan Board of Finance
Capital Mass	9257264	1159501	London Diocesan Board of Finance
Together for Change Coventry and Warwickshire	8763866	1160133	Coventry Diocesan Board of Finance
Transforming Communities Together	9010580	1157772	Mercian Community Trust (Lichfield)
Together Canterbury	8763875	1159936	Canterbury Diocesan Board of Finance
Transforming Plymouth Together	9716832	1166026	Exeter Diocesan Board of Finance
Greater Together Manchester	9490223	1167704	Manchester Diocesan Board of Finance
Together Norfolk	9725781	1166382	Norwich Diocesan Board of Finance
Together in Sussex	10375699	1171719	Chichester Diocesan Board of Finance
Together Leicester	10929716	1775357	Leicester Diocesan Board of Finance

4. RESULTS OF SUBSIDIARIES - JUST FINANCE FOUNDATION

	2017 £'000
Income	
Income from Individuals and Legacies	81
Income from Trusts	115
Income from Charitable Activities	
Cabinet Office	287
Virgin Money	255
	738
Church Urban Fund Grant	50
Funds transferred from CUF on 1st January 2017	103
	891
Expenditure	
Charitable activities	
Financial Capacity:	
LifeSavers	528
Cash Smart Credit Savvy	65
Local Communities	
Just Finance Local	75
Information HUB Development	30
Total Expenditure	698
Net Income	193
Balance carried forward at 31 December	193

5. INCOME FROM DONATIONS AND LEGACIES - CUF

	2017 Unrestricted £'000	2017 Restricted £'000	2017 Total £'000	2016 Total £'000
Donations: Individual, Church and Community Donations	656	1,021	1,677	1,697
Legacies	231	-	231	476
Total	887	1,021	1,908	2,173

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

6. INCOME FROM TRUSTS - CUF

	2017 Unrestricted £'000	2017 Restricted £'000	2017 Total £'000	2016 Total £'000
Trusts income	13	104	117	94
Total	13	104	117	94

7. INCOME FROM OTHER ACTIVITIES - CUF

	2017 Unrestricted £'000	2017 Restricted £'000	2017 Total £'000	2016 Total £'000
Archbishops' Council - CUF	203	-	203	203
Archbishops' Council - JFF	-	-	-	15
Other Income	-	-	-	40
Total	203	0	203	258

8. EXPENDITURE

	Staff costs £'000 (note 9)	Programme costs £'000 (note 8a-h)	Other direct costs £'000	Support costs £'000 (note 11)	Total 2017 £'000	Total 2016 £'000
Expenditure on Raising Funds	341	-	127	197	665	641
Expenditure on Charitable Activities						
Enabling Infrastructure						
Together Network (8a)	1,053	376		226	1,655	1,448
Network Development (8b)	221	11	18	131	381	415
Accessing Resources						
Just Finance Foundation (8c)	140	535		23	698	507
Together Grants (8d)	40	91	-	29	160	380
Near Neighbours Programme						
Building Networks (8e)	74	377	16	12	479	432
Creating Engagement (8f)	56	1,196	9		1,261	877
Building Capacity (8g)	191	183	32	30	436	411
Shaping the Public Sphere (8h)	138	-	91	85	314	255
Total charitable activities	1,913	2,769	166	536	5,384	4,725
Total expenditure	2,254	2,769	293	733	6,049	5,366

8a. ENABLING INFRASTRUCTURE: TOGETHER NETWORK

	2017	2016
	£'000	£'000
Programme costs	376	500
Staff costs	1,053	830
Support costs	226	118
	1,655	1,448

On consolidation grants totalling £880k (2016: £948k) was awarded to each of the subsidiaries under the Together Network were eliminated (note 3).

8b. ENABLING INFRASTRUCTURE: NETWORK DEVELOPMENT

	2017	2016
	£'000	£'000
Development Programmes	11	25
Capacity Building through resources & events	18	20
Hull homelessness support grant	0	24
Volunteering	0	1
	29	70
Staff costs	221	228
Support costs	131	117
	381	415

8c. ENABLING INFRASTRUCTURE: JUST FINANCE FOUNDATION

	2017	2016
	£'000	£'000
Programme costs	535	449
Staff costs	140	45
Support costs	23	13
	698	507

8d. ACCESSING RESOURCES: TOGETHER GRANTS

	2017	2016
	£'000	£'000
Grants awarded to projects during the year (see note 18a for details)	136	290
Less writebacks of awards	-45	-5
Net grant awards	91	285
Staff costs	40	60
Support costs	29	35
	160	380

Writebacks of awards represent grants awarded in previous years that have been unclaimed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

ACCESSING RESOURCES: NEAR NEIGHBOURS PROGRAMME

8e. BUILDING NETWORKS

	2017 £'000	2016 £'000
Funding Delivery Partners		
Thrive Together Birmingham	53	35
St Philip's Centre, Leicester	51	43
Centre for Theology and Community, East London	42	43
Faithful Neighbours, Bradford, Leeds & Dewsbury	47	38
King's Centre, West London	42	43
Faithful Neighbours, Rochdale & Bury	18	43
Transforming Communities Together, Black Country	45	44
Greater Together Manchester, Rochdale & Bury	22	0
Together Lancashire, Burnley, Hyndburn, Rossendale, Blackburn, Pendle	9	0
Grassroots, Luton	48	45
	377	334
Staff costs	74	55
Other direct costs	16	31
Support costs	12	12
	479	432

8f. CREATING ENGAGEMENT

	2017 £'000	2016 £'000
Grants awarded to projects during the year (see note 19a for details)	1,199	858
Less writebacks of awards	-3	-20
Net grant awards	1,196	838
Staff costs	56	39
Support costs	9	0
	1,261	877

Writebacks of awards represent grants awarded in previous years that have been unclaimed.

8g. BUILDING CAPACITY

	2017 £'000	2016 £'000
Funding Delivery Partners		
Faith Leaders capacity building		
Christian Muslim Forum	20	25
Council for Christians and Jews	11	12
3 Faiths Forum	20	18
Hindu Christian Forum	10	17
Nisa Nashim	12	0
Young Leaders capacity building		
Catalyst Programme	37	0
The Feast	10	41
Faithful Neighbours Catalyst Programme	9	28
St Philip's Centre, Leicester Catalyst Programme	14	33
Catalyst Alumni	2	0
Community capacity building		
Real People Honest Talk	38	0
Nehemiah Foundation	0	107
	183	281
Staff costs	191	78
Other direct costs	32	35
Support costs	30	17
	436	411

8h. ACCESSING RESOURCES: SHAPING THE PUBLIC SPHERE

	2017 £'000	2016 £'000
Publications and printing	12	12
Web development and digital	12	9
Promotion and production	8	19
Research and evaluation	59	38
	91	78
Staff costs	138	115
Support costs	85	62
	314	255

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

9. STAFF COSTS

	2017	2016
	£'000	£'000
Salaries	1,924	1,539
Social Security	171	119
Pensions	159	103
	2,254	1,761

The key management personnel of the charity is comprised of the trustees, the Executive Chair, Deputy CEO, Director of Development, Director of Finance & Resources, Director of Fundraising & Communications, Director of Events, Director of Partnerships and Director of Policy & Research.

The total employment benefits of the key management personnel of the charity, including employer pension contributions were £430k (2016: £317k).

The number of staff whose emoluments for the year exceeded £60,000 was:

	2017	2016
Normal emoluments (£70,000 - £80,000)	1	1
	1	1

The Executive Chair was remunerated £78k (2016: £77k) during the year following consent by the Charity Commission for his employment by the charity.

10. STAFF NUMBERS

The average monthly headcount for the group was 59 staff (2016:74) and the average monthly number of full-time equivalent employees (including casual and part-time staff) during the year were:

	2017	2016
Direct Charitable	48	35
Fundraising	3	5
Communications	2	3
Management and Administration	5	6
	58	49

None of the other trustees received any other benefits from employment with the charity or its subsidiaries in the year (2016: £nil). Appropriate expenses incurred in attending meetings and on other business of CUF were reimbursed to Trustees as follows:

	2017		2016	
	No.	£'000	No.	£'000
Travel, subsistence and other expenses	7	29	7	25

The amount waived by trustees for the year was £5k (2016: £6k).

11. ALLOCATION OF SUPPORT COSTS

The breakdown of support costs and how these were allocated is shown below.

	2017 £'000	2016 £'000
Professional Costs	34	39
Audit	22	24
Accommodation	109	106
Trustees expenses	29	25
Other (office costs, travel & subsistence)	539	336
	733	530

12. CASH HELD ON DEPOSIT

Group and Charity

	2017 £'000	2016 £'000
CCLA The CBF Church of England Deposit Fund - current assets	2,394	2,907
	2,394	2,907

13. DEBTORS

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Prepayments and accrued income	48	82	48	82
Other debtors				
Legacies	157	158	157	158
Donations (vouchers, credit cards)	7	5	7	5
Other Debtors	24	22	0	0
Total	236	267	212	245

14. CURRENT LIABILITIES

	Group		Charity	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Amounts falling due within one year:				
Grants payable CUF (note 15)	79	101	79	101
Grants payable NN (note 15)	8	35	8	35
Taxation & Social Security	6	7	4	6
Accruals	209	397	29	111
Other creditors	190	88	167	85
	492	628	287	338
Intercompany account (Near Neighbours)	-	-	134	167
Intercompany account (Together Network)	-	-	45	72
Intercompany account (Just Finance Foundation)	-	-	194	-
Total	492	628	660	577

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

15. MONEY FOR LOCAL ACTION

	Together Grants CUF Programme		Creating Engagement NN Programme		2017 £'000	2016 £'000
	2017 £'000	2016 £'000	2017 £'000	2016 £'000		
Balance brought forward	101	140	35	101	136	241
Grants awarded (note 18 & 19)	141	290	1,199	858	1,340	1,148
Writebacks	-45	-5	-3	-20	-48	-25
	197	425	1,231	939	1,428	1,364
Less						
Grants paid during year	118	324	1,223	919	1,341	1,243
Returned Grants	-	-	-	-15	0	-15
	118	324	1,223	904	1,341	1,228
Balance of grants payable	79	101	8	35	87	136

16. RESTRICTED FUNDS

	Balance at 2016 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Balance at 2017 £'000
CUF Programme					
Together Grants	0	100	91	0	9
Network Development	1,422	145	251	-173	1,143
	1,422	245	342	-173	1,152
Near Neighbours	173	723	915	123	104
Near Neighbours - Creating Engagement	0	1,261	1,261	0	0
	173	1,984	2,176	123	104
Together Network	914	1,883	1,654	0	1,143
Just Finance Foundation	103	738	698	50	193
	2,612	4,850	4,870	0	2,592

The Together Grants provides small grants for faith based organisations to engage in social action.

The Network Development costs are to support development work across the network.

The Near Neighbours programme costs enables the work of bringing faith based communities together.

The Together Network fund is to support the partnership work between Church Urban Fund and the Church of England dioceses of mobilising the church to respond to issues of poverty locally.

The transfer of £123k represents match funding for the Near Neighbours programme as agreed by the Trustees.

The transfer of £50k represents a grant to the Just Finance Foundation to support staff costs during the period of establishment as agreed by Trustees.

At the 31 December 2016 the Just Finance Foundation balance was included within the CUF programme.

17. OPERATING LEASE

	Land and Building		Other	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
1 year	45	45	1	1
2 - 5 years	-	-	3	4

In 2017, six months notice was required to vacate Church House.

ACCESSING RESOURCES: TOGETHER GRANTS

18a. GRANTS AWARDED IN 2017 BY SECTOR

	2017 £'000	2016 £'000
Together Grants /Mustard Seed Grants		
Addiction/Substance Abuse	3	7
Advice/Advocacy/Counselling	15	38
Community	51	88
Criminal Justice	1	9
Debt/Financial Advice	8	27
Education	2	14
Employment/Training	16	35
Health/Mental Health	12	13
Homeless/Housing	13	28
Interfaith	8	0
Prostitution/People Trafficking	-	2
Refugees/Asylum Seekers	4	22
Social Welfare	3	7
	<hr/> 136	<hr/> 290
Total Grants Awarded before writebacks (see Note 8d)	<hr/> 136	<hr/> 290

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

18b. GRANTS AWARDED IN 2017 BY REGION (DIOCESE)

	2017 £'000	2016 £'000
Bath & Wells	0	4
Birmingham	1	2
Blackburn	5	4
Bristol	3	0
Canterbury	4	9
Chelmsford	3	2
Chester	2	11
Coventry	3	15
Durham	0	8
Exeter	8	5
Hereford	0	4
Leeds	26	27
Leicester	1	0
Lichfield	12	40
Lincoln	0	1
Liverpool	7	31
London	7	24
Manchester	7	22
Newcastle	4	8
Norwich	5	8
Oxford	2	10
Peterborough	4	0
St Albans	2	0
St Edmundsbury & Ipswich	1	0
Salisbury	0	1
Sheffield	3	13
Southwark	2	1
Southwell & Nottingham	0	10
Truro	1	6
Winchester	5	0
Worcester	3	3
York	2	14
Grants covering more than one Diocese	13	7
Total Grants Awarded before writebacks (see Note 8d)	136	290

19a. NEAR NEIGHBOURS PROGRAMME - CREATING ENGAGEMENT IN 2017 BY ACTIVITY

Local initiatives	2017 £'000	2016 £'000
First Encounters: between people of different faith and ethnic communities, encouraging the development of friendship and neighbourliness	703	475
Everyday Interactions: encouraging families and individuals to come together regularly	375	181
Social Action: bringing together people from different faith and ethnic communities to work together to change their neighbourhoods for the better	121	202
Total Grants Awarded before writebacks (see Note 8f)	1,199	858

19b. NEAR NEIGHBOURS PROGRAMME - CREATING ENGAGEMENT IN 2017 BY REGION

	2017 £'000	2016 £'000
Regional Centre		
Centre for Theology and Community, London	131	112
St Philip's Centre, Leicester	194	99
Thrive Together Birmingham	133	140
Faithful Neighbours, Bradford	145	203
King's Centre, West London	90	61
Transforming Communities Together, Black Country	105	132
Grassroots, Luton	113	102
Greater Manchester	75	0
Lancashire	21	0
Common Good Fund	192	9
Total Grants Awarded before writebacks (see Note 8f)	1,199	858

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

20. NET ANALYSIS OF ASSETS AND LIABILITIES BY FUND

	2017 Unrestricted £'000	2017 Restricted £'000	2017 Total £'000	2016 Total £'000
Current assets	1,318	2,964	4,282	4,506
Current liabilities	-120	-372	-492	-628
	1,198	2,592	3,790	3,878
Church Urban Fund	1,198	1,152	2,350	2,791
Near Neighbours	-	104	104	173
Just Finance Foundation	-	193	193	-
Together Network	-	1,143	1,143	914
Total	1,198	2,592	3,790	3,878

21. RELATED PARTIES

The charity's key relationship in the pursuit of its charitable objectives is with the Church of England.

During the year Church Urban Fund received a grant from the Archbishops' Council of £203k both this year and last.

Additionally, Church Urban Fund's offices are located at Church House where there is a provision of an operating licence renewable annually and rental payment of £109k was made in 2017.

During the year CUF undertook the following transactions with its subsidiary Near Neighbours:

Near Neighbours paid CUF a grant of £1,261k (2016: £877k) to administer the Small Grants programme.

Near Neighbours made a contribution of £139k (2016: £72k) to CUF for the administration of the overall programme.

At the year end, the intercompany balance was £134k (2016: £167k) owed by CUF.

During the year CUF granted the Just Finance Foundation £50k in support of the subsidiary in its first year of establishment.

At the start of the financial year CUF transferred funds of £103k to JFF. At the end of the year intercompany balance of £193k was owed by CUF.

During 2017 CUF paid £880k (2016: £948k) to the subsidiaries under the Together Network. The intercompany balance for the Together Network was £45k (2016: £72k) owed by CUF. In the group accounts these transactions are eliminated on consolidation.

21. RELATED PARTIES (continued)

Listed below are grants made where there is a commonality of trusteeship as between the Church Urban Fund group and the recipient charity. All of these grants were made at arms length and in the normal course of the charity's business in pursuit of its charitable objectives.

Heather Black is a Trustee of Just Finance Foundation and an employee of Together Middlesbrough & Cleveland which received grants of £47k (2016: £77k) during the year.

Andrew Dorton is a Trustee of Church Urban Fund and SEARCH which received a grant of £2k (2016: £24k) during the year. He is also Trustee of Hull Youth for Christ which received a grant of £1k (2016: £4k).

Alison Grieve is a Trustee of Church Urban Fund and also of Capital Mass which received a grant of £50k (2016: £50k).

The Right Reverend Dr Toby Howarth is a Trustee of both Near Neighbours and Faithful Neighbours Bradford which received grants of £73k (2016: £109k) during the year. He is also a Trustee of the Christian Muslim Forum, which received grants of £20k (2016: £25k), and Wellsprings Together Bradford which received grants of £46k (2016: £78k) during the year.

John Iles is a Trustee of Church Urban Fund and also of Thrive Together Birmingham which received a grant of £40k (2016: £85k) during the year.

The Right Reverend Michael Ipgrave is a Trustee of both Near Neighbours and The Council of Christians and Jews, which received grants of £11k (2016: £12k) during the year.

The Right Reverend Adrian Newman is a Trustee of Just Finance Foundation and of Capital Mass which received grants of £50k (2016: £50k) during the year.

Reverend Canon Denise Poole, a Trustee of both Church Urban Fund and Near Neighbours, is also a Trustee of Faithful Neighbours, Bradford which received grants of £73k (2016: £78k) and Wellsprings Bradford which received grants totalling £46k (2016: £78k) during the year.

Reverend Mark Poulson is a Trustee of both Near Neighbours and The Kings Centre Southall, which received grants of £40k (2016: £43k) during the year.

Reverend Sarah Schofield is a Trustee of Near Neighbours and The Parish of All Saints Central in Wolverhampton which received grants of £9k during the year.

There are no other outstanding balances with related parties.

22. LEGAL FORM OF THE ENTITY

CUF was established by the Church of England in England 1987, registration number 02138994 and charity number 297483. The charity is located at Church House, Great Smith Street, London SW1P 3AZ.

CHURCH URBAN FUND⁺

CHANGING LIVES AND
COMMUNITIES TOGETHER

Church Urban Fund, Church House, 27 Great Smith Street, London SW1P 3AZ
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Registered charity no. 297483 | A company limited by guarantee | Registered in Cardiff no. 2138994
Patron HM The Queen | **President** The Archbishop of Canterbury