



**CHURCH
URBAN
FUND** 

CHANGING LIVES AND
COMMUNITIES TOGETHER

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2018

Company Number: 02138994
Charity Number: 297483

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Registered office:
Church House
Great Smith Street
London
SW1P 3AZ

Registered company number
02138994
Registered Charity number
297483

TRUSTEES, OFFICERS AND ADVISERS

PATRON

Her Majesty the Queen

PRESIDENT

The Most Reverend and
The Right Honourable
Justin Welby

TRUSTEES

Andrew Barnett

Chair *from 10.05.2018*

Rev'd Canon Paul Hackwood,

Executive Chair to 10.05.2018

Trustee *from 10.05.2018 to 14.01.2019*

Derek Twine CBE, Deputy Chair to
10.05.2018

Brian Carroll *to 28.02.2019*

Sue Chalkley OBE *from 01.03.2019*

Patrick Coldstream CBE *to 03.07.2018*

Andrew Dorton

Philip Fletcher CBE

Alison Grieve

Robert Hallam *from 01.03.2019*

John Iles

Rev'd Dr Anderson Jeremiah *from*
01.03.2019

Paula Nelson

Rev'd Catherine Pickford *from 01.03.2019*

Rev'd Canon Denise Poole *to 16.09.2018*

Christina Rees CBE *from 01.03.2019*

Alec Spencer *from 01.03.2019*

FINANCE AND ADMINISTRATION COMMITTEE

Alison Grieve Chair (Trustee)

Nick Thomas *from 03.07.2018*

Brian Carroll (Trustee) *to 28.02.2019*

Rev'd Canon Edward Carter *to 11.07.2018*

Charlie Wale *to 31.12.2018*

FUNDRAISING COMMITTEE

Patrick Coldstream CBE (Trustee *to*
03.07.2018)

Rev'd Canon Denise Poole (Trustee *to*
16.09.2018)

Colin Bullett

David Brealey *to 22.03.2018*

Rev'd Brunel James

DEVELOPMENT COMMITTEE

John Iles, Chair (Trustee)

Patrick Coldstream CBE (Trustee *to*
03.07.2018)

Rev'd Canon Denise Poole (Trustee *to*
16.09.2018)

Andrew Dorton (Trustee)

Rev'd Ed Saville

Lily Axworthy

Revd Dr David Primrose

Rev'd Colin Marsh

RESEARCH AND POLICY COMMITTEE

Philip Fletcher CBE Chair (Trustee)
Patrick Coldstream CBE (Trustee *to*
03.07.2018)

Dr Bev Botting

Ian Geary

Canon Steven Saxby *to 31.03.2018*

Warwick Hawkins

REMUNERATION COMMITTEE

from December 2018

Paula Nelson Chair (Trustee)

Andrew Barnett (Trustee)

Brian Carroll (Trustee) *to*
28.02.2019

Ray Lock

PRINCIPAL OFFICERS

Paul Hackwood, Executive Chair *to*
10.05.2018, Executive Director
from 10.05.2018

Tony Edwards, Managing Director

Ben Alonso, Director of Fundraising

Michelle Brissett, Director of
Finance and Resources

Dr 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
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Investment Managers - CCLA

Investment Management Ltd
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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

Annual Report and Accounts 2018: Chair's Foreword

The Church Urban Fund sits at the fulcrum between Christian intent and social need. We are called to act with and for the most vulnerable in ways that respect their agency and ensures that we can have a voice in the public sphere that is relevant and positive.

We were founded in the aftermath of the controversial report, Faith in the City, commissioned under the auspices of the then Archbishop of Canterbury in the context of social and economic unrest of the 1980's. Though much has changed for the better in the thirty or more years since then, what we are dealing with today feels all too familiar: division, uncertainty and instability - politically, economically and socially - which all invariably conspire to hurt the most disadvantaged most harshly. CUF's role feels as important now as it did then – perhaps more so – and the year we report on shows how CUF is rising to these contemporary challenges.

We have certainly changed a lot. Though small grants continue to play a role in our toolkit, we are in fact neither a fund nor do we limit our work to urban areas. Rural poverty and disadvantage concern us too.

Today, it is our network that distinguishes us, one which enables us to utilise the church's unrivalled reach into communities in every part of England. Through our Together Network, we partner with dioceses in each of the two Provinces of the Church of England, twenty-one to date and we hope for more to come. With the Together Network, we help galvanise social action and build the capacity of local activists, many though not all based in church buildings, to address issues such as food poverty, homelessness, loneliness and isolation, or mental ill-health. Organisational autonomy, and individual agency, are central features of a model that means we can respond to local concerns with people embedded in the lives of their communities taking the lead in determining what's best for them.

It means that, together, we can be greater than the sum of our parts: connecting, sharing, learning and offering opportunities for peer support but also establishing regional and national initiatives that can be picked up locally where appropriate. More than 130,000 people took part in events, activities, or training designed to engage, equip, and resource collaborative work for positive change.

Our Places of Welcome initiative, for example, is growing quickly with over 300 established. This simple model allows communities to tackle the chronic loneliness that characterises the lives of so many. We want to see long-term systemic change that brings together key players, works alongside local people and mobilises resources in ways which build on what is already underway in communities.

We have two significant national initiatives which we set up as separate but related charities: Near Neighbours which started in 2011 and the Just Finance Foundation.

The Near Neighbours' programme continues to be an effective response to the separation and mistrust that has come to play a destructive part in community relations across the nation. Over a million people have benefitted from the work financed by the Ministry of Housing, Communities and Local Government to make a positive difference in local neighbourhoods and in doing so help to bring about a long-term systemic response.

The Just Finance Foundation (JFF) is two years old but quickly moving beyond 'start up' with ambitious plans for delivery in helping provide a systemic response to financial exclusion and the distress caused by high levels of personal debt. Just Finance Communities is building the confidence of people, particularly those on low incomes, to manage their money and make wise use of financial products and services. The innovative

Lifesavers work in schools has seen over 20,000 children learning to manage their money wisely. We are working with the City to help fulfil the legacy of the Archbishop of Canterbury's Task Group on Responsible Credit and Savings to help improve the supply of relevant, affordable and responsible credit and financial services;

A commitment to substantiating the value of these initiatives runs through all our work, showing how work on the ground is changing lives and doing so in a way which is sustainable. Drawing on the lived experiences of those we work alongside allows us to speak into the public sphere with legitimacy. We continue to place an emphasis on influencing those at a national level with the power to make a difference for those whom we serve. The 'common good' has long been one of the five 'marks of mission' adopted by the Church of England. Insights from our GRA:CE project work with Theos suggest that social action and evangelism sit easily alongside each other with examples of the value of social action in itself and how, for some, this provides an opening into a deeper engagement with the Church. Though, for many of us, it is our Christian faith which motivates us, we reach out to others of different faiths and none. We are an open space, offering neutral ground to individuals and communities regardless of who they are. That they want to engage, and need what is on offer, is reassuring.

In the coming year, we will continue to strengthen our governance and broaden the range of voices we listen to. 2019 will be marked by continued evolution as we consolidate our structures, strengthen our relationships within and beyond the Church, and embark on a process of reflection and consultation as to what we hope to be able to have achieved in five years' time - the contribution we can make to addressing current and emerging need - and what it would take to achieve that. By 2027, when we will mark 40 years of existence, I want the Church Urban Fund to have capitalised on its unique reach and be playing an essential part in communities across England as they deal with yet more complex problems that risk setting people apart.

The work of CUF would not be possible without the commitment shown by our staff, the contribution of our trustee board now doubled in size and significantly diversified, our many generous funders and, above all, people in religious communities doing the real work. It is they who provide daily witness to what it means to act in the common good. I thank all those who have engaged with us or supported us including our Just Finance Foundation President, The Archbishop of Canterbury, who is unfailingly supportive. I am excited by the opportunities next year offers to grow our offer.

Andrew Barnett

Chair of Trustees

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2018

The Trustee Board presents their Annual Report and Financial Statements of the charity group for the year ended 31 December 2018. 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) is a charitable company limited by guarantee and was established by the Church of England in June 1987 as a practical response to unmet need and has been active in local communities for over 30 years. Church Urban Fund memorandum of association defines its objects and powers and is covered by its articles of association.

Our Vision is to see people and communities all over England flourish and enjoy life in all its fullness.

Our Mission is to work across the political spectrum, with a network of partners in churches, other faith communities and secular organisations engaged with local communities across the country.

We work by building trust, empowering local people to have a go at addressing the areas of greatest need in their communities and speaking out against injustice.

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.

We do this through:

- **Accessing Resources** – via the Together Network, which supports local churches and other groups, as they seek to make a positive difference within their communities.
- **Enabling Infrastructure** – building capacity and confidence in local communities, enabling churches and others to respond to local needs and shaping a fairer finance system. This is accomplished 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 21 individual member organisations, which was set up in partnership with CUF and the Church of England dioceses. 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 was established in 15 June 2011 and funded principally by the Ministry of Housing, Communities and Local Government (MHCLG) and CUF, bringing together people 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*** was established as a charity on the 15 March 2017 to provide a catalyst for coordinated influence, local delivery and national reach, predicated on cross-sector collaboration. It is funded by the Department for Digital, Culture, Media and Sport, Virgin Money and CUF and focuses 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 (TN), Near Neighbours (NN) and the Just Finance Foundation (JFF):

- In 2018 CUF received a grant of £1.9m from MHCLG (2017: £1.65m) which it passed to Near Neighbours to deliver the programme. NN also received a grant from CUF of £54k (2017: £123k).
- Near Neighbours paid CUF a grant of £919k (2017: £1.26m) for the Small Grants programme in addition to a contribution of £117k (2017: £139k) towards staff costs for the administration of the overall Near Neighbours programme.
- CUF paid a total of £907k (2017: £880k) to the 21 Joint Ventures subsidiaries that make up the Together Network under the Together Network. An intercompany balance of £51k (2017: £45k) was owed by CUF to the Network at the year end.
- Just Finance Foundation received a grant of £146k (2017: £50k) from CUF during the year.

In the group accounts these transactions were eliminated on consolidation.

REVIEW OF 2018 AND PLANS FOR THE FUTURE

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 2018:

The **Together Network** continued to grow in scale, size and impact and now supports and delivers a diverse range of projects which addresses a wide spectrum of inter-connected social issues. These include issues around Loneliness and Isolation, Homelessness, Mental Health, Food Insecurity, Refugees and Asylum Seekers, Community Cohesion and Financial Inclusion.

With support from the Allchurches Trust we were able to establish a **new Joint Venture** with the Diocese of Leeds, building on the work already underway in the Bradford area. The Together Network now comprises 21 members, employs 25 Development workers and has a growing number of project staff. Over the year, the Together Network supported more than 1,000 social action and community projects. Over 1,100 churches across a range of denominations were directly involved in 341 local events. We estimate that through these activities, the Together Network was able to reach over 113,000 people in local communities. The Joint Ventures have also been a significant support to other community activities and have assisted local projects to access almost £1m in funding for social action work.

- During 2018 the Together Network focus on issues around **Food Poverty** saw growth in school holiday food provision initiatives including the Together Lancashire's countywide food programme which sought to promote a wider engagement with food provision and healthy eating. They have also supported the development of the 'DarwengetsHangry' campaign aimed at raising the profile of child poverty by engaging a group of young people with experience of food insecurity to speak at various events across the country on the issue of food poverty.
- **Modern Slavery** has also been a focus of engagement by the network with Together Plymouth running a series of 'walk for freedom' events across the city of Plymouth and Transforming Communities Together working with the Big Issue to empower their vendors with awareness of Modern Slavery.
- 2018 also saw a growth in issues around **health and wellbeing**, in particular those linked to loneliness, isolation and mental health.
- **Homelessness** has remained an area of focus with 2018 seeing the start of a major programme of work in the Yorkshire region called the Positive Pathways and funded by the Liz and Terry Bramall Foundation. The aim of this programme is to address the longer-term issues facing people experiencing homelessness through the development of innovative local partnerships that provide positive pathways out of homelessness.

A key challenge currently facing the charity sector is planning for sustainability and to address this concern we embarked on a journey in 2018 with the Joint Venture boards and their key stakeholders to explore planning for their longer-term sustainability. This involved developing robust Business Plans and Fundraising programmes in order to increase investment in their local work. We were also able to provide branding and communications support to the network, aimed at improving the profile of the Joint Ventures and resourcing them to better connect with supporters and partners.

In 2019, we will continue to focus our work in these key areas across the network, as well as our sustainability drive. Additionally, we plan to upgrade the websites and IT infrastructure across the network.

Near Neighbours now in its fifth phase, continues to successfully bring people together across religious and ethnic groups in local communities. The work continues to be primarily funded by the Ministry of Housing, Communities and Local Government.

- The **Small Grants** programme is core to Near Neighbours work and provides grants averaging £3k to local groups and organisations within the ten geographical areas covered by the programme. In 2018 Near Neighbours disbursed £891k to 298 projects ranging from youth clubs to projects facilitating refugee integration, supporting women's empowerment and community gardens. They also awarded small grants to groups led by recent immigrants and refugees, both women and men and those from a number of different ethnicities and faiths.

A recent evaluation, which looked at the long-term impact of the grant programme suggests that the Small Grants are building meaningful and sustainable relationships. The results indicate that 94% of projects identified a common goal or interest with people from a different background as a result of engaging with Near Neighbours and 96% of respondents have maintained friendship with someone from a different background as result of their funded project.

- The **Catalyst** leadership training programme for young people continued to grow and in 2018, 23 courses were run equipping 381 young people for leadership, an increase of 200 on the previous year. Those trained represented a diverse group of participants including those from Black, Asian and other Minority Ethnic (BAME) backgrounds. Key evaluation results suggest that those trained have experienced a boost in confidence, communications skills and prepared them to take a more active leadership role within their community. Catalyst alumni have since started community projects, taken on leadership roles in their schools and workplaces, as well as maintained meaningful relationships with individuals from other ethnic and religious backgrounds.
- The **Real People, Honest Talk** programme, which brings together local people from different ethnic, religious and socioeconomic groups, who might not ordinarily have had the opportunity to interact and talk about difficult issues in their communities, has seen significant growth since it was launched in 2017. In 2018, 41 Small and 4 Big Conversations were facilitated, reaching a significant number of people in Luton, and across Lancashire and the Black Country. Despite the challenging nature of topics discussed, participants' response from surveys, as well as facilitators' reports suggest that there were open and honest conversations about difficult issues, and that they felt inspired to take action together in their communities and had formed new relationships.

In 2019, Near Neighbours will continue to focus on building relationships between different ethnic and religious groups, to encourage greater level of participation, build social capital, and develop the skills and experience of those we work with. The plan will be to expand the work involving local conversations, **Real People Honest Talk**, into the ten geographical areas covered by Near Neighbours. Funding have been received from the Tudor Trust which will help to support the expansion of the **Catalyst leadership programme into Peterborough**. Near Neighbours also intends to further develop the **Places of Welcome** programme across its network, which aim to offer unconditional welcome to local people consistently on a weekly basis and was initially a development of the Birmingham Social Inclusion process.

Near Neighbours will continue to work in areas where there is a priority of work on integration through the MHCLG Integration Strategy. In 2019 Near Neighbours will continue to diversify its income streams to provide a more sustainable basis for the work of the organisation.

Just Finance Foundation has taken steps towards realizing its aim of creating a movement for financial inclusion through opportunities for effective national influence and imaginative local activities. In 2018, the Just Finance Foundation along with other organisations across the financial capability and education sectors called for financial education to receive parity with sex and relationships education in response to the Department for Education consultation on Personal, Social Health and Economic education in primary schools. Just Finance Foundation also launched the Money First Aid Kit which provides quick access to key resources on money and debt alongside links to further support and advice.

- **LifeSavers** is a value-based financial education programme, designed to equip children with the necessary skills to manage money wisely both now and in the future. It also provides training and resources for primary school teachers, offering support for school savings clubs, and encouraging parental and wider community engagement. In 2018, 115 schools participated in the LifeSavers programme engaging a record 20,599 participants, which amounted to savings by pupils in schools' savings clubs of £98k over the year. During the year 2,000 teachers were trained through CPD provision, a 100% increase on the numbers trained in 2017. Teaching materials engage pupils in learning about money through the lens of four core values: generosity, wisdom, thankfulness and justice.

An independent evaluation of LifeSavers judged that it is well-conceived, well delivered and an effective financial education programme that enriches school life and leads to positive changes in the knowledge, skills, attitudes and behaviours of pupils relating to money. LifeSavers continues to be delivered in partnership with Young Money and is supported by funding from the Cabinet Office and Virgin Money. LifeSavers was active in the year in Bradford, Leeds, Nottinghamshire, London, North East, Merseyside and Bristol and Gloucester.

- In 2018 the **Just Finance Communities** was able to reach and train staff and volunteers from a variety of local organisations that work with hard-to-reach groups. A total of 68 groups sessions were held, where people were equipped with knowledge and tools through our Cash Smart Credit Savvy and Universal Credit Savvy courses. 39 awareness raising events took place during the year, reaching 1,582 people. Where appropriate, people were signposted and provided with facilitated access to local inclusive finance providers. Additionally, a successful meeting was held in the Black Country Chamber of Commerce, where one of the region's credit unions was able to lay the ground work for a new project to promote payroll savings and loans.
- **Cash Smart Credit Savvy (CSCS)** is a financial capability course developed for adults and part of the Money Advice Service's What Works Fund, which has been shown to improve confidence and knowledge around managing money. An evaluation has indicated that Cash Smart Credit Savvy offers a promising pathway towards enhancing financial capability through its accessible, flexible, community-focused approach. Participants and facilitators have expressed high levels of satisfaction with the programme and intention to act on and share their newfound knowledge and skills within their communities. The programme has catalyzed the development of a spin-off short course, Universal Credit Savvy, designed specifically to help those claiming Universal Credit understand and negotiate its complexities, generating wide interest. Leveraging the initial success of CSCS, JFF has secured additional funding to explore ways of scaling up delivery through innovative public-private partnerships, thereby increasing the impact and sustainability of the programme.

The focus for **Just Finance Foundation** in 2019 will be to build long-term sustainability and organisational strength. Achieving its goals will require the provision of financial support and practical engagement from key stakeholders. The sustainability process has started with the engagement with the most senior leaders from the financial services sector, civil society, government and regulators through a series of working dinners to attract financial support for Just Finance Foundation. JFF strategic focus over the coming year will also be on:

- Work collaboratively across sectors on the government's appetite to bring together the voluntary and commercial sector to deliver a national response to financial distress. Engaging with financially vulnerable adults at key local touch-points and signposting them along the best support pathway.
- Engaging through the provision of 'cradle to grave' scope of financial education, that imparts skills, values and lifelong habits.
- Expanding the delivery of our financial education work into primary schools across the country over the next 3 years by increasing the number of schools engaged with LifeSavers. We will continue to work with local delivery partners to upscale the programme into new regions across England, starting with one new region in 2019.
- The opportunity to capitalise solutions that lead to a new supply of fair and affordable finance, including a type of 'Business Growth Fund' with an economic and social purpose and an expansion of collaboration with Credit Unions, coupled with Fintech solution and the Post Office.
- Establishing local partnerships through our Just Finance Communities in seven of the most deprived regions of the UK by 2021 to deliver Just Finance Foundation programme of work across through our local Joint Venture network of partners. In 2019 continue to work with Just Finance Black Country and Tyne to Tweed to map local priorities and consolidate trusted ways of working. Also, with Just Finance Liverpool, create local delivery plans to expand the financial capability programme of work.
- Expanding the delivery of our financial capability work to adults through the **Cash Smart Credit Savvy and Universal Savvy** programmes. This will be delivered through our local network partners (Joint Ventures), community groups and local diocese network. The aim is to grow our operational scope by expanding into a new region in 2019.

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 (collectively these comprise the group as presented in the accounts). The results of Near Neighbours, the Together Network and Just Finance Foundation subsidiaries are shown respectively in notes 2, 3 and 4 of the accounts.

The charitable activities of CUF continue 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*, which 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 geographical areas and develop relationships across faiths and ethnic boundaries through presence and engagement Hubs.
- Create engagement through provision of a small grants programme and by 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 awareness, consideration and response to issues affecting the flourishing of individuals and communities.

Income and Expenditure

Total income for 2018 of £6.40m (2017: £5.96m) was a 7.4% increase on the previous year, driven mainly by the continued growth in external income from the Together Network.

Income from individuals' and churches' donations as well as legacies continues to be a vital source of funding and in 2018, we received £1.86m (2017: £1.99m).

Unrestricted income received in the year was £1.58m (2017: £1.11m) while **Restricted income** fell slightly from £4.85m in 2017 to £4.82m. Of the restricted income, £1.94m (2017: £1.98m) relates to Near Neighbours; £1.21m (2017: £1.00m) to the Together Networks; £0.4m (2017: £0.5m) to Just Finance Foundation; and £1.31m (2017: £1.12m) to CUF's other programmes.

Total expenditure increased in line with growth in income by 7% to £6.48m (2017: £6.05m), reflecting direct spend on Charitable Activities of £5.75m (2017: £5.38m), representing 89% of our total expenditure; and Raising Funds of £728k (2017: £665k).

Of the total Charitable Activities expenditure, **Near Neighbours** accounted for £1.91m (2017: £2.18m), the **Together Network** £1.92m (2017: £1.65m); the **Just Finance Foundation** £0.69 (2017: £0.70m); and the balance of £1.96m (2017: £1.83m) was incurred on CUF's other activities.

The **Balance Sheet** funds for the Group remain strong with unrestricted funds ending the year at £1.14m (2017: £1.20m) and restricted funds at £2.57m (2017: £2.59m). Cash position at the end of the year was £3.57m (2017: £4.05m) with net assets of the Group at 31 December 2018 being £3.71m (2017: £3.79m)

CUF gratefully acknowledges the many contributions both large and small, it receives from individuals and churches, without which its work would not be possible. The much-valued support from the Archbishops' Council of £0.2m (2017: £0.2m) is an important contribution, as is the support from trusts and foundations.

Reserves policy

We aim to maximize the funds we can spend to support our charitable aims. 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 and 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 ensure readiness to take advantage of new opportunities as they arise.

Based on this target the year end reserves more than meet the required level. The Trustees are content that the closing reserves fund balance held is appropriate to the stage of the life-cycle of the programme.

Investment Policy and Performance

Our investment policy is to focus on capital security and liquidity and to invest in cash and cash equivalents investments to achieve this. At the year-end £1.79m (2017: £2.4m) 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.

DELIVERING PUBLIC BENEFIT

CUF's primary aim is to tackle social and economic disadvantage and we do this in ways set out in the 'Review and Plans for the Future' section of 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 future change to this operational approach.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 last 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 Executive Directors are set out on page 2.

The Trustees have established five 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 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,
- a Research and Policy Committee - which oversees our research work and
- a Remuneration Committee - which reviews the principles governing pay and benefits as well as key personnel including the Executive Director and other Directors

Membership of each of these Committee is agreed by the Trustees and comprises a mix of Trustees and co-opted members whose function is specific to the sub-committees on which they serve. The membership of each sub-committee is set out on page 2. The main Board meets five times a year to review overall strategy operational and financial performance and ensuring our statutory responsibilities are fulfilled.

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 remuneration or benefits from CUF. Any expenses reclaimed by trustees are set out in note 9 to the financial

statements.

Trustee Induction and Training

On appointment, Trustees undertake a comprehensive induction programme which covers the formal governance arrangement and includes our legal structures and obligations, charitable priorities and work. The induction also includes briefings from key staff and meetings with those active in our networks which helps with awareness of grass-roots issues and developments. They are also kept up-to-date with regular briefings on developments in CUF’s operating environment. Further training is carried out on an ongoing basis, making use of the Charity Commission website and other charity publications. Trustees are also invited to attend meetings, conferences and seminars, which give them a better understating of their roles and responsibilities.

Management and Organisational Structure

The day-to-day management and the responsibility for the implementation of strategy and planning are delegated to the Executive Director. Formal reporting to the Trustee Board takes place regularly throughout the year. The Executive Director is supported by a team of Principal Officers, set out on page 2. These are collectively the Executive Team.

Principal Risks

The Trustees have a risk management strategy that ensures they actively review the potential risks and uncertainties that may seriously affect the performance, future prospects or reputation of the group and propose how they will be managed. A central risk register is held to ensure that all areas of operations and activities are assessed for risks and suitable policies and procedures are put in place to mitigate those risks. Strategic risks are reviewed annually by the Trustees, and Operational risks by the Finance and Administration Committee Executive Team on a quarterly basis, following a monthly review 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 or loss 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>	<p>Relationships with current major funders continue to be nurtured as a matter of priority.</p> <p>A number of skilled senior staff recruited to help diversify funding.</p> <p>Progress is being made with programme partners to reduce financial reliance on CUF.</p> <p>Reserves Policy allows for a winding down of the charity.</p>
<p>Failure to deliver on a programmatic work from an over commitment to a programme of work and compromise on quality and targets.</p>	<p>Three-year Strategic Plan in place, which brings clarity and guides prioritization.</p>

<p>An overreliance on Partners to delivering programmatic work in line with our values.</p>	<p>Procurement process in place, which assesses all major new development to ensure they align with our strategy</p> <p>Partners Agreements in place, as well as detailed management and reporting structure.</p> <p>Communications protocol in place to support and monitor Partners.</p>
<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>	<p>Agreements, detailed management and reporting structures and communications protocols in place, to support and monitor Joint Ventures and other Partners.</p> <p>Programme leads, represented on CUF leadership team, who also maintain contact with people at local level. Regular meeting held with individuals and groups</p> <p>A sustainability strategy developed and currently being shared with the Network.</p>
<p>Reputational Damage from a significant compliance failure such as Safeguarding, GDPR or a serious Fraud reported to the press.</p>	<p>Policies and Procedures in place, staff are trained and regularly updated on changes to ensure compliance.</p> <p>Communications strategy in place which addresses our response to a major crisis or event.</p> <p>Regular checks made to ensure compliance with our policies, including Safeguarding and GDPR.</p>
<p>Loss of Key Personnel, in particular the Executive Director and Programme Directors.</p> <p>Valuable in terms of the relational way CUF works and a loss would require time to build a similar rapport.</p>	<p>Relationships are being built with key stakeholders and more widely across the charity as a whole.</p> <p>Succession planning process in place.</p> <p>Over recent years the Senior Management Team have been strengthened with wider skills sets.</p>

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 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. All staff are paid above the National Living Wage.

THE TRUSTEES' RESPONSIBILITY STATEMENTS 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

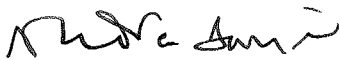
The company have taken advantage of the small companies' exemption as annual income and total gross assets is below the threshold. The accounts have been prepared in accordance with the special provision contained in the Companies Act.

The entity's Financial Statements comply with FRS102.

Auditors

The Trustees reappointed Mazars LLP as auditors at the Board Meeting on 9 May 2019.

Approved by the Trustees on 9 May 2019 and signed on their behalf by:



Andrew Barnett - Chair of Trustees

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 2018 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 2018 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.

The impact of uncertainties due to Britain exiting the European Union on our audit

The terms on which the United Kingdom may withdraw from the European Union are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Charity's activities, members, suppliers and the wider economy.

We considered the impact of Brexit on the Charity as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Charity's future prospects and performance.

However, no audit should be expected to predict the unknowable factors or all possible implications for the Charity and this is particularly the case in relation to Brexit.

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 the 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 16, 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

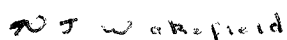
Our objectives are to obtain reasonable assurance about whether the financial statements in their entirety are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 because 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.

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.

Signed:



Name:

Nicola Wakefield (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

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

Date: 18th September 2019

CHURCH URBAN FUND

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31st December 2018

	Note	Unrestricted Funds 2018 £'000	Restricted Funds 2018 £'000	Total 2018 £'000	Unrestricted Funds 2017 £'000	Restricted Funds 2017 £'000	Total 2017 £'000
INCOME & EXPENDITURE							
Income							
Donations & Legacies	4, 5	1,300	563	1,863	887	1,102	1,989
Trusts Income	4, 6	61	749	810	13	219	232
Income from Charitable Activities							
Near Neighbours Programme	2	-	1,942	1,942	-	1,984	1,984
Together Network	3	-	1,208	1,208	-	1,003	1,003
Just Finance Foundation	4	-	357	357	-	542	542
Other Income	7	208	-	208	203	-	203
Investment income		11	-	11	8	-	8
Total Income		1,580	4,819	6,399	1,111	4,850	5,961
Expenditure							
Expenditure on Raising funds	8	728	-	728	625	40	665
Expenditure on Charitable activities							
Enabling Infrastructure							
Together Network	8a	-	1,924	1,924	-	1,655	1,655
Network Development	8b	532	292	824	214	167	381
Accessing Resources							
Just Finance Foundation	8c	-	685	685	-	698	698
Christian Meditation/Together Grants	8d	-	1	1	59	101	160
Near Neighbours							
Building Networks	8e	-	522	522	-	479	479
Creating Engagement	8f	-	930	930	-	1,261	1,261
Building Capacity	8g	-	461	461	-	436	436
Shaping the public sphere	8h	377	25	402	281	33	314
		909	4,840	5,749	554	4,830	5,384
Total Expenditure		1,637	4,840	6,477	1,179	4,870	6,049
Net (expenditure)		(57)	(21)	(78)	(68)	(20)	(88)
Balance brought forward at 1 January		1,198	2,592	3,790	1,266	2,612	3,878
Balances carried forward 31 December		1,141	2,571	3,712	1,198	2,592	3,790

The charity has no recognised gains or losses other than the net movement in funds for the year shown above. The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. All items relate to continuing operations.

CHURCH URBAN FUND

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2018

Company Number: 02138994

	Note	2018		2017	
		£'000	£'000	£'000	£'000
CURRENT ASSETS					
Cash held on deposit	12	1,786		2,394	
Bank		1,784		1,652	
Debtors	13	824		236	
			4,394		4,282
CURRENT LIABILITIES					
<i>Amounts falling due within one year:</i>	14				
Grants awarded but not yet due for payment					
CUF		3		79	
NN		4		8	
Other creditors		675		405	
			682		492
NET CURRENT ASSETS			3,712		3,790
NET ASSETS			3,712		3,790
FUNDS					
Restricted	16				
Church Urban Fund (CUF)			904		1,152
Together Network (TN)			1,334		1,143
Just Finance Foundation (JFF)			146		193
Near Neighbours (NN)			187		104
			2,571		2,592
Unrestricted			1,141		1,198
TOTAL FUNDS	20		3,712		3,790

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

Approved by the Trustees on 9 May 2019 and signed on their behalf by:

Andrew Barnett: 

Alison Grieve: 

CHURCH URBAN FUND



CHARITY BALANCE SHEET

AS AT 31 DECEMBER 2018

Company Number: 02138994

	Note	2018		2017	
		£'000	£'000	£'000	£'000
CURRENT ASSETS					
Cash held on deposit	12	1,786		2,394	
Cash at bank		297		404	
Debtors	13	690		212	
			2,773		3,010
CURRENT LIABILITIES					
<i>Amounts falling due within one year:</i>	14		728		660
NET ASSETS			2,045		2,350
FUNDS					
Restricted	16		904		1,152
Unrestricted			1,141		1,198
TOTAL FUNDS			2,045		2,350

Approved by the Trustees on 9 May 2019 and signed on their behalf by:

Andrew Barnett:  Alison Grieve: 

CHURCH URBAN FUND

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2018

	2018		2017	
	£'000	£'000	£'000	£'000
Reconciliation of net movement in funds to net cash flow from operating activities				
Net expenditure for the reporting period (as per statement of financial activities)		-78		-88
Adjustments for:				
(Increase)/decrease in debtors	-588		31	
Increase/(decrease) in creditors	190		-136	
		-398		-105
Net cash used in operating activities		-476		-193
Change in cash and cash equivalents in the reporting period		-476		-193
Cash and cash equivalents at the start of the reporting period		4,046		4,239
Cash held on deposit		1,786		2,394
Bank		1,784		1,652
Cash and cash equivalents at the end of the reporting period		3,570		4,046

CHURCH URBAN FUND

Notes to the Financial Statements for the year ended 31 December 2018

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 consolidated accounts of the Group incorporate the accounts of the Charity, Church Urban Fund, and its subsidiaries, Near Neighbours, the Together Network and Just Finance Foundation .

No separate Statement of Financial Activities is presented for the Charity as permitted by the Companies Act 2006. Net movement in funds for the charity alone for the year was a deficit of £305k (2017: £441k).

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 in the SOFA when 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. The following specific policies apply to the categories of income:

Donations include tax recoverable where applicable, and are recognised when receivable and also 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 and has been classified under headings that aggregate all costs related to that category. 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's 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. Support costs

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

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 includes grants made and apportionment of support costs as shown in note 11.

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 is accounted for in the year to which they relate.

The charity has no liability beyond making its contributions and paying across the deductions for the employee's 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 2018 or 2017.

2. RESULTS OF SUBSIDIARY - NEAR NEIGHBOURS

Near Neighbours 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 7603317 and charity number 1142426.

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

	2018 £'000	2017 £'000
Income		
Income from Charitable Activities - MHCLG via Church Urban Fund	1,889	1,972
Income from Charitable Activities - Church Urban Fund	54	123
Income from Charitable Activities - Other	53	12
	1,996	2,107
Expenditure		
Charitable activities		
Building Networks	521	473
Creating Engagement	930	1,261
Building Capacity:		
Faith Leaders	121	132
Young Leaders	232	209
Real People Honest Talk	104	101
Places of Welcome	5	-
Total expenditure	1,913	2,176
Net income/(expenditure)	83	(69)
Balance brought forward at 1 January	104	173
Balance carried forward at 31 December	187	104

3a. RESULTS OF SUBSIDIARIES - TOGETHER NETWORK

The Together Network comprises of 21 small subsidiaries which are consolidated in the CUF group accounts at the year end. A summary of the 21 subsidiaries are shown below:

	Church Urban Fund Income £'000	Other External Income £'000	Total Income £'000	Total Expenditure £'000	Balance b/f 01/01/18 £'000	Net Assets £'000
Thrive Together Birmingham	30	475	505	457	219	267
Transformation Cornwall	30	24	54	55	35	34
Transforming Notts Together	30	29	59	59	41	41
Together Southwark	30	1	31	41	63	53
Together Lancashire	30	32	62	68	36	30
Together Newcastle	35	21	56	74	36	18
Wellsprings Together Bradford	79	25	104	63	88	129
Together Liverpool	34	8	42	43	10	9
Transforming Lives Together	30	8	38	53	38	23
Communities Together Durham	40	18	58	38	43	63
Together Middlesbrough and Cleveland	70	93	163	141	91	113
Capital Mass	40	64	104	134	89	59
Together for Change Coventry and Warwickshire	40	126	166	191	82	57
Transforming Communities Together	45	119	164	147	53	70
Together Canterbury	40	2	42	50	9	1
Transforming Plymouth Together	50	21	71	48	22	45
Greater Together Manchester	50	132	182	132	123	173
Together Norfolk	54	0	54	51	22	25
Together in Sussex	50	10	60	42	26	44
Together Leicester	50	0	50	37	17	30
Wellsprings Together	50	0	50	0	0	50
Total	907	1,208	2,115	1,924	1,143	1,334

3b. SUMMARY OF THE TOGETHER NETWORK

A summary of the 21 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 the virtue of the majority of trustees being appointed:

Together Network	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 Leeds 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	1175357 Leicester Diocesan Board of Finance
Wellsprings Together	11423641	1179481 Leeds Diocesan Board of Finance

4. RESULTS OF SUBSIDIARIES - JUST FINANCE FOUNDATION

	2018 £'000	2017 £'000
Income		
Income from Individuals and Legacies	55	81
Income from Trusts	80	115
Income from Charitable Activities:		
Money Advice Service	9	
Cabinet Office	21	287
Virgin Money	327	255
	<u>492</u>	<u>738</u>
Church Urban Fund grant	146	50
Funds transferred from CUF on 1st January 2017	0	103
	<u>638</u>	<u>891</u>
Expenditure	2018	2017
	£'000	£'000
Charitable activities		
Financial Capacity		
LifeSavers	425	528
Cash Smart Credit Savvy	82	65
Local Communities		
Just Finance Local	107	75
Information HUB Development	71	30
Total expenditure	<u>685</u>	<u>698</u>
Net (expenditure)/income	-47	193
Balance brought forward at 1 January	193	0
Balance carried forward at 31 December	<u>146</u>	<u>193</u>

5. INCOME FROM DONATIONS AND LEGACIES - CUF

	2018 £'000	2018 £'000	2018 £'000	2017 £'000
	Unrestricted	Restricted	Total	Total
Donations: Individual, Church and Community Donations	626	508	1,134	1,677
Legacies	674	-	674	231
	<u>1,300</u>	<u>508</u>	<u>1,808</u>	<u>1,908</u>

6. INCOME FROM TRUSTS - CUF

	2018 £'000	2018 £'000	2018 £'000	2017 £'000
	Unrestricted	Restricted	Total	Total
Trusts Income	61	669	730	117
	<u>61</u>	<u>669</u>	<u>730</u>	<u>117</u>

7. INCOME FROM OTHER ACTIVITIES - CUF

	2018 £'000	2018 £'000	2018 £'000	2017 £'000
	Unrestricted	Restricted	Total	Total
Archbishops' Council	203	-	203	203
Other Income	5	-	5	-
	<u>208</u>	<u>-</u>	<u>208</u>	<u>203</u>

8. EXPENDITURE

	Staff costs £'000 (note 9)	Programme costs £'000 (note 8a-h)	Other direct costs £'000	Support costs £'000 (note 11)	Total 2018 £'000	Total 2017 £'000
Expenditure on Raising Funds	364	-	166	166	726	665
Expenditure on Charitable Activities						
Enabling Infrastructure						
Together Network (8a)	1,269	494		161	1,924	1,655
Network Development (8b)	461	75	17	271	824	381
Accessing Resources						
Just Finance Foundation (8c)	194	415	-	76	685	698
Together Grants (8d)	-	1	-	-	1	160
Near Neighbours Programme						
Building Networks (8e)	79	409	20	14	522	479
Creating Engagement (8f)	51	871	8	-	930	1,261
Building Capacity (8g)	191	226	26	18	461	436
Shaping the Public Sphere (8h)	187	-	134	81	402	314
Total charitable activities	<u>2,432</u>	<u>2,491</u>	<u>205</u>	<u>621</u>	<u>5,749</u>	<u>5,384</u>
Total expenditure	<u>2,816</u>	<u>2,491</u>	<u>393</u>	<u>777</u>	<u>6,477</u>	<u>6,049</u>

8a. ENABLING INFRASTRUCTURE: TOGETHER NETWORK

	2018 £'000	2017 £'000
Programme Costs	494	376
Staff costs	1,269	1,053
Support costs	161	226
	<u>1,924</u>	<u>1,655</u>

On consolidation grants totalling £903k (2017: £880k) awarded to each of the subsidiaries under the Together Network were eliminated (note 3).

8b. ENABLING INFRASTRUCTURE: NETWORK DEVELOPMENT	2018	2017
	£'000	£'000
Development Programmes	19	11
Capacity Building through resources & events	56	18
	75	29
Staff costs	461	221
Support costs	288	131
	824	381

8c. ENABLING INFRASTRUCTURE: JUST FINANCE FOUNDATION	2018	2017
	£'000	£'000
Programme costs	415	535
Staff costs	194	140
Support costs	76	23
	685	698

8d. ACCESSING RESOURCES: CHRISTIAN MEDITATION GRANT/TOGETHER GRANTS	2018	2017
	£'000	£'000
Grants awarded to projects during the year (see note 18a for details)	2	136
Less writebacks of awards	-1	-45
Net grant awards	1	91
Staff costs	0	40
Support costs	0	29
	1	160

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

ACCESSING RESOURCES: NEAR NEIGHBOURS PROGRAMME

8e. BUILDING NETWORKS	2018	2017
	£'000	£'000
Funding Delivery Partners		
Thrive Together Birmingham	46	53
St Philip's Centre, Leicester	49	51
Centre for Theology and Community, East London	49	42
Faithful Neighbours, Bradford, Leeds & Dewsbury	46	47
King's Centre, West London	48	42
Faithful Neighbours, Rochdale & Bury	0	18
Transforming Communities Together, Black Country	46	45
Greater Together Manchester, Rochdale & Bury	39	22
Together Lancashire, Burnley, Hyndburn, Rossendale, Blackburn, Pendle	37	9
Grassroots, Luton	47	48
Peterborough	2	0
	409	377
Staff costs	79	74
Other direct costs	20	16
Support costs	14	12
	522	479

8f. CREATING ENGAGEMENT	2018	2017
	£'000	£'000
Grants awarded to projects during the year (see note 19a for details)	891	1,199
Less writebacks of awards	(20)	(3)
Net grant awards	871	1,196
Staff costs	51	56
Other direct Costs	8	9
	930	1,261

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

8g. BUILDING CAPACITY	2018	2017
	£'000	£'000
Funding Delivery Partners		
Faith Leaders capacity building		
Christian Muslim Forum	17	20
Council for Christians and Jews	15	11
3 Faiths Forum	8	20
Hindu Christian Forum	3	10
Nisa Nashim	20	12
Young Leaders capacity building		
Catalyst Programme	78	37
The Feast	0	10
Faithful Neighbours Catalyst Programme	0	9
St Philip's Centre, Leicester Catalyst Programme	32	14
Catalyst Alumni	0	2
Community capacity building		
Real People Honest Talk	48	38
Places of Welcome	5	0
	226	183
Staff costs	191	191
Other direct costs	26	32
Support costs	18	30
	461	436

8h. ACCESSING RESOURCES: SHAPING THE PUBLIC SPHERE	2018	2017
	£'000	£'000
Publications and printing	12	12
Web development and digital	23	12
Promotion and production	36	8
Research and evaluation	63	59
	134	91
Staff costs	187	138
Support costs	81	85
	402	314

9. STAFF COSTS

	2018 £'000	2017 £'000
Salaries	2,401	1,924
Social Security	217	171
Pensions	198	159
	<u>2,816</u>	<u>2,254</u>

The key management personnel of the charity is comprised of the trustees, the Executive Director, Managing Director, Director of Development, Director of Finance & Resources, Director of Fundraising, Director of Partnerships, Director of Policy & Research, Just Finance Foundation Executive Director and Near Neighbours Programme Director.

The total redundancy costs during the year across the group was £38k (2017: £0k)

The total employment benefits of the key management personnel of the charity, including employer pension contributions were £606k (2017: £430k).

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

	2018	2017
Normal emoluments (£60,000 - £70,000)	2	0
(£70,000 - £80,000)	1	1
	<u>3</u>	<u>1</u>

The Executive Chair was remunerated £79k (2017: £78k) during the year following consent by the Charity Commission for his employment by charity.

10. STAFF NUMBERS

The average monthly headcount for the group was 67 staff (2017: 58) and the average monthly number of full-time equivalent employees (including casual and part-time staff) during the year were:

	2018	2017
Direct Charitable	47	48
Fundraising	8	3
Communications	3	2
Management and Administration	9	5
	<u>67</u>	<u>58</u>

None of the other trustees received any other benefits from employment with the charity or its subsidiaries in the year (2017: £nil). Appropriate expenses incurred in attending meetings and on other business of CUF were reimbursed to Trustees as follows:

	2018		2017	
	No.	£'000	No.	£'000
Travel, subsistence and other expenses	7	20	7	29

The amount waived by trustees for the year was £5k (2017: £5k).

11. ALLOCATION OF SUPPORT COSTS

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

	2018		2017	
	£'000	£'000	£'000	£'000
Professional Costs	35	34		
Audit	25	22		
Accommodation	119	109		
Trustees expenses	30	29		
Other (office costs, travel & subsistence)	568	539		
	<u>777</u>	<u>733</u>		

12. CASH HELD ON DEPOSIT

Group and Charity

	2018 £'000	2017 £'000
CCLA The CBF Church of England Deposit Fund - current assets	1,786	2,394
	<u>1,786</u>	<u>2,394</u>

13. DEBTORS

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Prepayments and accrued income	76	48	72	48
Other debtors				
Legacies	501	157	501	157
Donations (vouchers, credit cards)	116	7	116	7
Other Debtors	131	24	1	-
	<u>824</u>	<u>236</u>	<u>690</u>	<u>212</u>

14. CURRENT LIABILITIES

	Group		Charity	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Amounts falling due within one year:				
Grants payable CUF (note 15)	3	79	3	79
Grants payable NN (note 15)	4	8	4	8
Taxation & Social Security	8	6	7	4
Accruals	405	209	40	29
Other creditors	262	190	219	167
	<u>682</u>	<u>492</u>	<u>273</u>	<u>287</u>
Intercompany account (Near Neighbours)	-	-	208	134
Intercompany account (Together Network)	-	-	51	45
Intercompany account (Just Finance Foundation)	-	-	196	194
	<u>682</u>	<u>492</u>	<u>728</u>	<u>660</u>

15. MONEY FOR LOCAL ACTION

	Together Grants and CMT CUF Programme		Creating Engagement NN Programme		Total 2018 £'000	Total 2017 £'000
	2018 £'000	2017 £'000	2018 £'000	2017 £'000		
Balance brought forward	79	101	8	35	87	136
Grants awarded (note 18 & 19)	2	141	891	1,199	893	1,340
Writebacks	(1)	(45)	(20)	(3)	(21)	(48)
	<u>80</u>	<u>197</u>	<u>879</u>	<u>1,231</u>	<u>959</u>	<u>1,428</u>
Less						
Grants paid during year	77	118	899	1,223	976	1,341
Returned Grants	-	-	(24)	-	(24)	-
	<u>77</u>	<u>118</u>	<u>875</u>	<u>1,223</u>	<u>952</u>	<u>1,341</u>
Balance of grants payable	<u>3</u>	<u>79</u>	<u>4</u>	<u>8</u>	<u>7</u>	<u>87</u>

16. RESTRICTED FUNDS

	Balance at 2017 £'000	Income £'000	Expenditure £'000	Transfers between funds £'000	Balance at 2018 £'000
CUF Programme					
Together Grants	9	1	-	-	10
Christian Meditation Grant (WCCM)	-	110	2	-	108
Network Development	1,143	160	317	(200)	786
	1,152	271	319	(200)	904
Near Neighbours	104	1,012	983	54	187
Near Neighbours - Creating Engagement	-	930	930	-	-
	104	1,942	1,913	54	187
Together Network	1,143	2,115	1,924	-	1,334
Just Finance Foundation	193	492	685	146	146
	2,592	4,820	4,841	0	2,571

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 £54k represents match funding for the Near Neighbours programme as agreed by the Trustees.

The transfer of £146k represents a grant to the Just Finance Foundation to support staff costs as agreed by the trustees.

The Christian Meditation Grants, funded by the World Community for Christian Meditation(WCCM) provides small grant primarily for meditation purposes.

17. OPERATING LEASE

	Land and Building		Other 2018 £'000	2017 £'000
	2018 £'000	2017 £'000		
1 year	45	45	1	1
2 - 5 years	-	-	2	3

In 2018, six months notice was required to vacate Church House.

18a ACCESSING RESOURCES: CHRISTIAN MEDITATION TRUST/TOGETHER GRANTS

GRANTS AWARDED IN 2018 BY SECTOR

	2018 £'000	2017 £'000
Christian Meditation Trust/Together Grants		
Addiction/Substance Abuse	0	3
Advice/Advocacy/Counselling	0	15
Community	0	56
Criminal Justice	0	1
Debt/Financial Advice	0	8
Education	0	2
Employment/Training	0	16
Health/Mental Health	2	12
Homeless/Housing	0	13
Interfaith	0	8
Refugees/Asylum Seekers	0	4
Social Welfare	0	3
Total Grants Awarded before writebacks (see Note 8d)	2	141

18b. GRANTS AWARDED IN 2018 BY REGION (DIOCESE)

	2018 £'000	2017 £'000
Birmingham	0	1
Blackburn	0	5
Bristol	1	3
Canterbury	0	4
Chelmsford	0	3
Chester	0	2
Coventry	0	3
Exeter	0	8
Chichester	0	0
Leeds	0	26
Leicester	0	1
Lichfield	0	12
Liverpool	0	7
London	0	7
Manchester	0	7
Newcastle	0	4
Norwich	0	5
Oxford	0	2
Peterborough	0	4
St Albans	0	2
St Edmundsbury & Ipswich	0	1
Salisbury	1	0
Sheffield	0	3
Southwark	0	2
Truro	0	1
Winchester	0	5
Worcester	0	3
York	0	2
Grants covering more than one Diocese	0	18
Total Grants Awarded before writebacks (see Note 8d)	2	141

19a. NEAR NEIGHBOURS PROGRAMME - CREATING ENGAGEMENT IN 2018 BY ACTIVITY

	2018 £'000	2017 £'000
Local Initiatives		
First Encounters: between people of different faith and ethnic communities, encouraging the development of friendship and neighbourliness	429	703
Everyday Interactions: encouraging families and individuals to come together regularly	390	375
Social Action: bringing together people from different faith and ethnic communities to work together to change their neighbourhoods for the better	72	121
Total Grants Awarded before writebacks (see Note 8f)	891	1,199

19b. NEAR NEIGHBOURS PROGRAMME - CREATING ENGAGEMENT IN 2018 BY REGION

	2018 £'000	2017 £'000
Regional Centre		
Centre for Theology and Community, London	108	131
St Philip's Centre, Leicester	137	194
Thrive Together Birmingham	82	133
Faithful Neighbours, Bradford	162	145
King's Centre, West London	104	90
Transforming Communities Together, Black Country	45	105
Grassroots, Luton	77	113
Greater Manchester	93	75
Lancashire	83	21
Common Good Fund	0	192
Total Grants awarded before writebacks (see Note 8f)	891	1,199

20. NET ANALYSIS OF ASSETS AND LIABILITIES BY FUND

	Unrestricted £'000	Restricted £'000	2018 £'000	2017 £'000
Current assets	1,368	3,026	4,394	4,282
Current liabilities	-227	-455	-682	-492
	1,141	2,571	3,712	3,790
Church Urban Fund	1,141	904	2,045	2,350
Near Neighbours	-	187	187	104
Just Finance Foundation	-	146	146	193
Together Network	-	1,334	1,334	1,143
	1,141	2,571	3,712	3,790

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 £60k was made in 2018.

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

- Near Neighbours paid CUF a grant of £919k (2017: £1,261k) to administer the Small Grants programme.
- Near Neighbours made a contribution of £117k (2017: £139k) to CUF for the administration of the overall programme.
- At the year end, the intercompany balance was £208k (2017: £134k) owed by CUF.

During the year CUF granted the Just Finance Foundation £146k (2017: £50k) in support of the subsidiary. At the end of the year intercompany balance of £196k (2017: £193k) was owed by CUF.

During 2018 CUF paid £907k (2017: £880k) to the subsidiaries under the Together Network. The intercompany balance for the Together Network was £51k (2017: £45k) owed by CUF. In the group accounts these transactions are eliminated on consolidation.

Listed below are grants made where there is a commonality of trusteeship as between the Church Urban Fund group and the recipient charity.

Name	Related party/Recipient entity	Trustee of	Grant 2018	Grant 2017
Heather Black	Employee of Together Middlesbrough and Cleveland	JFF	£70k	£47k
Alison Grieve	Trustee of Capital Mass	CUF	£40k	£50k
Right Reverend Dr Toby Howarth	Trustee of Faithful Neighbours Bradford	NN	£46k	£73k
Right Reverend Dr Toby Howarth	Trustee of The Christian Muslim Forum	NN	£17k	£20k
Right Reverend Dr Toby Howarth	Trustee of Wellsprings Together Bradford	NN	£80k	£46k
Right Reverend Dr Toby Howarth	Trustee of Wellsprings Together	NN	£50k	NIL
Right Reverend Michael Ipgrave	Trustee of The Council of Christians and Jews	NN	£15k	£11k
Right Reverend Adrian Newman	Trustee of Capital Mass	JFF	£40k	£50k
Right Reverend Canon Denise Poole	Trustee of Faithful Neighbours Bradford	CUF/NN	£46k	£73k
Right Reverend Canon Denise Poole	Trustee of Wellsprings Together Bradford	CUF/NN	£80k	£46k
Right Reverend Canon Denise Poole	Trustee of Wellsprings Together	CUF/NN	£50k	NIL
Right Reverend Mark Poulson	Trustee of The Kings Centre Southall	NN	£48k	£40k

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.