

CHURCH URBAN FUND

CHANGING LIVES AND
COMMUNITIES TOGETHER



TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2016

CONTENTS

Trustees, Officers and Advisers	2
Chairman's Report	3
Report of the Trustees	4
■ Review of 2016 and plans for 2017	5
■ Financial Review	8
■ Delivering public benefit	10
■ Structure, Governance and Management	11
■ The Trustees' Responsibility for preparing Annual Financial Statements	13
Independent Auditor's Report	13
Consolidated Statement of Financial Activities	15
Consolidated Balance Sheet	17
Balance Sheet	18
Consolidated Statement of Cash Flows	19
Notes to the Financial Statements	20

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

Registered company
number 2138994

Registered Charity
number 297483

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

The Rt Rev'd Christopher Chessun
to 12.01.17

Patrick Coldstream CBE

Andrew Dorton

Philip Fletcher from 15.12.16

Alison Grieve from 07.03.17

John Iles

Gavin Oldham from 27.06.16

Rev'd Canon Denise Poole

Marnie Woodward FCMA to 22.02.17

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

Rev'd Canon Edward Carter

Charlie Wale

FUNDRAISING COMMITTEE

Patrick Coldstream CBE (Trustee)

Rev'd Canon Denise Poole (Trustee)

Colin Bullett, **David Brealey**

Miko Giedroyc, **Brunel James**

DEVELOPMENT COMMITTEE

John Iles, Chair (Trustee)

Patrick Coldstream CBE (Trustee)

Rev'd Canon Denise Poole (Trustee)

Andrew Dorton (Trustee)

Ed Saville, **Jet Jones**

PRINCIPAL OFFICERS

Paul Hackwood, Executive Chair

Emma Snow, Deputy Chief Executive

Jeremy Aspinall, Director of
Fundraising and Communications

Michelle Brissett, Director of Finance
and Resources

Heather Buckingham (Interim),
Director of Research and Policy

Bethany Eckley, Director of Research
and Policy

Jon Miles, Director of Development

Rachel Sharpe, Director of
Partnerships

ADVISERS

Bankers

National Westminster Bank Plc
Millbank Branch
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27-29 Horseferry Road
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Investment Managers

**CCLA Investment Management
Limited**
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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

CHAIRMAN'S REPORT

2016 was a great year for CUF. Our Together Network (the Joint Ventures we have developed with local communities through diocese and other partners) has built an extensive network of links deep into local communities and acts as a hub around which systemic social change can take place. We want to see a shift from tackling the symptoms of social and economic disadvantage to tackling the root causes by mobilising local people themselves and building on the assets already at work in local communities. We believe that this approach will have the greatest impact for the long term in changing lives and communities for the better.

We are delighted to introduce the Just Finance Foundation, our new subsidiary charity which was incorporated on 27 May 2016 and will provide a long term systemic response to financial exclusion and the unimaginable distress we come across daily in our work in response to high levels of personal debt. This was created as a legacy of the Archbishop of Canterbury's Task Group on Responsible Credit and Savings. We have very high calibre trustees on board with a wide range of backgrounds, including Douglas Flint, Chair of HSBC, and Sir Hector Sants, formerly CEO of the Financial Services Authority. This represents a fantastic opportunity for the Church to work together with the City to create lasting change for people in our local communities, giving people the skills to make effective choices about their finances.

Our Near Neighbours programme is now a well-established response to the separation and hate that has come to play a destructive part in community relations across the nation. During 2016, we were saddened that our communities have experienced increasing tensions following Brexit and the tragic murders of Jo Cox and Arkadiud Jozwick. We are working with the Department of Communities and Local Government and the Jo Cox Foundation on a long term systemic response. In the meantime, we are now rolling out our Places of Welcome programme through our Together Network across the country, as a way of tackling the chronic loneliness that characterises the lives of so many.

Our aim with all of these activities is 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 continue to develop our evaluation capability as part of the wider process of creating sustainable change. We want to be clear that the impact we are having really is changing lives and doing so in a way which is sustainable. This has in part been about developing evaluation that runs through all that we do but it has also been about shaping the narrative of change that we work with nationally and locally.

2017 looks set to be another good year for us too. We are starting to see the first fruits of the systemic change we have planned for.

None of this would be possible of course without our trustees and staff who are themselves deeply committed to the vision and objectives we have set for ourselves. It is inspiring (not to mention slightly intimidating) to work with such levels of passion and competence.

Paul Hackwood

February 2017

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2015

The trustees present their annual report and financial statements of the charity for the year ended 31 December 2016. 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:

- **Enabling Infrastructure** – through the Together Network, which supports local churches and other groups as they seek to make a positive difference within their communities.
- **Accessing Resources** – – 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 includes Near Neighbours, the Just Finance Foundation and our Together Grants.

- **Shaping the public sphere** – by connecting with policy makers, local churches and its structures 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 19 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 by the Department for Communities and Local Government (DCLG) 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 together on initiatives that improve the community they live in.

TRANSACTIONS BETWEEN THE GROUPS

During the year CUF undertook the following transactions with the Together Network and Near Neighbours:

- In 2016 CUF received a grant of £1.7m from DCLG (2015: £1.6m) which it passed over to Near Neighbours to deliver the programme. NN received a £202k grant from CUF. (2015: £300k)
- Near Neighbours paid CUF a grant of £877k (2015: £1,110k) for the Small Grants programme in addition to a contribution of £72k (2015: £51k) towards staff costs for the administration of the overall programme.
- CUF paid a total of £948k (2015: £849k) to the subsidiaries under the Together Network. An intercompany balance of £72k (2015: £67k) was owed by CUF to the Network at the year end. In the group accounts these transactions were eliminated on consolidation.

REVIEW OF 2015 AND PLANS FOR 2016

In 2016 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 2016 we invested in four main areas

First the Together Network, our infrastructure of local joint ventures which act as hubs around which local churches and other groups can work together, change lives for the better and develop the learning necessary to ensure they are creating real and sustainable change. We now have established networks in partnership with the dioceses of Newcastle, Durham, York (based in Middlesbrough), Manchester, Blackburn, Chester, West Yorkshire and the Dales (based in Bradford), Nottingham, Lichfield, Birmingham, Coventry, Norwich, London, Southwark, Canterbury, Exeter (based in Plymouth), Truro, Liverpool, and most recently Chichester, with others expressing interest. We have invested £50,000 per annum in each of these partnerships that employ a coordinator and costs associated with developing an investment ready infrastructure able to receive funds, account for them and invest in local churches and their capacity to bring about personal and social change. We believe this is money well spent because it enables sustainable change. During the year the Together Network Joint Ventures:

- supported more than 430 projects and activities, including 300 new projects and activities, alongside ongoing work. Of these, at least 54% were partnership projects involving two or more participating churches or organisations.
- delivered or supported over 325 training sessions, workshops and events during 2016 with approximately 10,900 people attending.
- submitted 83 funding applications, securing a total of £830,452 to support community action.

- supported other organisations with 126 funding applications, helping to secure a further £1,016,233 during the year.
- are involved in over 600 partnerships/strategic relationships across the country.

2017 will see us continue to build financial sustainability for these JVs by building up higher levels of capacity for fundraising from local churches and individuals as well as from trusts and foundations. 2017 will also see our investment in some of the longer-established JVs begin to gradually reduce, as we work with them to build up a broader base of long-term support (which will also allow us to invest in a number of new JVs). In 2016 we saw a number of JVs expanding their activities and funding in a number of ways, including some significant partnership work.

Our aim is to develop a network which will enable local action through churches and other organisations for the next 15 to 20 years. 2016 saw the completion of a significant evaluation of the Together Network by Coventry University, which highlighted many positive benefits of the network and will inform a programme of reflection and refinement in 2017 to further increase the impact of this work. This is likely to include the development of a new portfolio of monitoring and evaluation tools; the nurturing of greater partnership working and the scaling up of resources developed in the network; and ongoing support to the network around effective governance, sustainability and strategic development.

Second is the programme work that we do, which is broken down into three areas:

Near Neighbours – The Near Neighbours programme has now been working in local communities bringing people from different ethnicities together for six years and was awarded funding of £1.5m by DCLG to support the work for the year to March 2017. DCLG has recently awarded further funding of £1.65m to support the work through to March 2018. As part of

the programme in 2016, Near Neighbours invested £850,000 in grassroots activity, giving grants to a total of 253 community projects, with an average grant size of £3,360. The projects funded by Near Neighbours in 2016 engaged over 40,000 people in local communities across the eight Hubs. After completing their grant-funded activities, 92% of project leads reported feeling better equipped to take action and make changes in the community. The Casey review commissioned by the Prime Minister was issued in December 2016 looking at integration and social cohesion across the country. We wish to part of the response to the issues which divides us and develop integrated communities as an antidote to extremism and hate. We believe that we have much to offer in creating a society where people can live together well.

The Just Finance Foundation continues the work of the Archbishop of Canterbury's Task Group on Responsible Credit and Saving by facilitating practical responses to the Archbishop's call for a more just and inclusive financial system.

In 2016 Douglas Flint was appointed chair of the Foundation and we expect to formally establish the charity in the first half of 2017. The JFF will oversee two core programmes, LifeSavers and the Just Finance Network in order to: engage people in a conversation about money and its place in our lives, promote saving as a lifelong habit, and connect people to low cost credit, free debt advice and money skills.

During the last twelve months, the Just Finance Network (formerly Church Credit Champions Network) expanded to include a part-time post in Newcastle. Across three areas (Liverpool, London, Newcastle), the Just Finance Network development workers have now engaged over 400 churches, trained over 350 volunteers to signpost to affordable credit, free debt advice and money skills courses, and helped over 3,500 people secure a better financial future by becoming members of credit unions. In 2017 we expect to secure funding to continue the existing work and extend the

programme via CUF's Together Network to at least three new areas of the country.

Following a successful pilot, LifeSavers is being rolled out to 120 schools over the next 18 months alongside an online banking platform that supports the school savings clubs. To date 21 schools are delivering financial education involving nearly 3,200 pupils, and 450 teachers have received training and support to deliver financial education resources. A dedicated website was launched at the end of 2016 including all the classroom and assembly resources.

www.lifesavers.co.uk

Places of Welcome – this is a new initiative which has been developed in Birmingham and has come out of the City's Social Inclusion process chaired by Bishop David Urquhart. The aim is to simply open up a public building and invite people to come together for a coffee and a welcome. The programme initially focused on Birmingham and the Black Country, but has been adopted in many areas across the Together Network and beyond, and we have been working with the Midlands team to establish a programme aimed at supporting the initiative in a more systematic way across the country. It does much work in supporting isolated people and provides a way into community life for incoming migrants.

<http://www.placesofwelcome.org>

Then third is the work we do in evaluating our impact. We take the view that much of the engagement in local communities is either piecemeal or seeks to create easy interventions for complex and multi-layered issues. We are working with local communities for the long term and we want to see good quality outcomes that bring about real and sustainable change in people's lives and communities.

We have robust monitoring mechanisms and conduct rigorous evaluations of our work. It matters to us that we know the impact we are having, that we are able to collect and disseminate stories of change, and that we share good practice within our networks and with

our partners. We use a Theory of Change model to evaluate our impact. Theory of Change is an approach that begins by defining an overarching aim and works back in logical steps to the actions and interventions undertaken by individuals and projects to achieve it. More specifically, it shows how activities lead to intermediate changes (outcomes) which then combine to tackle large-scale and often hard-to-measure problems (presented in the form of an aim). Using this approach helps us to define, and therefore measure, how we will achieve our vision of 'changing lives and communities together'.

We have continued our work in 2016 to evaluate the Near Neighbours programme with the Department for Peace, Trust and Social Relations of the University of Coventry. This has established a framework for evaluation within the programme which will help us understand what delivers most of the impact on our objectives.

Our Together Network was evaluated by Coventry University in 2016: this in-depth study highlighted the Networks' value in facilitating cooperation and coordination of churches' community engagement at a local level as well as its role in mobilising and resourcing such action. During 2017 we will continue to respond to the findings of this evaluation, including by reviewing how we can further improve the monitoring tools used for the Network.

In 2016, we also commissioned evaluation programmes for the Common Good Fund and our Places of Welcome Network.

Reports produced in 2016 include **Connecting Communities** – which explores the problem of loneliness – and how churches are responding, and a briefing on **homelessness**, an issue to which many of our Joint Ventures are responding by supporting night shelters and other activities.

CUF's **Look Up Tool** and **Poverty Map** were updated during the year to reflect the most recent 2015 Index of Multiple Deprivation data. This is a well-used resource, with Parish Profiles having been viewed more than 28,000 times during 2016, and the Look Up Tool having been used 31,228 times. Briefings were also sent to all Church of England Bishops, providing them with data on the most and least deprived parishes in their dioceses. A national **Poverty Briefing** also reviewed the data presented in the tool.

Fourth have been the changes that we have made to our organisational structure:

In 2016 CUF had a new look, to reflect the light of Christ shining into communities throughout the country. We continued with our fundraising strategy to increase funds through local community fundraising activities as well as seasonal appeals to churches and congregation members. We encouraged people to "Give it up for Lent" and also introduced the Archbishop of Canterbury's Mustard Seed Appeal to raise money for the Just Finance Foundation, which ran across the summer period up to Harvest. This successfully raised over £100,000. We also built on the Advent Sleepout Challenge in November and December, which encourages people to get sponsored and sleepout in order to help raise vital funds for the work of Church Urban Fund and the Together Network. Nearly 100 sleepout events took place around the country raising over £65,000 to date. Towards the end of 2016 we recruited a Partnerships Director in order to significantly increase our capacity to raise monies from Trusts, Corporates and High Net Worth fundraising.

In 2017 we plan to develop our fundraising further, with new initiatives such as "The Big Pancake Party" events celebrating Shrove Tuesday.

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 and the Together Network. The results of the Near Neighbours subsidiary and the Together Network are shown in note 2 and 3 respectively of the accounts.

CUF has recently set up a new subsidiary, Just Finance Foundation, which is currently in the process of being registered as a charity. This was dormant during the year.

The charitable activities of CUF are delivered in three ways:

1 Enabling Infrastructure:

- Together Network's programme of activities is delivered through a network of churches, faith based organisations and other secular groups, and with a network development function through direct funding and capacity building via resources and events

2 Accessing Resources through:

- Just Finance Foundation aim to create a fairer financial system focused on servicing the whole community, where everyone has access to responsible credit and savings and other essential financial services
- Together Grants - small grant programme supporting local action in specific areas across the country
- Near Neighbours programme
 - Build a network of people across particular neighbours and developing relationships across faith and ethnic boundaries through four presence and engagement hubs
 - Creates engagement through a small grants programme and supporting local action

- Builds 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

CUF consolidated income for the year was £5.6m (2015: £4.4m), up 21% on the previous year, of which £1.4m was unrestricted (2015: £1.3m) and £4.2m (2015: £3.2m) was restricted. Of the restricted income, £1.7m (2015: £1.6m) relates to Near Neighbours, £0.8m (2015: £0.3m) to the Joint Ventures, £610k (2015: £0) and £1.1m (2015: £1.3m) to CUF's other programmes.

The total expenditure increased by 11% for the year to £5.4m (2015: £4.8m), reflecting spend on raising funds of £641k (2015: £564k) and expenditure on Charitable Activities of £4.7m (2015: £4.2m), £1.7m of which relates to **Near Neighbours**, £1.4k to the **Joint Ventures**, £0.5 to **Just Finance Foundation** and £1.1m to CUF's and other activities.

The balance sheet total funds have increased by £0.2m to £3.9m, unrestricted funds fell to £1.3m (2015: £1.5m), and restricted funds increased to £2.6m (2015: £2.2m).

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 reserves policy. Due to the volatile context in which the charity operates, the trustees consider a target level for reserves of £3m appropriate, £1m of which is unrestricted providing operational cover for 12 months. The remaining £2m is restricted and will support the Near Neighbours programme, the Together Network, the Just Finance Foundation and new initiatives as they arise, ensuring a timely and well managed transition for the organisation if necessary.

At the year end unrestricted reserves were £1.3m (2015: £1.5m). Restricted reserves were £2.6m (2015: £2.2m) and will be used to support the Together Network programme over a 12 month period in the event of funding being withdrawn at short notice.

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, £3m (2015: £3m) 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.

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 updated on 19 May 2011. The company registration number is 2138994 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 2.

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

- Finance and Administration Committee, which operates under their designated authority and which oversees and advises on financial 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.

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 10 of the accounts. No other trustee received any remuneration or benefits from CUF. Any expenses reclaimed are set out in note 10 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.

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.

PRINCIPAL RISKS

The trustees risk management strategy is to actively review the major risks that the charity faces. A central risk register is held which ensures that all areas of the charity are assessed for risks and suitable policies and procedures are put in place to mitigate those risks.

The trustees have identified the most important potential risks and uncertainties that the charity faces which may seriously affect the performance, future prospects or reputation of the Charity.

Potential Risk	Management
Failure of a Joint Venture	Regular monitoring of Joint Ventures Effective communication with Joint Ventures
Reputational risk due to adverse publicity	Advice and support available Effective staff monitoring of press and media
Insufficient unrestricted income to cover unrestricted expenditure	Effective resource planning of all income streams Pursuing a number of different income sources
Research shown to be inaccurate and not fully representing the views or opinion of the organisation resulting in reputational risk	Reports follow best practice in referencing source material and methodology Reports go through a process appropriate to the content Reports appropriately reviewed
Inadequate capacity to respond to new initiatives	Regular Senior Management meetings Effective reporting procedures

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. 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.

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.

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 turnover and average number of employees 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 9 May 2017.

Approved by the trustees on 9 May 2017 and signed on their behalf by:



Paul Hackwood
Chairman of Trustees

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

We have audited the financial statements of Church Urban Fund for the year ended 31 December 2016 which comprise Consolidated Statement of Financial Activities, the Consolidated and Parent Balance Sheet, the Consolidated Statement of Cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Trustees' Responsibilities Statement set out on page 12, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON THE FINANCIAL STATEMENTS

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 2016 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.

OPINION ON THE OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report have 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 Trustees' Report.

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

- adequate accounting records have not been kept by the parent charity, 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;
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- 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.



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: 14 June 2017

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31ST DECEMBER 2016

		Unrestricted Funds 2016	Restricted Funds 2016	Total 2016	Total 2015
	<i>Note</i>	£'000	£'000	£'000	£'000
INCOME & EXPENDITURE					
INCOME					
Income from Donations & Legacies	4	1,166	1,118	2,284	2,033
Income from Trusts Income	5	22	126	148	149
Income from Charitable Activities					
Near Neighbours Programme (DCLG)	2		1,693	1,693	1,649
Together Network	3		779	779	327
Just Finance Foundation (JFF)	6		430	430	0
Other Income	7	210	48	258	256
Investment income		13		13	18
Total Income		1,411	4,194	5,605	4,432
EXPENDITURE					
Expenditure on Raising funds	8	596	45	641	564
Expenditure on Charitable activities	8				
Enabling Infrastructure					
Together Network (TN)	8a		1,448	1,448	971
Network Development	8b	224	191	415	404
Accessing Resources					
Just Finance Foundation (JFF)	8c		507	507	
Together Grants	8d	354	26	380	581
Near Neighbours					
Building Networks	8e		432	432	406
Creating Engagement	8f		877	877	1,110
Building Capacity	8g		411	411	499
Shaping the public sphere	8h	226	29	255	235
		804	3,921	4,725	4,206
Total Expenditure		1,400	3,966	5,366	4,770
Net income/(expenditure)		11	228	239	-338
Transfer between funds		-200	200	0	
Net movement in funds for the year		-189	428	239	-338
Balance brought forward at 1 January		1,455	2,184	3,639	3,977
Balances carried forward 31 December		1,266	2,612	3,878	3,639

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.

CONSOLIDATED BALANCE SHEET

AS AT 31ST DECEMBER 2016

Company Number: 2138994

	Note	2016		2015	
		£'000	£'000	£'000	£'000
CURRENT ASSETS					
Cash held on deposit	12	2,907		3,005	
Bank		1,332		966	
Debtors	13	267		279	
			4,506		4,250
CURRENT LIABILITIES					
Amounts falling due within one year:	14				
Grants awarded but not yet due for payment					
CUF		101		140	
NN		35		101	
Other creditors		492		370	
			628		611
NET CURRENT ASSETS			3,878		3,639
NET ASSETS			3,878		3,639
FUNDS					
Restricted	16				
Church Urban Fund			1,525		1,549
Together Network (TN)			914		635
Near Neighbours (NN)			173		-
			2,612		2,184
Unrestricted			1,266		1,455
TOTAL FUNDS	20		3,878		3,639

The charity has taken advantage of the small companies exemption as annual income is less than £10.2m pounds and average number of employees is less than 50 and therefore below the threshold. The accounts have been prepared in accordance with the special provisions contained in the Companies Act.

Approved by the Trustees on 9 May 2017 and signed on their behalf by:

Paul Hackwood:

Alison Grieve:



BALANCE SHEET

AS AT 31ST DECEMBER 2016

Company Registration Number: 2138994

	Note	2016		2015	
		£'000	£'000	£'000	£'000
CURRENT ASSETS					
Cash held on deposit	12	2,907		3,005	
Cash at bank		216		277	
Debtors	13	245		267	
			3,368		3,549
CURRENT LIABILITIES					
Amounts falling due within one year:	14				
Grants awarded but not yet due for payment					
CUF		101		140	
Near Neighbours		35		101	
Intercompany creditor (Near Neighbours)		167			
Intercompany creditor (Together Network)		72		67	
Deferred Income				34	
Other creditors		202		203	
			577		545
NET ASSETS			2,791		3,004
FUNDS					
Restricted	16		1,525		1,549
Unrestricted			1,266		1,455
TOTAL FUNDS			2,791		3,004

Approved by the Trustees on 9 May 2017 and signed on their behalf by:

Paul Hackwood:

Alison Grieve:



CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016		2015	
	£'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)		239		-338
Adjustments for:				
Decrease/(increase) in debtors	12		-128	
Increase/(decrease) in creditors	17		-83	
		29		-211
Net cash gained/(used) in operating activities		268		-549
Change in cash and cash equivalents in the reporting period		268		-549
Cash and cash equivalents at the start of the reporting period		3,971		4,520
Cash and cash equivalents at the end of the reporting period		4,239		3,971

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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 and the Together Network.

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 £213k (2015: £477k).

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 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

1 ACCOUNTING POLICIES *(continued)*

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 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.

The contributions to 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 costs of the defined contribution scheme are included within support costs (note 9).

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

j. Fund structure

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

Restricted funds are funds subject to specific restrictive conditions imposed by donors.

k. Operating lease

Rents payable under operating leases are charged 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 2016 or 2015.

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 Department for Communities and Local Government (DCLG) and from the Church Urban Fund.

	2016	2015
	£'000	£'000
Income		
Income from Charitable Activities - DCLG via Church Urban Fund	1,691	1,649
Income from Charitable Activities - Church Urban Fund	200	300
Income from Charitable Activities - Other Income	2	0
Total income	1,893	1,949
Expenditure		
Charitable activities		
Building Networks	432	406
Creating Engagement	877	1,110
Building Capacity:		
Faith Leaders	117	85
Young Leaders	142	162
Community	152	252
Total expenditure	1,720	2,015
Net expenditure	173	-66
Balance brought forward at 1 January	0	66
Balance carried forward at 31 December	173	0

3a RESULTS OF SUBSIDIARIES – TOGETHER NETWORK

Together Network comprises of 18 small subsidiaries which are consolidated in the CUF group accounts at the year end.

A summary of the 18 subsidiaries are shown below:

	Church Urban Fund Income	Other External Income	Total Income	Total Expenditure	Balance b/f 01/01/16	Net Assets
	£'000	£'000	£'000	£'000	£'000	£'000
Thrive Together Birmingham	50	395	445	342	36	139
Transformation Cornwall	45	14	59	63	38	34
Transforming Notts Together	50	25	75	68	50	57
Together Southwark	50	0	50	34	39	55
Together Lancashire	50	41	91	98	50	43
Together Newcastle	50	0	50	64	40	26
Wellsprings Together Bradford	75	0	75	65	49	59
Together Liverpool	50	27	77	87	34	24
Transforming Lives Together	51	1	52	53	49	48
Communities Together Durham	50	16	66	57	23	32
Together Middlesbrough and Cleveland	77	62	139	93	43	89
Capital Mass	50	41	91	94	71	68
Together for Change Coventry and Warwickshire	50	41	91	59	59	91
Transforming Communities Together	50	25	75	59	7	23
Together Canterbury	50	-	50	54	15	11
Transforming Plymouth Together	50	2	52	43	4	13
Greater Together Manchester	50	89	139	71	11	79
Together Norfolk	50		50	44	17	23
Total	948	779	1,727	1,448	635	914

3a RESULTS OF SUBSIDIARIES – TOGETHER NETWORK *(continued)*

A summary of the 18 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:

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	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

3b RESULTS OF SUBSIDIARIES - JUST FINANCE FOUNDATION

The Just Finance Foundation (JFF) is a company limited by guarantee and was established in May 2016. The charity was however dormant during 2016.

4 INCOME FROM DONATIONS AND LEGACIES

	2016	2016	2016	2015
	£'000	£'000	£'000	£'000
	Unrestricted	Restricted	Total	Total
Donations: Individual, Church and Community Donations - CUF	690	1,007	1,697	1,828
Donations: Individual, Church and Community Donations - JFF		111	111	0
Legacies	476	-	476	205
	1,166	1,118	2,284	2,033

5 INCOME FROM TRUSTS

	2016	2016	2016	2015
	£'000	£'000	£'000	£'000
	Unrestricted	Restricted	Total	Total
Trusts Income - CUF	22	72	94	149
Trusts Income - JFF		54	54	0
	22	126	148	149

6 INCOME FROM CORPORATES AND STATUTORY - JFF

	2016	2016	2016	2015
	£'000	£'000	£'000	£'000
	Unrestricted	Restricted	Total	Total
Virgin Money	0	238	238	0
Cabinet Office	0	192	192	0
	0	430	430	0

7 INCOME FROM OTHER ACTIVITIES

	2016	2016	2016	2015
	£'000	£'000	£'000	£'000
	Unrestricted	Restricted	Total	Total
Archbishops' Council - CUF	203		203	203
Archbishops' Council - JFF		15	15	0
Other Income - CUF	7	33	40	53
	210	48	258	256

8 EXPENDITURE

	Staff costs	Programme costs	Other direct costs	Support costs	Total 2016	Total 2015
	£'000	£'000	£'000	£'000	£'000	£'000
	(note 9)	(note 8a-h)		(note 11)		
Expenditure on Raising Funds	311	-	174	156	641	564
Expenditure on Charitable Activities						
Enabling Infrastructure						
Together Network (8a)	830	500	-	118	1,448	971
Network Development (8b)	228	49	21	117	415	404
Just Finance Foundation (8c)	45	449		13	507	0
Accessing Resources						
Together Grants (8d)	60	285	-	35	380	581
Near Neighbours Programme						
Building Networks (8e)	55	334	31	12	432	406
Creating Engagement (8f)	39	838			877	1,110
Building Capacity (8g)	78	281	35	17	411	499
Shaping the Public Sphere (8h)	115		78	62	255	235
Total expenditure on Charitable Activities	1,450	2,736	165	374	4,725	4,206
Total expenditure	1,761	2,736	339	530	5,366	4,770

8a ENABLING INFRASTRUCTURE: TOGETHER NETWORK

	2016	2015
	£'000	£'000
Programme Costs	500	184
Staff costs	830	672
Support costs	118	115
	1,448	971

On consolidation grants totalling £948k (2015: £849k) was awarded to each of the subsidiaries under the Together Network were eliminated (note 3).

8b ENABLING INFRASTRUCTURE: NETWORK DEVELOPMENT

	2016	2015
	£'000	£'000
Hull homelessness support grant	24	23
Development Programmes	25	0
Capacity Building through resources & events	20	17
Conferences & Events	0	12
Volunteering	1	4
	70	56
Staff costs	228	235
Support costs	117	113
	415	404

8c ENABLING INFRASTRUCTURE: JUST FINANCE FOUNDATION

	2016	2015
	£'000	£'000
Programme costs	449	0
Staff costs	45	0
Support costs	13	0
	507	0

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

8d ACCESSING RESOURCES: TOGETHER GRANTS

	2016	2015
	£'000	£'000
Grants awarded to projects during the year (see note 18a for details)	290	504
Less writebacks of awards	-5	-8
Net grant awards	285	496
Staff costs	60	59
Support costs	35	26
	380	581

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

ACCESSING RESOURCES: NEAR NEIGHBOURS PROGRAMME

8e BUILDING NETWORKS

	2016	2015
	£'000	£'000
Funding Delivery Partners		
Thrive Together Birmingham	35	31
St Philip's Centre, Leicester	43	32
Centre for Theology and Community, East London	43	32
Faithful Neighbours, Bradford, Leeds & Dewsbury	38	41
King's Centre, West London	43	63
Faithful Neighbours, Rochdale & Bury	43	37
Transforming Communities Together, Black Country	44	42
Grassroots, Luton	45	42
	334	320
Staff costs	55	51
Other direct costs	31	25
Support costs	12	10
	432	406

8f CREATING ENGAGEMENT

	2016	2015
	£'000	£'000
Grants awarded to projects during the year (see note 19a for details)	858	1080
Less writebacks of awards	-20	-15
Net grant awards	838	1065
Staff costs	39	39
Other direct Costs		6
	877	1110

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

8g BUILDING CAPACITY

	2016	2015
	£'000	£'000
Funding Delivery Partners		
Faith Leaders capacity building		
Christian Muslim Forum	25	14
Council for Christians and Jews	12	8
3 Faiths Forum	18	18
Hindu Christian Forum	17	4
Young Leaders capacity building		
The Feast	41	40
Faithful Neighbours Catalyst Programme	28	40
St Philip's Centre, Leicester Catalyst Programme	33	41
Community capacity building		
Nehemiah Foundation	107	203
	281	368
Staff costs	78	82
Other direct costs	35	32
Support costs	17	17
	411	499

8h ACCESSING RESOURCES: SHAPING THE PUBLIC SPHERE

	2016	2015
	£'000	£'000
Publications and printing	12	16
Web development and digital	9	22
Promotion and production	19	21
Research and evaluation	38	41
	78	100
Staff costs	115	94
Support costs	62	41
	255	235

9 STAFF COSTS

Church Urban Fund, Near Neighbours and Together Network	2016	2015
	£'000	£'000
Salaries	1,539	1334
Social Security	119	103
Pensions	103	90
	1,761	1,527

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

The total employment benefits of the key management personnel of the charity, including employer pension contributions were £317k (2015: £261k).

The number of staff whose emoluments for the year exceeded £60,000 was:	2016	2015
Normal emoluments (£70,000 - £80,000)	1	0
	1	0

The Executive Chair was remunerated £65k (2015: £37k) salary during the year and £12k (2015: £7k) following consent by the Charity Commission for his employment by the charity.

10 STAFF NUMBERS

The average monthly headcount for the group was 74 staff (2015: 48 staff) and the average monthly number of full-time equivalent employees (including casual and part-time staff) during the year were:

	2016	2015
Direct Charitable	35	31
Fundraising	5	3
Communications	3	1
Management and Administration	6	5
	49	40

None of the other trustees received any other benefits from employment with the charity or its subsidiaries in the year (2015: £nil).

Appropriate expenses incurred in attending meetings and on other business of CUF were reimbursed to Trustees as follows:

	2016		2015	
	No.	£'000	No.	£'000
Travel, subsistence and other expenses	7	25	7	23

The amount waived by trustees for the year was £6k (2015: £5k).

11 ALLOCATION OF SUPPORT COSTS

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

	2016	2015
	£'000	£'000
Professional Costs	39	40
Audit	24	24
Accommodation	106	106
Trustees expenses	25	23
Other (office costs, travel & subsistence)	336	259
	530	452

12 CASH HELD ON DEPOSIT

Group and Charity	2016	2015
	£'000	£'000
CCLA The CBF Church of England Deposit Fund - current assets	2,907	3,005
	2,907	3,005

13 DEBTORS

	Group		Charity	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Prepayments and accrued income	82	53	82	53
Other debtors				
Legacies	158	190	158	190
Donations (vouchers, credit cards)	5	20	5	20
Other Debtors	22	16	0	4
	267	279	245	267

14 CURRENT LIABILITIES AND LONG-TERM LIABILITIES

	Group		Charity	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Grants payable CUF (note 15)	101	140	101	140
Grants payable NN (note 15)	35	101	35	101
Taxation & Social Security	7	27	6	26
Deferred income	-	34		34
Accruals	397	222	111	90
Other creditors	88	87	85	87
	628	611	338	478
Intercompany account (Near Neighbours)	-	-	167	-
Intercompany account (Together Network)	-	-	72	67
	628	611	577	545

15 MONEY FOR LOCAL ACTION

	Together Grants CUF Programme		Creating Engagement NN Programme		Total	Total
	2016	2015	2016	2015	2016	2015
	£'000	£'000	£'000	£'000	£'000	£'000
Balance brought forward	140	161	101	214	241	375
Grants awarded (note 18 & 19)	290	504	858	1,080	1,148	1,584
Writebacks	-5	-8	-20	-15	-25	-23
	425	657	939	1,279	1,364	1,936
Less						
Grants paid during year	324	523	919	1,186	1,243	1,709
Returned Grants		-6	-15	-8	-15	-14
	324	517	904	1,178	1,228	1,695
Balance of grants payable	101	140	35	101	136	241
Falling due within one year	101	140	35	101	136	241
Balance of grants payable	101	140	35	101	136	241

16 RESTRICTED FUNDS

	Balance at 2015	Income	Expenditure	Transfers between funds	Balance at 2016
	£'000	£'000	£'000	£'000	£'000
CUF Programme					
Together Grants	8		8		0
Network Development	1,541	164	283		1,422
Just Finance Foundation	0	610	507		103
	1,549	774	798	0	1,525
Near Neighbours	0	816	843	200	173
Near Neighbours - Creating Engagement	0	877	877		0
	0	1,693	1,720	200	173
Together Network	635	1,727	1,448	0	914
	2,184	4,194	3,966	200	2,612

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

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

The Near Neighbours programme costs enable 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 £200k represents match funding for the Near Neighbours programme as agreed by the Trustees.

The transfer of £80k represents the funding received from Lempriere Pringle to support the executive department.

17 OPERATING LEASE

	Land and Building		Other	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
1 year	45	9	1	0
2 - 5 years			4	0
More than 5 years				

In 2016, six months' notice was required to vacate Church House

18 ACCESSING RESOURCES: TOGETHER GRANTS GRANTS AWARDED IN 2015 BY SECTOR

	2016	2015
	£'000	£'000
Together Grants/Mustard Seed Grants		
Addiction/Substance Abuse	7	20
Advice/Advocacy/Counselling	38	0
Community	88	157
Criminal Justice	9	29
Debt/Financial Advice	27	58
Education	14	0
Employment/Training	35	53
Health/Mental Health	13	52
Homeless/Housing	28	53
Interfaith	0	15
Prostitution/People Trafficking	2	9
Refugees/Asylum Seekers	22	44
Social Welfare	7	9
	290	499
Disaster Relief Grant	0	5
Total Grants Awarded before writebacks (see note 8d)	290	504

18a GRANTS AWARDED IN 2016 BY REGION (DIOCESE)

	2016	2015
	£'000	£'000
Bath & Wells	4	3
Birmingham	2	20
Blackburn	4	19
Bristol	0	15
Canterbury	9	4
Carlisle	0	5
Chelmsford	2	15
Chester	11	19
Coventry	15	31
Derby	0	5
Durham	8	12
Exeter	5	7
Gloucester	0	9
Hereford	4	3
Leeds	27	56
Leicester	0	5
Lichfield	40	42
Lincoln	1	5
Liverpool	31	19
London	24	23
Manchester	22	24
Newcastle	8	7
Norwich	8	5
Oxford	10	9
Rochester	0	3
Salisbury	1	0
Sheffield	13	5
Southwark	1	17
Southwell & Nottingham	10	14
Truro	6	10
Winchester	0	10
Worcester	3	5
York	14	32
Grants covering more than one Diocese	7	46
Total Grants Awarded before writebacks (see note 8d)	290	504

19 NEAR NEIGHBOURS PROGRAMME - CREATING ENGAGEMENT IN 2016 BY ACTIVITY

	2016	2015
	£'000	£'000
Local Initiatives		
First Encounters: between people of different faith and ethnic communities, encouraging the development of friendship and neighbourliness	475	114
Everyday Interactions: encouraging families and individuals to come together regularly	181	496
Social Action: bringing together people from different faith and ethnic communities to work together to change their neighbourhoods for the better	202	470
Total Grants Awarded before writebacks (see Note 8f)	858	1,080

19a NEAR NEIGHBOURS PROGRAMME - CREATING ENGAGEMENT IN 2015 BY REGION

	2016	2015
	£'000	£'000
Regional Centre		
Centre for Theology and Community, London	112	75
St Philip's Centre, Leicester	99	151
Thrive Together Birmingham	140	121
Faithful Neighbours, Bradford	203	280
King's Centre, West London	61	175
Transforming Communities Together, Black Country	132	176
Grassroots, Luton	102	102
Common Good Fund	9	0
Total Grants awarded before writebacks (see Note 8f)	858	1,080

20 NET ANALYSIS OF ASSETS AND LIABILITIES BY FUND

	Unrestricted	Restricted	2016	2015
	£'000	£'000	£'000	£'000
Current assets	1,587	2,919	4,506	4,250
Current liabilities	-321	-307	-628	-611
	1,266	2,612	3,878	3,639
Church Urban Fund	1,266	1,525	2,791	3,004
Near Neighbours	-	173	173	0
Together Network	-	914	914	635
	1,266	2,612	3,878	3,639

21 RELATED PARTIES

The charity's key relationship in the pursuit of its charitable objectives is with the Church of England. 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 £106k was made in 2016.

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.

Reverend Canon Denise Poole is a Trustee of Church Urban Fund, Near Neighbours and also of Faithful Neighbours, Bradford which received grants of £109k (2015: £118k) during the year.

Reverend Mark Poulson is a Trustee of Near Neighbours and also of The Kings Centre Southall which received grants of £43k (2015: £63k) during the year.

The Right Reverend Toby Howarth is a Trustee of Near Neighbours and also of Faithful Neighbours which received grants of £109k (2015: £118k) during the year.

The Right Reverend Toby Howarth is a Trustee of Near Neighbours and also of Christian Muslim Forum which received grants of £25k (2015: £14k) during the year.

Reverend Canon Denise Poole is a Trustee of Church Urban Fund, Near Neighbours and also of Wellsprings Together Bradford which received grants of £78k (2015: £73k) during the year.

John Iles, a Trustee of Church Urban Fund, is also a Trustee of Thrive Together Birmingham which received a grant of £85k (£50k from CUF and £35k from NN) during the year (2015: CUF £50k and NN £31k).

Mr Andrew Dorton is a Trustee of Church Urban Fund, SEARCH which received grants of £24k (2015: £23k) and also of The Ark (East Hull) which received a grant of £4k during the year.

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

Near Neighbours paid CUF a grant of £877k (2015: £1,110k) to administer the Small Grants programme.

Near Neighbours made a contribution of £72k to CUF for the administration of the overall programme.

At the year end, the intercompany balance was £167k owed by CUF (2015: Nil).

During 2016 CUF paid £948k (2015: £849k) to the subsidiaries under Together Network. The intercompany balance for the Together Network was £72k owed by CUF. In the group accounts these transactions are eliminated on consolidation.

There are no other outstanding balances with related parties.

23 LEGAL FORM OF THE ENTITY

CUF was established by the Church of England in England 1987, registration number 2138994 and charity number 297483. The charity is located at Church House, Great Smith Street, London SW1P 3AZ.