



TRUSTEES' REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

**NEAR
NEIGHBOURS**

BRINGING PEOPLE TOGETHER



TRUSTEES, OFFICERS AND ADVISERS

CHAIR

Baroness Eaton DBE

TRUSTEES

Rt Revd Richard Atkinson OBE

Mr Brian Carroll *from 24.04.17*

Rt Revd Mark Davies

Professor Francis Davis

Mr Matthew Girt

Rt Revd Dr Toby Howarth

Rt Revd Dr Michael Ipgrave
OBE

Revd Canon Eve Pitts

Revd Canon Denise Poole

Revd Mark Poulson

Revd Prebendary Sarah
Schofield

FAITH ADVISORY PANEL

Malcolm Deboo

Dilwar Hussein

Natan Levy

Ramesh Pattni

Sarah Perceval

Natubhai Shah

Jane Sill

Baldev Singh

PRINCIPAL OFFICERS

Paul Hackwood,
Executive Director

Elizabeth Carnelley,
Programme Director

ADVISERS

Bankers

National Westminster Bank Plc
Westminster Branch
PO Box 3038, 57 Victoria Street
London SW1H 0HN

Auditors

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

Solicitors

Legal advice is provided by:

Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham B3 2ES

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Registered office:

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

Registered company number: 07603317

Registered Charity number: 1142426

**NEAR
NEIGHBOURS**
BRINGING PEOPLE TOGETHER

CHAIR'S REPORT

2017 has been an important year for Near Neighbours. It has seen us extend the reach of our work across the country with a new hub in East Lancashire and at the same time develop a whole new programme called **Real People, Honest Talk** which encourages people to talk about the issues and concerns they have about living together in particular neighbourhoods.

We have developed an extensive network of communities and individuals who want to see better levels of joint working and are prepared to face the challenges created by such an aspiration. When this is combined with our small grants work, which enables local communities themselves to address integration, and the work we do with faith leaders and young people then we have a very effective tool for addressing the fragmentation and separation which blights our common life.

The publication in 2018 of the Integrated Communities Strategy green paper will provide an important focus for our work in the future. Much of our work over the last six years has been about confronting the segregation that can divide communities and we want to develop a good working relationship with MHCLG as they implement the activity which will lead to real change in this issue.

Our trustees and staff team are our key assets in this work and my thanks to them for their commitment and vision.

Baroness Eaton

April 2018



REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2017

The trustees present their annual report and financials statements of the charity for the year ended 31 December 2017. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the Memorandum & Articles of Association, the Companies Act 2006 and 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.



OBJECTIVES AND ACTIVITIES

Near Neighbours was created by CUF and the Archbishops' Council of the Church of England following the award of £5m by the Ministry of Housing, Communities and Local Government (MHCLG – formerly DCLG) in February 2011. Since then, further grants have been given and the programme is currently funded until March 2020, principally by MHCLG.

The Near Neighbours (NN) programme works to bring people together who are 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 local community they live in.

The charity aims to strengthen personal relationships and at the same time strengthen civil society. To create a more cohesive society where people live together respecting the differences they have with others and building a flourishing life together. The charity also encourages people to connect with each other across religious and ethnic divides through practical action, to improve their neighbourhood.

Main objectives:

- **Social Interaction** – by building up personal relationships of trust so that people understand each other better. We work with people of all faiths and none with the aim to develop positive relationships that provide a foundation for people to work together.
- **Social Action** – by building up civil society across divides of faith and ethnicity. We provide the opportunity for people to come together and work on creating positive change in their neighbourhood.

There are currently four main strands to the Near Neighbours work:

- **Near Neighbours Hubs and Partners:** Building diverse and resilient relational networks amongst faith and community groups across different faiths and ethnic backgrounds, and equipping leaders for effective collaboration and community engagement.
- **Near Neighbours Small Grants:** Bringing people together to develop, lead and participate in local projects that involve people of different faiths and ethnicities.
- **Catalyst:** A leadership programme, training young people from diverse backgrounds to be leaders and influencers in a multi-ethnic, multi-faith society and in their local communities.
- **Real People, Honest Talk:** Creating safe spaces to address difficult local issues relating to diversity, through facilitated community-based conversations.

REVIEW OF 2017

The Near Neighbours programme has now been working in local communities bringing people from different ethnicities and social groups together since 2011 and was awarded funding of £1.65m from Ministry of Housing, Communities and Local Government (MHCLG) for the programme through to March 2018.

BEYOND THE STREETS, EAST LONDON

Beyond the Streets works to end sexual exploitation in the UK. It received a grant for a series of alternative Jack the Ripper tours around East London, which told the stories of the murdered women and explored why they had to sell sex for survival. This linked into modern awareness of sexual exploitation in Tower Hamlets, and involved discussions about how participants could work to address this issue.

LEA ROAD COMMUNITY CHURCH, WOLVERHAMPTON

In Wolverhampton, there were a lot of people moving into an area, staying for a short time, and leaving lots of rubbish in their houses and gardens. The local church applied for funding to hire a skip, so that residents, including Eastern Europeans and Asians, could come together to clean up the area and spread awareness about fly-tipping and proper waste disposal. There was also a neighbourhood Christmas party a few weeks after the clean-up, to further deepen friendships.

ST CHAD'S SANCTUARY, BIRMINGHAM

In Birmingham, St Chad's Sanctuary supports local asylum seekers and refugees. Working in partnership with the Birmingham Opera Company, it ran English through Song, which were singing sessions for local asylum seekers and refugees, that culminated in two public performances. After the project, participants could join the Company's community chorus, so they can meet more local people and develop friendships.

GAYDIO, MANCHESTER

Gaydio is an LGBT radio station based in Manchester. It received a grant for local people in Longsight to come together and learn more about radio production, by creating shows about issues faced by LGBT people of faith.

SPEAK STREET, NORTH LONDON

Speak Street provides English language classes to local refugees, asylum seekers, and migrants. It worked in partnership with a community garden in King's Cross to run cooking and gardening projects for its beneficiaries, with volunteers coming from the local church. A community cook book was also created to document the project and celebrate the achievements of participants.

In 2017 we were able to start a new hub in East Lancashire (expanding from previous work in Burnley) into Hyndburn, Pendle and Blackburn and Darwen, and expand the Greater Manchester work from Oldham, Bury and Rochdale into Manchester itself.

We began a new initiative called **REAL PEOPLE, HONEST TALK**, in Luton and in the Black Country, bringing local people together in neighbourhoods to discuss issues that mattered in their local areas. About 280 people took part in these. These two pilots will inform our work in the coming years and we hope to take this programme to other areas following a successful evaluation by Leeds University.

We were able to expand our **CATALYST** young leaders programme and had a number of programmes in 2017. In 2017, 161 young people took part in a Catalyst programme. 54 of these were prior to the new Catalyst team joining in June, and 106 were after. 13 Catalyst programmes in total were run in 2017, making the average participant number per programme 12. Courses were run in Bradford, Leeds, Manchester, Rochdale, Luton, Nottingham, Black Country, Leicester, and London.

As part of the programme in 2017, Near Neighbours invested £1.2m in grassroots activity, giving grants to a total of 393 community projects, with an average grant size of £3k. In 2017, projects funded by Near Neighbours engaged over 76,000 people in local communities across the nine Hubs. After completing their grant-funded activities, 92% of project leads reported feeling better equipped to take action and change things in the community.

FUTURE PLANS

2018 will see us continue this work of building relationships between different ethnic and religious groups, to encourage greater levels of participation in this activity and to develop the skills and experience of those we work with.

We plan to expand our work of local conversations - Real People, Honest Talk. We also plan to raise funds to support the expansion of our Catalyst leadership programme.

We will be working with local authorities where there is a priority of work on Integration through the Integration Strategy of MHCLG.

We are supporting the expansion of **PLACES OF WELCOME**, an initiative which creates a weekly place where people can meet for refreshment, conversation, signposting to local support and the offer to participate in activities.

A new website will signpost people to where they can find a local Place of Welcome and how to set one up.

DELIVERING PUBLIC BENEFIT

Near Neighbours brings people together in diverse communities, helping them to build relationships and collaborate to improve the local community in which they live.

Near Neighbours also financially supports and works with a wide range of community and faith organisations, all of which are working to bring communities together.

The trustees have reviewed the guidance on public benefit issued by the Charity Commission and consider that Near Neighbours' aims and activities, as set out above, fulfill the criteria. The trustees do not anticipate any change in the future to this operational approach. The trustees consider the guidance on public benefit each year.





STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

Near Neighbours is both a company limited by guarantee (Registration Number 07603317) subject to the Companies Act 2006 and a charity registered with the Charity Commission (Charity Number 1142426).

It is governed by its Memorandum and Articles of Association dated March 2011.

Governance Structure

The directors of the company are known as trustees. The Articles of Association allow for up to thirteen trustees, six being nominated by the Archbishops' Council and seven by CUF. The trustees meet four times a year to review strategy, operational and financial performance. The trustees are listed on page 3 of this report.

None of the trustees receive any remuneration or benefits from Near Neighbours. Any expenses reclaimed are set out in note 5 to the financial statements.

Trustee Induction and Training

All trustees on appointment receive a detailed briefing on the Memorandum & Articles of Association, the objectives of the programme and the agreements with CUF, the MHCLG and delivery partners.

Trustees also have the opportunity to visit projects and are kept abreast of developments at each board meeting through a detailed progress report by the Programme Director and a cycle of presentations by partners.

Management and Organisational Structure

The day-to-day management and delivery of the Near Neighbours programme is delegated to the Executive Director of CUF and Programme Director who is managed by the Executive Director; the Programme

Director works closely with other members of CUF's staff. Formal reporting by the Programme Director to the Board takes place regularly throughout the year.

Principal Risks

The Trustees have a risk management strategy that ensures that they actively review the potential risks and uncertainties that may seriously affect the charity. A central risk register is held to ensure that all areas of the charity are assessed for risks and suitable policies and procedures are put in place to mitigate those risks.

The trustees have considered the key potential risks facing the Near Neighbours programme and how they are managed which are outlined below:

Potential Risk	Management & Control
Failure to secure long-term future funding for the Programme	<ul style="list-style-type: none"> Pursuing a number of different funders
Organisational risk due to loss of key personnel	<ul style="list-style-type: none"> Short term support available from CUF staff and Trustees Procedures and processes are in place
Reputational risk from adverse publicity	<ul style="list-style-type: none"> Advice and support available Local and national media coverage are monitored
Failure of a grant which in turn impacts the organisation's reputation	<ul style="list-style-type: none"> Robust system in place Grants are checked by an advisor from a faith perspective Applications and approvals are closely reviewed

Key Management Personnel Remuneration

The trustees consider the board of trustees, the Executive Director, the Programme Director and Project Director 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 daily basis.

The salary of the Programme Director is reviewed annually and normally increased in accordance with inflation. In view of the nature of the charity, the trustees benchmark against pay awards in similar charitable organisations. The trustees of CUF set the salary of the Executive Director as the role is shared between several charities, following a similar process.

Small Company Exemption

The company has taken advantage of the small company exemption as it is within the threshold criteria. The accounts have been prepared in accordance with the special provision contained in the Companies Act.

FINANCIAL REVIEW

Income

Overall income for the year to 31st December 2017 was £2.11m (2016: £1.89m). All income was restricted

to the Near Neighbours programme and relates to funding primarily from the MHCLG and CUF.

Expenditure

The total expenditure on the three charitable activities was £2.18m (2016: £1.72m). The charitable activities together with their associated expenditure for the period are:

- Building Networks: £479k (2016: £432k) this expenditure principally reflects the grants to extend the capacity of the Local Presence and Engagement centres set out in notes 3 and 6 to the accounts.

- Building Capacity by these three activities:

- Faith Leaders: £133k (2016: £117k)
- Young Leaders: £202k (2016: £142k)
- Communities: £101k (2016: £152k)

This expenditure principally reflects the grants to our partners set out in notes 3 and 6.

- Creating Engagement: £1.26m (2016: £877) represents Near Neighbours small grant fund, as set out in note 4 to the accounts.

Reserves and Reserves Policy

All reserves are treated as restricted and any reserves held at the year end represent funds set aside for

future programmes. There was a £104k balance in reserves at 31st December 2017 (2016: £173k).

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
- Made judgments and estimates that are reasonable and prudent
- Followed applicable Accounting Standards and Statements of Recommended Practice
- 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 prevent and detect fraud and other irregularities. The trustees have overall responsibility for ensuring that the Charity has appropriate systems of control, financial and otherwise.

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

- 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 ought to have taken as trustees to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

AUDITORS

The trustees reappointed Mazars LLP as auditors at the Board Meeting on 26th April 2018.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEAR NEIGHBOURS

OPINION

We have audited the financial statements of Near Neighbours (the 'charity') for the year ended 31 December 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 charity's affairs as at 31 December 2017 and of its 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.

CONCLUSIONS RELATING TO GOING CONCERN

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

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial

statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

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

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

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In light of the knowledge and understanding of the 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement set out on page 15, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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: 14th August 2018

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Restricted Funds £'000	Total 2016 £'000
INCOME & EXPENDITURE			
Income from Charitable activities	2	2,107	1,893
Total Income		2,107	1,893
Expenditure on Charitable activities			
Expenditure on Charitable activities	3		
Building Networks		479	432
Creating Engagement	4	1,261	877
Building Capacity			
Faith Leaders		133	117
Young Leaders		202	142
Community		0	152
Real People, Honest Talk		101	0
Total Expenditure		2,176	1,720
Net (expenditure)/ income		-69	173
Total Funds brought forward		173	0
Total Funds carried forward		104	173

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006 and the Financial Reporting Standard (FRS 102). All activities relate to ongoing operations.

Approved by the Trustees on 26th April 2018 and signed on their behalf by:

Baroness Eaton

BALANCE SHEET

AS AT 31 DECEMBER 2017

Company Number: 07603317

	Notes	2017		2016	
		£'000	£'000	£'000	£'000
CURRENT ASSETS					
Debtors & Accrued Income		1		0	
Cash at bank		1		23	
Amount due from parent charity		134		167	
			136		190
CURRENT LIABILITIES					
Amounts falling due within one year:	9	32		17	
			32		17
NET CURRENT ASSETS			104		173
NET ASSETS			104		173
FUNDS					
Restricted funds	10		104		173
TOTAL FUNDS	20		104		173

The charity has taken advantage of the small companies exemption as it meets the threshold criteria. The accounts have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006.

Approved by the Trustees on 26th April 2018 and signed on their behalf by:

Baroness Eaton

Mark Poulson

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	2017		2016	
	£'000	£'000	£'000	£'000
Reconciliation of net movement in funds to net cash flow from operating activities				
Net (expenditure)/ income for the reporting period (as per statement of financial activities)		-69		173
Adjustments for:				
(Decrease) / increase in debtors	32		-167	
Increase in creditors	15		10	
		47		-157
Net cash (used)/gained in operating activities		-22		16
Change in cash and cash equivalents in the reporting period		-22		16
Cash and cash equivalents at the start of the reporting period		23		7
Cash and cash equivalents at the end of the reporting period		1		23

1. ACCOUNTING POLICIES

a. Basis of accounting

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes(s) to these accounts.

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by 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 2014) and the Companies Act 2006. 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 believe that there are no material uncertainties about the organisation's ability to continue as a going concern.

Church Urban Fund is committed to support Near Neighbours programme in the event that no further funding from MHCLG is obtained and will provide financial support in the short term to ensure that it continues as a going concern.

b. Income recognition

Church Urban Fund receives funds from the Ministry of Housing, Communities and Local Government (MHCLG) which is then passed to Near Neighbours and used to administer the programme in accordance with the agreement between Church Urban Fund and Near Neighbours.

Additionally, Church Urban Fund contributed some of its own funds to support Near Neighbours and all income is recognised when it is received.

c. Support costs

Support costs comprise of costs relating to statutory audit and legal fees together with an apportionment of general overheads. Support costs relating to charitable activities have been apportioned based on staff time spent on each activity as analysed in note 8.

In addition to the costs incurred directly in the course of each charitable activity, Near Neighbours also incurs support costs that are necessary to enable it to carry out its activities. These costs are apportioned to activities based on the time spent on each.

d. Charitable activities

The costs of charitable activities include grants made, governance costs and an apportionment of support costs as shown in note 3.

e. Grants

Delivery Partners submit quarterly returns against budget before they are paid future funding as unspent amounts in one year would result in a reduction of grant in the next. The grants are charged to the Statement of Financial Activities once funds have been transferred to the recipient's account. Payments are made on behalf of Partners where there is an absence of a operational bank account due to a delay in the setting up of the account.

The grant to Church Urban Fund to administer and make awards under the Small Grants Programme is charged to the Statement of Financial Activities once the funds have been committed.

f. Pensions costs

The charity operates a defined contribution pension scheme, Church Urban Fund Pension Plan with Legal and General. The pension charge represents the amount payable by the charity to the scheme in respect of the year to which they relate and are included within staff costs (note 5).

g. Fund accounting

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

2. INCOME FROM CHARITABLE ACTIVITIES

	2017 £'000	2016 £'000
Income from Charitable Activities - MHCLG via Church Urban Fund	1,972	1,691
Income from Charitable Activities		
Church Urban Fund	123	200
Other Income	12	2
Total Income	2,107	1,893

Income from Charitable Activities - MHCLG via Church Urban Fund represents the grant from the Ministry of Housing, Communities and Local Government (MHCLG) to Church Urban Fund in respect of the Near Neighbours Programme. The grant is passed to Near Neighbours who administers the overall programme based on the agreement between Church Urban Fund and Near Neighbours. Near Neighbours then makes a grant to Church Urban Fund to administer and make awards under the Small Grants Programme - 'Creating Engagement'. In addition Near Neighbours reimburses CUF for other programme costs.

Income from Charitable Activities - Church Urban Fund represents funding granted by Church Urban Fund for the Near Neighbours programme.

3. EXPENDITURE ON CHARITABLE ACTIVITIES

	Staff costs £'000 (note 5)	Programme costs £'000 (note 6)	Other direct costs £'000 (note 7)	Support costs £'000 (note 8)	Total 2017 £'000	Total 2016 £'000
Expenditure on Charitable Activities						
Building Networks: Local Presence and Engagement Centres	74	377	16	12	479	432
Creating Engagement: Small Grants (note 4)	56	1,196	9	-	1,261	877
Building Capacity						
Faith Leaders	46	73	7	7	133	117
Young Leaders	99	72	15	16	202	142
Community					-	152
Real People, Honest Talk	46	38	10	7	101	-
Total expenditure	321	1,756	57	42	2,176	1,720

Support costs have been allocated to activities in proportion to staff time incurred in each activity area.

Total expenditure includes audit fees for the year of £10k: Statutory audit £6k and MHCLG audit £4k

(Total 2016: £9k (Statutory audit £5k and MHCLG audit £4k)).

4. CREATING ENGAGEMENT: SMALL GRANTS

	2017 £'000	2016 £'000
Grants awarded	1,199	858
Less writebacks of awards	-3	-20
Net grant awards	1,196	838
Other costs (incl. Salaries, travel, evaluation)	65	39
	1,261	877

Writebacks of awards represent grants awarded which have been wholly or partly unclaimed.

5. STAFF COSTS

	2017 £'000	2016 £'000
Salaries	117	54
Social Security	13	5
Pensions	10	4
	140	63
Staff Costs allocated by Church Urban Fund and reimbursed by Near Neighbours in respect of programme, financial and communications management	139	72
Staff costs for small grants administration	42	37
	321	172

Near Neighbours had 3 full time members of staff (2016: 2).

No staff emoluments for the year exceeded £60,000 (2016: nil).

The key management personnel of the charity is comprised of the trustees, the Executive Director, Programme Director and Director of Catalyst. Key management personnel were remunerated £101k (2016: £56k).

None of the Trustees received any benefits from employment with the charity in the year (2016: nil).

Expenses incurred in attending meetings and on other business of Near Neighbours were reimbursed to Trustees as follows:

	2017		2016	
	No.	£'000	No.	£'000
Travel, subsistence and other expenses	5	1	6	3

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

6. GRANTS

	2017 £'000	2016 £'000
Building Networks: Local Presence and Engagement Centres		
Thrive Together Birmingham	53	35
St Philip's Centre, Leicester	51	43
Centre for Theology and Community, London	42	43
Kings Centre, West London	42	43
Faithful Neighbours, Bradford, Leeds & Dewsbury	47	38
Faithful Neighbours, Rochdale & Bury	18	43
Transforming Communities Together, Black Country	45	44
Greater Together Manchester, Rochdale & Bury	22	0
Together Lancashire, Burnley	9	0
Grassroots, Luton	48	45
	377	334
Building Capacity: Faith Leaders		
Christian Muslim Forum	20	25
Council of Christians & Jews	11	12
Hindu Christian Forum	10	17
3 Faiths Forum	20	18
Nisa Nashim	12	0
	73	72
Building Capacity: Faith Leaders		
Catalyst Programme	37	0
The Feast	10	41
Bradford Catalyst	9	28
Leicester Catalyst	14	33
Catalyst Alumni	2	0
	72	102
Building Capacity: Real People Honest Talk		
Real People, Honest Talk	38	0
Building Capacity: Community		
Nehemiah	0	107
Creating Engagement: Small Grants (note 4)	1,196	838
Total Grants	1,756	1,453

7. OTHER DIRECT COSTS

	2017 £'000	2016 £'000
Evaluation	21	34
Communications & Development	35	29
Trustees Expenses	1	3
	57	66
	57	66

8. SUPPORT COSTS

	2017 £'000	2016 £'000
Professional Costs	4	0
Audit	10	9
Office costs	2	1
Travel & Subsistence and Recruitment	27	19
	42	29
	42	29

9. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	2017 £'000	2016 £'000
Accruals	10	14
Other Creditors	22	3
	32	17
	32	17

10. RESTRICTED FUNDS

	Balance at 1/1/17 £'000	Income £'000	Expenditure £'000	Balance at 31/12/17 £'000
Near Neighbours Programme	173	2,107	2,176	104
	173	2,107	2,176	104

All incoming grants are restricted to expenditure on the Near Neighbours programme.

The total net assets of the charity continue to be represented by the single restricted fund.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

11. ULTIMATE PARENT COMPANY

The ultimate parent charity is Church Urban Fund, a company and charity registered in England. Copies of the group accounts can be obtained from Church Urban Fund, Church House, Great Smith Street, London SW1P 3AZ.

12. RELATED PARTY TRANSACTIONS

During the year, Near Neighbours entered into the following transactions with its parent company CUF:

CUF received the full amount of grant from MHCLG of £2m (2016: £1.7m) and passed this over to Near Neighbours to deliver the programme.

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

Listed below are grants made where there is a commonality of trusteeship as between Near Neighbours 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, Trustee of both Church Urban Fund and Near Neighbours is also A Trustee of Faithful Neighbours, Bradford which received grants of £73k during the year and of Wellsprings Together Bradford which received a grant of £4k during the year.

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

The Right Reverend Michael Igrave is a Trustee of both Near Neighbours and The Council of Christians and Jews, which received grants of £11k during the year.

The Right Reverend Dr Toby Howarth, is a Trustee of both Near Neighbours and Faithful Neighbours Bradford which received grants of £73k during the year. He is also a Trustee of The Christian Muslim Forum, which received grants of £20k during the year and of Wellsprings Together Bradford which received a grant of £4k during the year.

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

NEAR NEIGHBOURS

BRINGING PEOPLE TOGETHER

Near Neighbours, 27 Great Smith Street, London SW1P 3AZ
t: 0207 898 1508 | e: hello@nearneighbours.org.uk | w: www.near-neighbours.org.uk

Registered charity no. 1142426 | Registered in Cardiff no. 07603317