

**NEAR
NEIGHBOURS**
BRINGING PEOPLE TOGETHER

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2018

Company Number: 07603317
Charity Number: 1142426

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TRUSTEES, OFFICERS AND ADVISERS

Chairman

Baroness Eaton DBE

Trustees

Rt Revd Richard Atkinson OBE

Mr Brian Carroll

Rt Revd Mark Davies

Professor Francis Davis

Mr Matthew Girt *to 05.07.2018*

Rt Revd Dr Toby Howarth

Rt Revd Dr Michael Igrave
OBE *to 25.10.2018*

Revd Canon Eve Pitts *to 20.03.2019*

Revd. Canon Denise Poole

Revd. Mark Poulson

Revd. Prebendary Sarah
Schofield *to 20.07.2018*

Faith Advisory Panel

Baldev Singh

Darcy Biddulph

Revd Dr Richard Sudworth

Rabbi Nicky Liss

Dan Bacall

Yousif al-Khoei

Sarwat Tasneem

Imam Qari Asim

Muna Chauhan

Sanjay Jagatia

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

CHAIRMAN'S REPORT

2018 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 Peterborough and at the same time expand into new areas of programme activity with *Real People, Honest Talk*, which encourages people to talk about the issues and concerns they have about living together in particular neighbourhoods and what they can do together to make their place more hospitable and friendly.

We have an organisation which is highly skilled at enabling local communities to build cohesion and integration for themselves. There are many challenges to integration across the country at present and many problems to be faced, but we believe it is through working with local communities themselves that we will see real change.

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, 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 and the subsequent action plan has provided an important focus for our work in the future. Much of our work over the last seven 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 asset in this work and my thanks to them for their commitment and vision.

Baroness Eaton

March 2019

REPORT OF THE TRUSTEES FOR THE YEAR TO 31 DECEMBER 2018

The Trustees present the Annual Report and Financial Statements of the charity for the year ended 31 December 2018. The Financial Statements have been prepared in accordance with the accounting policies set out in Note 1 to the Financial Statements 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 Financial Statements 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's (MHCLG – formerly Department of Communities and Local Government) in March 2011. Since then, further grants have been given and the programme is currently funded until March 2020, principally by MHCLG.

The Near Neighbours 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 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 programme operates in ten diverse regions of England including Birmingham, the Black Country, East Midlands, Luton, East London, West London, West Yorkshire, Greater Manchester and Lancashire. There is also a new hub in Peterborough. Near Neighbours works with a number of national partners in these regions who provide expertise through their focused work.

Our main objectives:

- **Social Interaction** – by building 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, including women and young people of all backgrounds.

- **Near Neighbours Small Grants:** Bringing people together to develop, lead and participate in local projects that involve people of different faiths and ethnicities to improve communities through the provision of grants of between £250 and £5,000.
- **Catalyst:** A leadership programme that equips young people from diverse backgrounds by building their skills and capacities to be leaders and influencers in a multi-ethnic and multi-faith society.
- **Real People, Honest Talk:** Creating safe spaces to address difficult local issues, through facilitated community-based conversations.

REVIEW OF 2018

The Near Neighbours programme is now in its fifth phase and has been working in local communities bringing people from different ethnicities and social groups together since 2011. The programme received funding in the year of £1.9m from the Ministry of Housing, Communities and Local Government.

In 2018 we were able to start a new hub in Peterborough, with a worker based at the Cathedral, who started at the beginning of December 2018.

During the year we supported the expansion of **Places of Welcome**, an initiative which provides a place where people can meet for refreshments, conversation, signposting to local support and the offer to participate in a range of activities. There are approximately 300 Places of Welcome across the country, held in a variety of venues including churches, community centres, libraries, mosques, temples and other community group buildings. A new website was also established which the objective of helping those who wish to set up Places of Welcome, as well as signposting people to local Places of Welcome.

Through our **Real People Honest Talk** programme, we ran community conversations in four areas including Luton, Walsall, Blackburn and Bradford. Over 680 people participated in 41 Small Conversations and 4 Big Conversations which took place in 2018. Additionally, a short film based on Real People Honest Talk was produced and released that year, which was well-received.

A key focus throughout 2018 was to engage with the five Local Authorities areas forming part of the government's integration strategy as pathfinders, namely Bradford, Blackburn, Peterborough, Walsall and Waltham Forest.

In 2018, Near Neighbours invested £0.9m in grassroots activities through the **Small Grants programme** giving grants to a total of 298 community projects averaging £3k in grant sizes. In 2018, projects funded by Near Neighbours engaged over 76,000 people in local communities across the ten Hubs. After completing their grant-funded activities, 92% of project leads reported feeling better equipped to take action and change things in their local community. There were three focus areas for Small Grants projects:

1. Vulnerable women and girls

Turning Point Solutions Dudley

Turning Point Solutions is a CIC based in Lye, Dudley, that supports local community groups. There are tensions between local Pakistani and Roma communities and this project has expanded the existing weekly sessions with Pakistani women to bring in Roma women. The focus was on learning English together and discovering more about each other's cultures. Additional work was done to ensure attendance of local Roma women, and an interpreter was made available at the sessions. There are partnerships in place with other local groups. Participants were from Muslim and Christian faith groups, as well as Asian and Eastern European ethnic groups.

2. New Migrants and Refugees

Toast love Coffee, Leeds

ToastLoveCoffee's aim is to facilitate conversations between local people in their community café in Harehills, Leeds. They are keen to reach out to a diverse group of individuals in an area where there are many refugees and new migrants. The café brings together local people on a regular basis with the aim of recording twenty different conversations, which could be edited to shorter podcasts and promoted throughout the local community. Participants were from Christian, Jewish, Muslim, and non-faith groups, and White British, Asian, Afro-Caribbean and Eastern European ethnic groups.

3. Meaningful Social Mixing

Guru Nanak Football Club

The Guru Nanak Football Club in Leicester applied for a grant to train volunteers in coaching with the objective of increasing the number of young people coached. The club has recruited a group of young people from very diverse backgrounds including different faith groups and ethnicities, as well as boys and girls, fostering friendships and understanding across barriers of ethnicity and faith.

During the first quarter of 2018, twenty **Catalyst** young leaders' programmes were run and were attended by 350 participants from diverse groups and religions. A further six Catalyst programmes were run in London between April-December with funding received from the Archbishop of Canterbury's Foundation, as well as a Catalyst programme in conjunction with the Council of Christians and Jews for their student leaders in Leicester. This resulted in a total of 491 participants taking part in 27 programmes.

A successful **evaluation** was carried out by BRAP, whose in-depth focus was on four key areas of the Near Neighbours work - Birmingham, the Black Country, East Lancashire and Greater Manchester. The evaluation involved surveys of those who had either received grants or were engaged in leadership training and concluded that:

"There is a wealth of evidence to suggest that the informal mentorship, support and guidance that local coordinators provide to emerging leaders is helping them (a) find collaborators to engage in social

action with; (b) build their confidence to engage in social action; (c) develop ideas for projects; (d) secure funding; and (e) manage projects. This, in turn, is leading to a more diverse and innovative sector.

The depth of relationships that grant-holders have been able to develop through their projects has allowed genuine and sustainable friendships to develop between people from different faith and ethnic backgrounds. Not only is this leading to mutual support between groups – such as providing childcare or emotional support on issues like domestic abuse – it is encouraging honest and challenging conversations, which in turn are helping communities to become more robust in the face of potentially divisive events”.

FUTURE PLANS

2019 will see us continue the work of building relationships between different ethnic and religious groups, to encourage greater levels of participation, build social capital, and develop the skills and experience of those we work with. We plan to expand our work involving local conversations, **Real People Honest Talk**, into all ten geographical areas we cover. Funding have been received from the Tudor Trust to support the expansion of our **Catalyst** leadership programme into Peterborough.

We will be continuing to work with Local Authorities in areas where there is a priority of work on integration through the MHCLG Integration Strategy.

A key aim for 2019 will be to continue to diversify our income streams to provide a more sustainable basis for the work of the organisation.

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 each year and consider that Near Neighbours’ aims and activities, as set out above, fulfil the criteria. The Trustees do not anticipate any future change to this operational approach.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

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 during the year to review strategy and operational and financial performance in conjunction with the Executive Director and Programme Director. The Trustees are listed on page 2 of this report.

None of the Trustees receive any remuneration or benefits from Near Neighbours. Expenses reclaimed by the Trustees during the year 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 are given 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 the Programme Director who is managed by the Executive Director. The Programme Director works closely with other members of CUF's staff team (its ultimate parent company). Formal reporting by the Programme Director to the Board takes place regularly throughout the year.

Principal Risks

The Trustees have a risk management strategy, which 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 proposed how they are managed, as outlined below:

Potential Risk	Management
Failure to secure long-term future funding for the Programme.	Diversifying our income streams by pursuing a number of different funders.
Organisational risk due to loss of key personnel.	Short-term support available from CUF staff and Trustees. Succession planning in place for critical roles.
Reputational risk from adverse publicity.	Advice and support available from CUF and through the Church of England. Monitoring of Local and national media coverage.
Failure of a grant, which in turn impacts the organisation's reputation.	Robust system in place, which helps to identify and mitigate fraudulent grants applications.

Key Management Personnel Remuneration

The Trustees consider that the Board of Trustees, the Executive Director and the Programme Director comprise the key management personnel of the charity in charge of directing, controlling, running and operating the charity on a day-to-day basis. All Trustees give their time freely and none of the Trustees

received remuneration in the year. Details of expenses reclaimed are set out in note 5 to the Financial Statements and related party transactions are disclosed in note 12 of the accounts.

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 2018 was £2m (2017: £2.11m), a decrease of 5% and represents a reduction in funding to the programme, compared to previous year. Income was largely received from Ministry of Housing Communities and Local Government, as well as Church Urban Fund and other trusts and restricted to the Near Neighbours programme.

Expenditure

The total expenditure on the three charitable activities was £1.91m (2017: £2.18m). The charitable activities together with their associated expenditure for the period are:

- **Building Networks:** £521k (2017: £479k) 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 four activities:
 - Faith Leaders - £121k (2017: £133k)
 - Young Leaders - £232k (2017: £202k)
 - Real People Honest Talk - £104k (£101k)
 - Places of Welcome - £5k (2017: £0k)

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

- **Creating Engagement:** £0.93m (2017: £1.26m) 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 £187k balance in reserves at 31st December 2018 (2017: £104k).

THE TRUSTEES' RESPONSIBILITY FOR PREPARING ANNUAL FINANCIAL STATEMENTS

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 and state 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 30th May 2019.

Approved by the Trustees on 30th May 2019 and signed on their behalf by:



Baroness Eaton

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 2018 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 2018 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.

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

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

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

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt

the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the 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 10, 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 in their entirety are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken 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: *N J Wakefield*

Name:

Nicola Wakefield (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

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

Date: *18th September 2019*

NEAR NEIGHBOURS

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

		Restricted Funds 2018 £'000	Restricted Funds 2017 £'000
	<i>Notes</i>		
INCOME & EXPENDITURE			
Income from Charitable activities	2	1,996	2,107
Total Income		1,996	2,107
Expenditure on Charitable activities:			
Building Networks	3	521	479
Creating Engagement	4	930	1,261
Building Capacity			
Faith Leaders		121	133
Young Leaders		232	202
Places of Welcome		5	0
Real People Honest Talk		104	101
Total expenditure		1,913	2,176
Net Income/ (Expenditure)		83	-69
Total Funds brought forward		104	173
Total Funds carried forward		187	104

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.

NEAR NEIGHBOURS

BALANCE SHEET AS AT 31 DECEMBER 2018

COMPANY NUMBER 07603317

	Notes	2018		2017	
		£'000	£'000	£'000	£'000
CURRENT ASSETS					
Debtors & Accrued Income		3		1	
Cash at bank		1		1	
Amount due from parent charity		209		134	
			213		136
CURRENT LIABILITIES					
Creditors: Amounts falling due within one year	9	26		32	
			26		32
NET CURRENT ASSETS			187		104
NET ASSETS			187		104
FUNDS					
Restricted Funds	10		187		104
TOTAL FUNDS			187		104

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 30 May 2019 and signed on their behalf by

Baroness Eaton..... *Eaton*

Rt Revd Richard Atkinson *R. W. B. Atkinson*

NEAR NEIGHBOURS

STATEMENT OF CASH FLOWS

for the year ended 31 December 2018

	2018		2017	
	£'000	£'000	£'000	£'000
Reconciliation of net movement in funds to net cash flow from operating activities				
Net Income/ (Expenditure) for the reporting period (as per statement of financial activities)		83		-69
Adjustments for:				
(Increase)/ decrease in debtors	-77		32	
(Decrease)/Increase in creditors	-6		15	
		-83		47
Net cash provided by/(used in) operating activities		0		-22
Change in cash and cash equivalents in the reporting period		0		-22
Cash and cash equivalents at the start of the reporting period		1		23
Cash and cash equivalents at the end of the reporting period		1		1

NEAR NEIGHBOURS

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

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 2015) 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 Neighbour 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.

2. Income from Charitable activities

	2018 £'000	2017 £'000
Income from Charitable Activities - MHCLG via Church Urban Fund	1,889	1,972
Income from Charitable Activities		
Church Urban Fund	54	123
Other Income	53	12
	<u>1,996</u>	<u>2,107</u>

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	Grants	Other Direct Costs	Support and governance costs	2018 Total	2017 Total
	£'000 (note 5)	£'000 (note 6)	£'000 (note 7)	£'000 (note 8)	£'000	£'000
Charitable Activities						
Building Networks: Local Presence and Engagement Centres	79	409	18	15	521	479
Creating Engagement: Small Grants (note 4)	51	871	8	0	930	1,261
Building Capacity						
Faith Leaders	43	64	9	5	121	133
Young Leaders	100	111	9	12	232	202
Real People Honest Talk	47	48	4	5	104	101
Places of Welcome	0	1	4	0	5	0
Total expenditure	<u>320</u>	<u>1,504</u>	<u>52</u>	<u>37</u>	<u>1,913</u>	<u>2,176</u>

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 grant audit £4k)

Total for 2017 was £10k (Statutory audit £6k and MHCLG grant audit £4k).

4. Creating Engagement: Small Grants

	2018 £'000	2017 £'000
Grants awarded	891	1,199
Less writebacks of awards	-20	-3
Net grants awarded	<u>871</u>	<u>1,196</u>
Other costs (incl. Salaries, travel, evaluation)	59	65
Total Costs	<u><u>930</u></u>	<u><u>1,261</u></u>

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

5. Staff Costs

	2018 £'000	2017 £'000
Salaries	142	117
Social Security	16	13
Pensions	11	10
	<u>169</u>	<u>140</u>
Staff Costs allocated by Church Urban Fund and reimbursed by Near Neighbours in respect of programme, financial and communications management	117	139
Staff costs for small grants administration	34	42
	<u><u>320</u></u>	<u><u>321</u></u>

Near Neighbours had 3 full time members of staff (2017: 3).
No staff emoluments for the year exceeded £60,000 (2017: 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 £120k (2017: £101k).

None of the Trustees received any benefits from employment with the charity in the year (2017: nil)

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

	2018		2017	
	No.	£'000	No.	£'000
Travel, subsistence and other expenses	<u>4</u>	<u>1</u>	<u>5</u>	<u>1</u>

6. Grants

	2018 £'000	2017 £'000
Building Networks: Local Presence and Engagement Centres		
Thrive Together Birmingham	46	53
St Philip's Centre, Leicester	49	51
Centre for Theology and Community, London	49	42
Kings Centre, West London	48	42
Faithful Neighbours, Bradford, Leeds & Dewsbury	46	47
Faithful Neighbours, Rochdale & Bury	0	18
Transforming Communities Together, Black Country	46	45
Greater Together Manchester, Rochdale & Bury	39	22
Together Lancashire, Burnley	37	9
Grassroots, Luton	47	48
Peterborough	2	0
	409	377
Building Capacity: Faith Leaders		
Christian Muslim Forum	17	20
Council of Christians & Jews	15	11
Hindu Christian Forum	4	10
3 Faiths Forum	8	20
Nisa Nashim	20	12
	64	73
Building Capacity: Young Leaders		
Catalyst Programme	79	37
The Feast	0	10
Bradford Catalyst	0	9
Leicester Catalyst	32	14
Catalyst Alumni	0	2
	111	72
Building Capacity: Real People Honest Talk		
Real People Honest Talk	48	38
	48	38
Building Capacity: Community		
Places of Welcome Grant	1	0
	1	0
Creating Engagement: Small Grants (note 4)	871	1,196
Total Grants	1,504	1,756

7. Other Direct Costs

	2018 £'000	2017 £'000
Homelessness reduction action conferences	4	0
Evaluation	21	21
Communications & Development	26	35
Trustees Expenses	1	1
	52	57

8. Support costs

	2018 £'000	2017 £'000
Professional Costs	0	4
Audit	10	10
Office costs	3	2
Travel & Subsistence and Recruitment	24	27
	<u>37</u>	<u>43</u>

9. Creditors (amounts falling due within one year)

	2018 £'000	2017 £'000
Accruals	7	10
Other Creditors	19	22
	<u>26</u>	<u>32</u>

10. Restricted Funds

	Balance at 1/1/18 £'000	Income £'000	Expenditure £'000	Balance at 31/12/18 £'000
Near Neighbours Programme	<u>104</u>	<u>1,996</u>	<u>1,913</u>	<u>187</u>

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.

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 (2017: £2m) and passed this over to Near Neighbours to deliver the programme.

At the year end, there was £209k (2017: £134k) intercompany balance owed by CUF.

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 in the normal course of the charity's business in pursuit of its charitable objectives.

Name	Related party/Recipient entity	Trustee of	Grant 2018	Grant 2017
Reverend Canon Denise Poole	Trustee of Faithful Neighbours Bradford	CUF/NN	£46k	£47k
Reverend Mark Poulson	Trustee of The Kings Centre Southall	NN	£48k	£42k
Right Reverend Michael Ipgrave	Trustee of The Council of Christians and Jews	NN	£15k	£11k
Right Reverend Dr Toby Howarth	Trustee of Faithful Neighbours Bradford	NN	£46k	£47k
Right Reverend Dr Toby Howarth	Trustee of The Christian Muslim Forum	NN	£17k	£20k