

CHURCH URBAN FUND



TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2014

CHURCH URBAN FUND – Trustees, Officers and Advisers

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ABOUT OUR WORK

Church Urban Fund is a Church of England established charity that works for social justice. 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.

At Church Urban Fund we:

- Work to *relieve poverty*, which we do by addressing material need, but also building community flourishing and personal resilience. We respond practically with innovative and entrepreneurial solutions.
- Work for the *renewal of civil society*, building up the capacity of communities and individuals to respond creatively and positively to address their own flourishing.
- Work to *influence public opinion* by raising awareness through our networks, bringing people together to share their views, and undertaking innovative research.

We do this in ways that are entrepreneurial, practical and respectful.

WHAT HAVE WE BEEN DOING IN 2014?

Relieving poverty

We have continued to promote locally based social action in neighbourhoods as a response to poverty. For instance:

- We have targeted our small grants programme to local organisations working with innovative solutions to poverty. For example, we funded a Slow Cooker Project, run by Middlesbrough Food Bank in partnership with local business Cummins, to help families on low incomes cook healthy, low-cost meals. Through our Near Neighbours programme, we have funded a homelessness charity in London to run events with local faith communities to raise awareness of local homelessness and encourage people to volunteer.
- We have worked to promote Asset Based Community Development, a relational approach to building the capacity of communities from the inside out, working from the assumption that everyone in a community has something to contribute to its flourishing¹ from the inside out.
- We have supported the pilot of the Church Credit Champions Network that aims to provide support to local churches in their engagement with issues of money, debt, and credit in their communities².
- We have developed a programme of support for transition aimed at supporting street sleepers into settled accommodation in Hull, Middlesbrough and Bradford.

¹ http://www.cuf.org.uk/sites/default/files/PDFs/Research/Asset-based_community_development_CUF_2013.pdf

² <http://www.toyourcredit.org.uk/credit-champions/>

These programmes are in addition to the work we do in supporting local initiatives through our 'Together Network' and the 'Near Neighbours' programme. We have supported over 300 local initiatives aimed at supporting and encouraging local people to address issues of poverty for themselves.

For example, Thrive Together Birmingham (our joint venture with the Diocese of Birmingham) has been instrumental in setting up the Places of Welcome network. This network encourages local community groups to offer hospitality to people in their area. Organisations that join the network open their doors at a set time each week and offer a friendly face, a cup of tea, conversation and support to anyone who needs it. At the end of 2014, there were 27 active Places of Welcome, with another three due to open in the coming months.

Renewal of civil society

We have continued to develop the 'Together Network', our locally based networks of churches, other faith based organisations and secular bodies committed to building the capacity of their communities and encouraging the flourishing of individuals and neighbourhoods. This is where we focus most of our energy in renewing civil society, strengthening existing organisations and building new ones deep in local communities.

The Together Network is comprised of Joint Ventures between Church Urban Fund and Church of England dioceses across the country. Each Joint Venture is an independent charitable company which is a subsidiary of Church Urban Fund. This year for the first time we are consolidating the Together Network accounts with Church Urban Fund's due to their overall materiality.

Through the Together Network, we have continued to support the work of our 11 existing 'Together' organisations, organising training days, building the capacity of the network, developing evaluation and monitoring tools, strengthening financial and managerial systems, and developing their ability to recruit, train and support volunteers. We have this year added a further four new partnerships during the course of the year, bringing the total to 15. The new partnerships which joined the network in 2014 were:

- Lichfield Diocese focussed on the Black Country;
- Durham Diocese working across the whole of County Durham;
- Coventry Diocese working across the city and the county of Warwickshire; and
- Canterbury working across south and east Kent.

In addition we have continued to support the Near Neighbours programme and its work of building relationships across faith and ethnic divides. We have done this through developing strong networks at neighbourhood and city level, renewing and establishing cross ethnic organisations and building the capacity of faith based organisations to develop the resilience they need to respond to challenges in their communities and neighbourhoods. The original 3 year programme was extended by a further 2 years to March 2016, funded in the main by the Department for Communities and Local Government (DCLG). 2014 saw us extend the programme into the Black Country, Rochdale, Bury, Leeds, Nottingham, Luton and North London.

Influencing public opinion

At the beginning of the year at Lambeth Palace we launched the 'Good Neighbours' report, which builds a comprehensive picture of the work that local churches do in facilitating the flourishing of their communities. Part of that research discovered that over 10 million people use Church-based social action every year. This represents almost a fifth of the population of England. The research also showed that Churches work through the idea of 'Neighbourliness' and the importance of relationships in encouraging

human flourishing. They saw themselves as doing much more than delivering public services. This research has enabled public bodies to understand the shape and the scope of Church-based social action, and opened the doors to conversations and opportunities for this work to grow.

Midway through the year, we published research on Affordable Credit, the role of Churches and Credit Unions in addressing financial exclusion and the personal distress and community fragmentation it causes. On the back of this report, we were invited to speak to a number of MPs and Peers, officials at the Cabinet Office and No 10 Downing Street about the role of the Church in addressing Financial Exclusion. We were asked to contribute to the Department for Work and Pensions call for evidence into the work of Credit Unions. This research, and the relationships that the research has enabled, provides a firm foundation for on-going impactful engagement with this important topic.

Towards the end of the year, we published, in association with the Mission and Public Affairs Department of the Church of England, a report entitled 'Church In Action: A National Survey of Church-Based Social Action', which highlights the scope and extent of the work that local churches are engaged in within their communities. This was an update of an earlier report, which has facilitated a broad understanding of trends and issues faced by Church Leaders and Communities in responding to social need. For instance, we have seen a substantial increase in Churches prioritising responding to poverty as a fundamental part of their mission, as well as the identification of loneliness as the most significant problem facing local communities. These findings will shape our work over the next 12 months.

Organisational changes in 2014

We have created three teams: Development, Fundraising, and Finance and Administration, and formed a senior management team to lead the organisation, and reshaped our governance arrangements to reflect oversight of this new structure. This has enabled us to maintain coherence for the organisation whilst keeping our core costs low, and has created a closer and more dynamic relationship between trustees and the senior management team.

PLANS FOR 2015

Our 2015 work plan will continue to be structured around our three themes as articulated above.

Relieving poverty

We will work in 2015 to create greater targeting of our small grants programme to facilitate innovative responses to poverty that can be replicated and shared across our networks. We will develop a large scale and systematic response to financial exclusion, building on the work we have funded and supported with the pilot of the Church Credit Champions Network in 2014. 2015 will see a roll-out of that pilot across the UK, providing a substantial response to the debilitating effects on individuals and communities of financial exclusion. We will continue, as part of our core provision, to support locally-based social action, focused on Churches but working with any organisation attuned to our values and vision of a flourishing society.

Renewal of Civil Society

2015 will see a significant extension of the Near Neighbours programme, working to build up the capacity of faith-based organisations across the country to build the networks and connections that provide safe spaces for negotiating difference. This will build on the foundations of 'civility' that we have developed in the first stage of the programme.

We will extend the 'Together' network to include Norwich, Manchester and Exeter. This will give us a substantial infrastructure able to facilitate the development of locally based social action and organisations and institutions with the capacity to bring about real change from within communities themselves.

Research

In 2015 we will be working with Edinburgh University to conduct a piece of research on Church Network responses to Poverty, which will catalyse theological reflection and conversation on poverty in Britain by providing opportunities for the exchange of ideas across the boundaries that typically exist between theologians, researchers in other disciplines and stakeholders.

During 2015 our research programme will build on last year's theme of neighbourliness to explore the role churches play in building social networks and so contributing to individual well-being and community resilience. We will also be reflecting on the practice of church-based social action, looking in particular at whether the principles and values that underlie the Recovery Agenda – an approach to care recently developed within the field of mental health services – have any resonance within the field of anti-poverty work. Following the publication of the new Index of Multiple Deprivation Data, we will also be updating our online poverty look up tool.

Organisational

2015 will see us review our fundraising strategy, particularly the fundraising we do with local churches and individuals. We will maintain our current focus on national direct mail and email campaigns but explore new ways of developing locally based fundraising using the networks we have developed in local communities.

We will also be reviewing our vision, mission and values and exploring whether we need to make changes to them.

FINANCIAL REVIEW

Overview

The financial statements represent the consolidated income and expenditure, and balance sheet for the year of Church Urban Fund and its subsidiaries Near Neighbours and the Together Network.

The Together Network of 15 subsidiary charities was consolidated in 2014 on the grounds of materiality and are detailed in note 3 to the accounts. The results of the Near Neighbours subsidiary are given in note 2 to the accounts, which shows a difference in the income level as the DCLG grant was less in 2014.

The Church Urban Fund programme of charitable activities is delivered in three ways:

- Network Development - through direct funding and capacity building via resources and events
- Together Grants – small grants programme supporting local initiatives across England
- Building the Movement through research, promotion and dissemination of information to Network participants and the wider public

The Near Neighbours Programme is delivered through:

- Creating Participation through a small grants programme, supporting local action
- Building Capacity of community and leadership delivery partners, broadening skills of individuals and organisations
- Building Networks of people across particular neighborhoods, and developing relationships across faith and ethnic boundaries through four presence and engagement hubs

The Together Network programme of activities is delivered through a network of churches, faith based organisations and other secular groups.

Income and Expenditure

Total consolidated income for the year was £4.2m (2013:£4.1m), of this £1.0m was unrestricted (2013: £1.1m), £0.2m designated (2013:£0) and £3.0m (2013:£3.0m) was restricted. Of the restricted income, £1.3m (2013:£1.6m) related to Near Neighbours, £0.2m to the Together Network and £1.5m (2013:1.4m) to Church Urban Fund's other programmes.

The total resources expended were £3.9m (2013:£3.8m). Total expenditure on Charitable Activities were £3.3m(2013:£3.3m), £1.6m of which relates to Near Neighbours, £635k to the Together Network and £1.1m to Church Urban Fund's other activities. The expenditure on Governance has reduced by £61k to £108k (2013:£169k).

The balance sheet total funds have increased by £0.5m to £3.98m. General funds increased by £176k to £1.1m, and restricted funds increased to £2.6m (2013:£2.2m).

Church Urban Fund 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 (2013:£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 and consider that a target level for unrestricted general reserves of £950k is appropriate, reflecting 6 months of unrestricted costs plus a buffer to cover working capital requirements. Year end unrestricted general reserves at £1m are above the target figure enabling potential for support to Near Neighbours at the transition period beyond March 2016.

Restricted reserves have risen from £2.2m to £2.6m reflecting income received in 2014 which will be carried over in 2015.

Additionally, the Designated Fund of £327k aims to provide support for exceptional costs associated with funding of the Together Network.

Investment Policy and Performance

There has been no change in our investment policy during the year. 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. £3.9m was held

with CCLA Investment Management Limited's "The CBF Church of England Deposit Fund". CCLA Investment Management Limited invests in accordance with the Church of England's ethical policies.

The performance of the investments is commensurate with the policy and the current economic situation.

DELIVERING PUBLIC BENEFIT

The Church Urban Fund's primary aim is to tackle poverty 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.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

Church Urban Fund 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.

The trustees have established three board sub-committees: the 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, and a Fundraising Committee, which has responsibility for overseeing our fundraising work and acting as ambassadors to potential funders. The main Board meets five times a year.

None of the trustees receive any remuneration or benefits from Church Urban Fund. Any expenses reclaimed are set out in note 8 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 Church Urban Fund's operating environment to keep them up to date.

Management and Organisational Structure

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.

Risk

We have during the year taken a different approach to risk. We have moved away from a model that seeks to identify, analyse, mitigate and monitor and instead seek to build up overall organisational resilience to potential challenges. We have therefore identified the four key vulnerabilities that we have and then set in place strategies to address and monitor them. These are the Together Network, Fundraising, Staff and Information Technology.

These vulnerabilities are discussed at each Finance and Administration Committee meeting and at the Board meetings.

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, 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:

1. So far as the trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware and
2. 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

A resolution to re-appoint Mazars LLP as auditors will be proposed at the forthcoming annual general meeting.

Approved by the trustees on 5th May 2015 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 2014 which comprise Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets 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).

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 8, the trustees (who are also the directors of the charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and report in accordance with that Act. 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 (APB'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 the charity's affairs as at 31 December 2014 and of the group's incoming resources and application of resources, including 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.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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:

- the parent charity has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent charity's financial statements are not in agreement with the accounting records and returns;
or
- 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.

NJ Wakefield

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:

Mazars LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

CHURCH URBAN FUND

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31st December 2014

	Notes	Unrestricted Funds 2014 £'000	Designated Fund 2014 £'000	Restricted Funds 2014 £'000	Total 2014 £'000	Total 2013 £'000
INCOME & EXPENDITURE						
Incoming resources						
Voluntary Income						
Donations & Legacies	4	855		1,063	1,918	1,863
Trusts and Other Income	5	61	203	448	712	633
Income from charitable activities						
Near Neighbours Programme (DCLG)	2			1,335	1,335	1,633
Together Network	3			207	207	
Conferences						4
Investment income		18			18	24
Total incoming resources		934	203	3,053	4,190	4,157
Resources expended						
Cost of generating funds	6	371	27	9	407	330
Charitable activities	6					
Church Urban Fund Programme						
Network Development	6a	140	6	180	326	940
Together Grants	6b	45	190	385	620	376
Building the Movement	6c	133	2	17	152	342
		318	198	582	1,098	1,658
Near Neighbours Programme						
Creating Participation	6d			807	807	699
Building Capacity	6e			478	478	646
Building Networks	6f			318	318	310
				1,603	1,603	1,655
Together Network	6g			635	635	
Total charitable activities		318	198	2,820	3,336	3,313
Governance costs	8	69	1	38	108	169
Total resources expended		758	226	2,867	3,851	3,812
Net incoming/outgoing resources for year		176	-23	186	339	345
Transfer between funds - Designated Fund	15	-50	50	-	-	-
Balance brought forward at 1 January		949	300	2,197	3,446	3,101
Balance brought forward at 1 January (TN) *	3			192	192	-
Balances carried forward 31 December		1,075	327	2,575	3,977	3,446

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.

*For 2014 the consolidated accounts include the subsidiaries under Together Network for the first time. These subsidiaries were not consolidated in previous years on the basis of immateriality. Further details of Together Network can be seen in note 3 of the financial statements.


CHURCH URBAN FUND
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2014

	Notes	2014		2013	
		£'000	£'000	£'000	£'000
CURRENT ASSETS					
Cash held on deposit	10	3,891		3,253	
Debtors	11	151		248	
Bank		629		364	
			4,671		3,865
CURRENT LIABILITIES					
<i>Amount falling due within one year:</i>	12				
Grants awarded but not yet due for payment					
CUF		158		142	
NN		214		1	
Other creditors		319		268	
			691		411
NET CURRENT ASSETS			3,980		3,454
CREDITORS					
<i>Amounts falling due after more than one year:</i>	12				
Grants awarded but not yet due for payment					
CUF			3		8
NET ASSETS			3,977		3,446
FUNDS					
Restricted	14				
CUF			2,079		1,829
NN			66		368
TN			430		-
			2,575		2,197
Unrestricted			1,075		949
Designated fund	15		327		300
TOTAL FUNDS	19		3,977		3,446

The Consolidated Balance Sheet in 2014 includes Together Network (see note 3 for more details) which were not consolidated in 2013 on the basis of immateriality.

Approved by the Trustees on 5th May 2015 and signed on their behalf by:

Paul Hackwood: 

Marnie Woodward: 

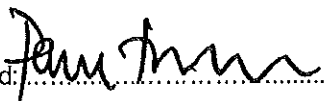
CHURCH URBAN FUND


BALANCE SHEET

AS AT 31 DECEMBER 2014

	Notes	2014		2013	
		£'000	£'000	£'000	£'000
CURRENT ASSETS					
Cash held on deposit	10	3,891		3,253	
Debtors	11	153		248	
Cash at bank		223		350	
			4,267		3,851
CURRENT LIABILITIES					
<i>Amount falling due within one year:</i>					
Grants awarded but not yet due for payment	13				
CUF		158		142	
NN		214		1	
Intercompany creditor (NN)		-		360	
Intercompany creditor (Together Network)		194			
Other creditors		217		262	
			783		765
NET CURRENT ASSETS			3,484		3,086
CREDITORS					
<i>Amounts falling due after more than one year:</i>					
Grants awarded but not yet due for payment	13		3		8
NET ASSETS			3,481		3,078
FUNDS					
Restricted	14		2,079		1,829
Unrestricted			1,075		949
Designated Fund	15		327		300
TOTAL FUNDS	19		3,481		3,078

Approved by the Trustees on 5th May 2015 and signed on their behalf by:

Paul Hackwood: 

Marnie Woodward: 

CHURCH URBAN FUND

Notes to the Financial Statements for the year ended 31 December 2014

1 ACCOUNTING POLICIES

a. Basis of preparation

The financial statements have been prepared under the historical cost convention and have in accordance with the Statement of Recommended Practice 2005 (SORP) "Accounting and Reporting by Charities", applicable accounting standards and the Companies Act 2006.

The consolidated accounts of the Group incorporate the accounts of the Charity, Church Urban Fund, its subsidiary, Near Neighbours and the Together Network. Together Network (see note 3 for more details) was included in the 2014 consolidated accounts for the first time and not in 2013, on the basis of that their activities were immaterial in 2013.

No separate Statement of Financial Activities is presented for the Charity as permitted by the Companies Act. Gross income for the Charity alone for the year was £2.6m (2013: £2.5m) and net incoming resources £403k (2013: £55k).

The Trustees consider that it is appropriate to prepare the accounts on a going concern basis.

b. Donations, legacies and grants receivable

Donations include tax recoverable where applicable, and are recognised when receivable.

Legacies are accounted for as incoming resources either upon receipt or where receipt becomes certain; this will be once confirmation has been received from the representatives of the estates that payment of the legacy will be made and once all conditions attached to the legacy have been fulfilled.

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

c. Investment returns

Investment income is accounted for when receivable.

d. Cost of raising funds

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

e. Governance

Governance costs comprise costs wholly or mainly attributable to ensuring the public accountability of the charity and its compliance with regulation. These costs include external audit and trustee expenses.

f. Grants payable

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.

g. Grant support costs

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

h. Pensions costs

The costs of contributions to defined contribution schemes are accounted for in the year to which they relate.

i. Support costs

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

j. Fund Accounting

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

Unrestricted **Designated funds** are funds that have been set aside by the trustees for a particular 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. Cash Flow Statement

Under Financial Reporting Standard 1 (Revised), the charity is exempt from the requirement to prepare a cash flow statement.

m. 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 2014 or 2013.

2. RESULTS OF SUBSIDIARY - NEAR NEIGHBOURS

Near Neighbours builds association and relationship 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.

Company registration number 7603317 and charity number 1142426.

	2014 £'000	2013 £'000
Income		
Income from Charitable Activities - DCLG via Church Urban Fund	1,335	1,633
Income from Charitable Activities - Church Urban Fund	-	300
	<u>1,335</u>	<u>1,933</u>
Resources expended		
Charitable activities		
Creating Participation	807	644
Building Capacity:		
Faith Leaders	100	118
Young Leaders	126	132
Community	252	396
Building Networks	318	310
	<u>1,603</u>	<u>1,600</u>
Governance	34	43
Total resources expended	<u>1,637</u>	<u>1,643</u>
Net incoming/outgoing resources for year	-302	290
Balance brought forward at 1 January	368	78
Balance carried forward at 31 December	<u>66</u>	<u>368</u>

3. RESULTS OF SUBSIDIARIES - TOGETHER NETWORK

Together Network comprises of 15 small subsidiaries which were included in the consolidated accounts of CUF for the first time in 2014 on the basis that they were material. As a result of them being included for the first time in 2014, the group opening balances have been adjusted to include £192k of opening balances from Together Network.

A summary of the 15 subsidiaries are shown below:

	Church Urban Fund Income £'000	Other External Income £'000	Total Income £'000	Total Expenditure £'000	Bal b/f 01/01/14 £'000	Net Assets £'000
Thrive Together Birmingham	50	136	186	179	32	39
Transformation Cornwall	50	22	72	64	22	30
Transforming Notts Together	50	27	77	44	20	53
Together Southwark	50		50	36	1	15
Together Lancashire	50	5	55	48	21	28
Together Newcastle	64	7	71	52	19	38
Wellsprings Together Bradford	50	2	52	57	38	33
Together Liverpool	50	8	58	54	13	17
Transforming Lives Together	46	-	46	32	12	26
Communities Together Durham	29	-	29	19	0	10
Together Middlesbrough and Cleveland	72	-	72	50	0	22
Capital Mass	13	-	13	-	14	27
Together for Change Coventry and Warwickshire	33	-	33	-	0	33
Transforming Communities Together	17	-	17	-	0	17
Together Canterbury	42	-	42	-	0	42
Total	<u>666</u>	<u>207</u>	<u>873</u>	<u>635</u>	<u>192</u>	<u>430</u>

A summary of the 15 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 Diocese Board of Finance
Together for Change Coventry and Warwickshire	8763866	1160133 Coventry Diocese Board of Finance
Transforming Communities Together	9010580	1157772 Mercian Community Trust (Lichfield)
Together Canterbury	8763875	1159936 Canterbury Diocesan Board of Finance

4. DONATIONS AND LEGACIES

	2014 £'000	2014 £'000	2014 £'000	2013 £'000
	Unrestricted	Restricted	Total	Total
Donations: Individual, Church and Community Donations	708	1,013	1,721	1,738
Legacies	147	50	197	125
	855	1,063	1,918	1,863

5. TRUSTS AND OTHER INCOME

	2014 £'000	2014 £'000	2014 £'000	2014 £'000	2013 £'000
	Unrestricted	Designated	Restricted	Total	Total
Trusts Income	57		448	505	411
Archbishops' Council	-	203		203	203
Other Income	4			4	19
	61	203	448	712	633

6. RESOURCES EXPENDED

	Staff costs	Programme costs	Other direct costs	Support costs	Total 2014	Total 2013
	£'000 (note 9)	£'000 (note 6a-f)	£'000	£'000 (note 7)	£'000	£'000
Cost of Generating Funds	203	-	106	98	407	330
Charitable Activities						
CUF Programme						
Network Development (6a)	188	22	24	92	326	940
Together Grants (6b)	36	567	-	17	620	376
Building the Movement (6c)	60	-	63	29	152	342
	284	589	87	138	1,098	1,658
Near Neighbours Programme						
Creating Participation (6d)	37	769	1	-	807	699
Building Capacity (6e)	50	396	19	13	478	646
Building Networks (6f)	32	267	11	8	318	310
	119	1,432	31	21	1,603	1,655
Together Network (6g)	464	106	-	65	635	
Total charitable activities	867	2,127	118	224	3,336	3,313
Governance (see note 8)	54	-	32	22	108	169
Total resources expended	1,124	2,127	256	344	3,851	3,812

6a. NETWORK DEVELOPMENT

	2014 £'000	2013 £'000
Funding the Joint Ventures	-	430
Hull support grant	22	-
Capacity Building through resources & events	20	132
Conferences & Events	-	14
Volunteering	4	24
	46	600
Staff costs	188	244
Support costs	92	96
	326	940

In 2014 as a result of the Together Network being included in the consolidated accounts for the first time, this has resulted in £666k (2013: £430) of grants from CUF to each of the subsidiaries under Together Network being eliminated on consolidation.

6b. CUF PROGRAMME - TOGETHER GRANTS

	2014 £'000	2013 £'000
Grants awarded to projects during the year (see note 17 for details)	579	330
Less writebacks of awards	-12	-54
Net grant awards	567	276
Staff costs	36	74
Support costs	17	26
	620	376

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

6c. CUF PROGRAMME - BUILDING THE MOVEMENT

	2014 £'000	2013 £'000
Publications and printing	22	47
Web development and digital	12	26
Promotion and production	12	68
Research reports	17	17
	63	158
Staff costs	60	136
Support costs	29	48
	152	342

6d. NEAR NEIGHBOURS PROGRAMME - CREATING PARTICIPATION

	2014 £'000	2013 £'000
Grant awarded to projects during the year (see note 18 for details)	114	667
Less writebacks of awards	-5	-32
Net grant awards	769	635
Staff costs	25	26
Other direct Costs	13	38
	<u>807</u>	<u>699</u>

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

6e. NEAR NEIGHBOURS PROGRAMME - BUILDING CAPACITY

	2014 £'000	2013 £'000
Funding Delivery Partners		
Faith Leaders capacity building		
Christian Muslim Forum	34	71
Council for Christians and Jews	12	11
3 Faiths Forum	16	-
Hindu Christian Forum	12	17
Young Leaders capacity building		
The Feast	35	16
Bradford Churches for Dialogue and Diversity Catalyst Programme	37	41
St Philip's Centre, Leicester Catalyst Programme	29	60
Community capacity building		
Nehemiah Foundation	222	371
	<u>397</u>	<u>587</u>
Staff costs	50	30
Other direct costs	19	21
Support costs	12	8
	<u>478</u>	<u>646</u>

6f. NEAR NEIGHBOURS PROGRAMME - BUILDING NETWORKS

	2014 £'000	2013 £'000
Funding Delivery Partners		
Faithful Neighbourhoods Centre, Birmingham	40	66
St Philip's Centre, Leicester	40	65
Centre for Theology and Community, East London	41	65
Bradford Churches for Dialogue and Diversity, Bradford, Leeds & Dewsbury	35	66
King Centre, West London	20	-
Bradford Churches for Dialogue and Diversity, Rochdale & Bury	31	-
Transforming Communities Together, Black Country	29	-
Grassroots, Luton	31	-
	<u>267</u>	<u>262</u>
Staff costs	32	27
Other direct costs	11	13
Support costs	8	8
	<u>318</u>	<u>310</u>

6g. TOGETHER NETWORK

	2014 £'000	2013 £'000
Programme Costs	106	-
Staff costs	464	-
Support costs	65	-
	<u>635</u>	<u>-</u>

7. SUPPORT COSTS

	2014 £'000	2013 £'000
Rent and associated costs	106	102
Professional costs	39	44
IT	36	19
Other (includes recruitment, staff expenses)	163	118
	<u>344</u>	<u>283</u>

8. GOVERNANCE

	2014 £'000	2013 £'000
a. Church Urban Fund		
Staff costs	32	79
Audit fees	12	12
Office costs	30	35
	<u>74</u>	<u>126</u>
b. Near Neighbours		
Staff costs	22	28
Office costs	12	15
	<u>34</u>	<u>43</u>
Total Governance costs	<u>108</u>	<u>169</u>

None of the trustees received any emoluments. Appropriate expenses incurred in attending meetings and on other business of CUF were reimbursed to Trustees as follows:

	2014		2013	
	No.	£'000	No.	£'000
Travel, subsistence and other expenses	<u>8</u>	<u>25</u>	<u>8</u>	<u>19</u>

9. STAFF COSTS

Church Urban Fund and Near Neighbours	2014 £'000	2013 £'000
Salaries	971	718
Social Security	88	69
Pensions	65	42
Total Staff Costs	<u>1,124</u>	<u>829</u>

The average number of full time equivalent staff employed by the group was:

	2014	2013
Direct Charitable	22	8
Fundraising	3	2
Communications	1	2
Management and Administration	4	5
	<u>30</u>	<u>17</u>

The increase in the number of staff allocated to Direct Charitable is a result of the Together Network being included in the consolidated accounts in 2014 .

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

	2014	2013
Normal emoluments (60,000 - 70,000)	<u>0</u>	<u>0</u>

The Executive Chairman is not paid by the charity, being seconded from Leicester Cathedral Chapter.

10. CASH HELD ON DEPOSIT

Group and Charity	2014 £'000	2013 £'000
CCLA The CBF Church of England Deposit Fund - current assets	3,891	3,253

11. DEBTORS

	Group		Charity	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Prepayments and accrued income	23	30	22	30
Other debtors				
Legacies	83	110	83	110
Donations (vouchers, credit cards)	9	12	9	12
Catalyst grant	25	25	25	25
London Diocese	-	19	-	19
Archbishops' Council Grant	-	51	-	51
Other Debtors	11	1	2	1
	<u>151</u>	<u>248</u>	<u>141</u>	<u>248</u>
Intercompany account (Near Neighbours)	-	-	12	-
	<u>151</u>	<u>248</u>	<u>153</u>	<u>248</u>

12. CURRENT LIABILITIES AND LONG-TERM LIABILITIES

	Group		Charity	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Amounts falling due within one year:				
Grants payable CUF (note 13)	158	142	158	142
Grants payable NN (note 13)	214	1	214	1
Taxation & Social Security	17	20	17	20
Accruals	302	248	200	242
	691	411	589	405
Intercompany account (Near Neighbours)	-	-	-	360
Intercompany account (Together Network)	-	-	194	-
	691	411	783	765
Amounts falling due after one year:				
Grants payable - CUF (note 13)	3	8	3	8
	694	419	786	773

13. MONEY FOR LOCAL ACTION

	Together Grants CUF Programme		Encouraging Participation NN Programme		Total	Total
	2014 £'000	2013 £'000	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Balance brought forward	150	287	1	128	151	415
Grants awarded (note 17 & 18)	579	330	774	667	1,353	997
Writebacks	-12	-54	-5	-32	-17	-86
	717	563	770	763	1,487	1,326
Less						
Grants paid during year	560	420	560	767	1,120	1,187
Returned Grants	-4	-7	-4	-5	-8	-12
	556	413	556	762	1,112	1,175
Balance of grants payable	161	150	214	1	375	151
Falling due within one year	158	142	214	1	372	143
Falling due after one year	3	8	-	-	3	8
Balance of grants payable	161	150	214	1	375	151

14. RESTRICTED FUNDS

	Balance at 2013 £'000	Incoming Resources £'000	Resources Expended £'000	Balance at 2014 £'000
CUF Programme				
Together Grants	289	553	378	464
Network Development	1,528	292	205	1,615
Volunteering	12	-	12	-
	1,829	845	595	2,079
Near Neighbours	368	528	830	66
Near Neighbours - Encouraging Participation	-	807	807	0
	368	1,335	1,637	66
Together Network	192	873	635	430
	2,389	3,053	2,867	2,575

The Together Grants provides small grants for faith based organisations to engage in social action. Network Development costs is to support development work across the network. The aim of Volunteering costs is to recruit and support volunteers across the church network. The Near Neighbours programme costs is to enable the works of bringing faith based communities together. The Together Network fund is to support the partnership work between Church Urban Fund and dioceses of mobilising the church to respond to issues of poverty locally.

15. DESIGNATED FUND

	Balance at 2013 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Balance at 2014 £'000
CUF Programme					
Together grants		203	189		14
IT Development and other	300	-	37	50	313
	300	203	226	50	327

Together grants - the Fund is to support exceptional work associated with the Together Network.
IT Development and other - to develop the information systems across the organisation.

16. OPERATING LEASE

	Land and Building	
	2014	2013
	£'000	£'000
Rolling lease with one month notice	9	102

In 2013, 12 months notice was required to vacate Church House. For 2014, the operating lease was renewed and under the new terms only one month's notice is required.

17. CUF PROGRAMME - TOGETHER GRANTS

GRANTS AWARDED IN 2014 BY SECTOR	2014	2013
	£'000	£'000
Together Grants/Mustard Seed Grants		
Addiction/Substance Abuse	10	5
Advice/Advocacy/Counselling	12	28
Community	222	64
Criminal Justice	15	21
Debt/Financial Advice	48	17
Education	15	17
Employment/Training	80	40
Health/Mental Health	25	-
Homeless/Housing	59	50
Prostitution/People Trafficking	-	5
Refugees/Asylum Seekers	25	19
Social Welfare	7	4
	518	270
Health and Belief Grants		
Advice/Advocacy/Counselling	7	-
Community	9	-
Health/Mental Health	34	50
	50	50
Disaster Relief Grant		
Community	11	-
Growth Grants		
Community	-	2
Debt/Financial Advice	-	2
Employment/Training	-	6
	-	10
Total Grants Awarded before writebacks (see Note 6b)	579	330

17a. GRANTS AWARDED IN 2014 BY REGION (DIOCESE)

	2014	2013
	£'000	£'000
Bath & Wells	4	-
Birmingham	3	2
Blackburn	27	17
Bradford	41	9
Bristol	10	4
Canterbury	10	-
Carlisle	-	1
Chelmsford	21	20
Chester	9	9
Chichester	24	28
Coventry	13	-
Derby	5	2
Durham	20	5
Exeter	-	5
Gloucester	1	-
Guildford	7	-
Hereford	13	-
Leicester	5	5
Lichfield	20	1
Liverpool	46	15
London	86	69
Manchester	12	13
Newcastle	4	3
Norwich	20	9
Oxford	16	-
Peterborough	10	-

17a. GRANTS AWARDED IN 2014 BY REGION (DIOCESE) cont.

	2014 £'000	2013 £'000
Portsmouth	-	5
Ripon & Leeds	15	20
St Albans	-	2
St Edmundsbury & Ipswich	5	-
Sheffield	6	-
Southwark	29	15
Southwell & Nottingham	10	26
Truro	26	13
Wakefield	6	5
Winchester	5	-
Worcester	2	-
York	35	27
Grants covering more than one Diocese	13	-
Total Grants Awarded before writebacks (see Note 6b)	2,593	330

18. NEAR NEIGHBOURS PROGRAMME - PARTICIPATION AND ENGAGEMENT IN 2014 BY ACTIVITY

	2014 £'000	2013 £'000
Local Initiatives		
First Encounters: between people of different faith and ethnic communities, encouraging the development of friendship and neighbourliness	109	135
Everyday Interactions: encouraging families and individuals to come together regularly	428	348
Social Action: bringing together people from different faith and ethnic communities to work together to change their neighbourhoods for the better	237	184
Total Grants Awarded before writebacks (see Note 6d)	774	667

18a. NEAR NEIGHBOURS PROGRAMME - PARTICIPATION AND ENGAGEMENT IN 2014 BY REGION

	2014 £'000	2013 £'000
Regional Centre		
Contextual Theology Centre, London	104	205
St Philip's Centre, Leicester	66	78
Faithful Neighbourhoods Centre, Birmingham	121	164
Bradford Churches for Dialogue and Diversity	187	183
King Centre, West London	75	-
Transforming Communities Together, Black Country	127	-
Grassroots, Luton	94	37
Total Grants awarded before writebacks (see Note 6d)	774	667

19. NET ANALYSIS OF ASSETS AND LIABILITIES BY FUND

	Unrestricted	Designated £'000	Restricted £'000	2014 £'000	2013 £'000
Current assets	1,153	349	3,169	4,671	3,865
Current liabilities	-75	-22	-594	-691	-411
Long term liabilities	-3	-	-	-3	-8
	1,075	327	2,575	3,977	3,446
Church Urban Fund	1,075	327	2,079	3,481	3,078
Near Neighbours	-	-	66	66	368
Together Network	-	-	430	430	0
	1,075	327	2,575	3,977	3,446

20. RELATED PARTIES

A key relationship in the pursuit of our 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 for which it paid £106k in rent.

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 Canons Paul Hackwood and Denise Poole, Trustees of both Church Urban Fund and Near Neighbours are also trustees of Bradford Churches for Dialogue and Diversity which received grants of £118k (2013: £107k) during the year.

The Right Reverend Richard Atkinson, a Trustee of Near Neighbours, is also Co-Chair of the Hindu Christian Forum which received a grant of £12k (2013: £17k) during the year.

John Iles, a Trustee of Church Urban Fund, is also a Trustee of Thrive Together Birmingham which received a grant of £72k (£50k from CUF and £22k from NN) during the year (2013: £50k)

Reverend Canon Denise Poole is a Trustee of Church Urban Fund and also of Wellsprings Together Bradford which received a grant of £65k(2013: £30k) during the year.

During the year, CUF undertook the following transactions with its subsidiary Near Neighbours: CUF received the full amount of grant from DCLG of £1.3m (2013: £1.6m) and passed this over to Near Neighbours to deliver the programme.

Near Neighbours paid CUF a grant of £803k (2013: £695k) to administer the Small Grants programme. Near Neighbours made a contribution of £55k to CUF for the administration of the overall programme.

At the year end, the intercompany balance for Near Neighbours was £12k owed to CUF (2013: £360k owed by CUF).

During 2014 CUF paid £666k (2013: £430k) to the subsidiaries under Together Network. The intercompany balance for the Together Network was £194k owed by CUF. In the group accounts these transactions are eliminated on consolidation.

