

CHURCH URBAN FUND
Tackling Poverty Together

**TRUSTEES' REPORT
AND FINANCIAL STATEMENTS**

For the year ended 31 December 2012

CHURCH URBAN FUND – Trustees, Officers and Advisers

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2012

Church Urban Fund has had a good year in terms of addressing its objectives and addressing the issue of poverty in society. We have raised the profile of the issue, taken some very specific actions to address it and put in place a network of local volunteers and activists engaged in their neighbourhoods and communities. We have also completed our operational reorganisation.

WHAT IS POVERTY?

If you ask the Great British Public why poverty exists, they usually respond in one of three different ways. The first is that the poor are poor because of factors beyond their control, either on a social level (that society is inherently unequal) or an individual one (that poverty results from addiction, disability etc.). The second response is that the poor only have themselves to blame – that it is fundamentally fecklessness or personal failing that leaves people poor, and they should be left to get on with it. The third is that poverty is a given, an inevitable aspect of the human condition about which little can be done. (This is often accompanied by a misrepresentation of the text from the scriptures that ‘the poor will always be with you’).

These same views are reflected in the Christian community. We sometimes experience a culture of blame, or worse, apathy, among Christians, which we believe is completely at odds with the Gospel message. In our view it is impossible to be authentically Christian unless one takes seriously the needs of the poor.

These conflicting views have led to a paralysis of policy within both social and political discourse. There is no unifying view about how poverty can best be addressed, which is highly problematic in a time of financial austerity and economic change. Whilst policy debate falls either on one side or the other of a simplistic debate about causation, it is a fact of history that the poor get disproportionately poorer in times of recession. For some, the solution to poverty lies in legislation, redistribution and macro-economic policy i.e. that the solution lies outside the control of the poor. For others, the solution lies in individual agency, personal aspiration and education i.e. in the hands of the poor themselves. Any meaningful attempt to bring about real change needs to address this policy conundrum and give a clear steer towards a vision of what is possible.

Our starting point is that it is real lives that are blighted by poverty. So, for example, children born into poverty are at an intrinsic disadvantage from the beginning; ill-prepared for school, they fall further and further behind. As teenagers they are more likely to face problems head-on, with higher chances of pregnancy, addiction or family break-up. As young adults they are more likely to drop out of education, they often find the regularity of work difficult to cope with and ultimately they are more likely to end up behind bars. This cannot be acceptable in any civilised society (let alone a Christian one). However, the issues are complex, and it can be difficult to disentangle causes and consequences. Problems are often closely interlinked and multifaceted, trapping individuals and whole communities in a web of poverty.

WHY THE CHURCHES?

We believe that local churches are well positioned to address these issues:

- They are a significant *local presence* with commitment to a neighbourhood. The Church of England is effectively a network of thousands of locally based organisations with a commitment to a specific place. Local churches and their staff understand an area because they invariably live within it.
- They offer an *organisational structure* capable of managing resources with financial systems and existing capacity. Their commitment to a place is long term and will often have a good local reputation. In many areas, they are the foundation of community life and the basis of civil society.

- Then they offer a *commitment and passion* about the work they do which creates the energy for bringing about change. Addressing poverty and working for the common good are obligations of faith and provide a deep reservoir of values that needs to be mobilised. They also have a long history of social engagement on which to draw.

We want to mobilise this resource as the church authentically engages in its ministry in two related areas.

- First, through the church's pastoral ministry, building confidence and capacity, supporting people and encouraging participation through a network of relationships with poor people themselves. We want to see people overcoming their situation, building on their assets, and believing in themselves as at least to some degree the solution to their own problems. This is the core pastoral work of the church, done day-in, day out- in local churches across the country; food banks, playgroups, luncheon clubs, debt advice etc. This is a clear demonstration of the practical transformation of peoples' lives for the better.
- Second, through the church's prophetic ministry, mobilising commitment to the poor across society and bringing people together, from the churches and any people we find as allies along the way as well as poor people themselves. Real change happens as people come together, support each other and find solutions to the challenges they face. We want to see the church acting as a catalyst for a broad movement for change, this is the way to bring about real structural change.

These two related aspects of social engagement are at the core of the development of civil society. This is for us about mediating the relationship between individual agency, and about the common good within society. It is not too grand to say that civil society as it is understood in this work is the cradle of democracy and so has consequences for our approach to social change. Strengthening civil society and encouraging honest debate about what sort of society we want to live in is the starting point for developing a moral view of society that is central to addressing the wider issues of poverty.

WHAT WE DO

Our response to poverty is a practical one. It is a response that takes seriously the complexity of the problem: we recognise the very real challenge of austerity; we understand the reality of unhealthy dependency; and we understand that as a society we are going through a time of change that is likely to fundamentally alter the social contract that binds us all together. We want to bring the insight, expertise and passion that we have, and which we see across the Christian community and use them as a catalyst for change.

Our aim is to develop and strengthen local communities in their efforts to address their own community needs in a time of austerity: mobilising local communities.

We have three key objectives:

- *Joint Action*. Creating communities of action. These communities will bring together those living in poverty, members of local churches (and other religious groups) and other people of good will to seek the transformation of lives. This is the active building of civil society.
- Providing *resources and support* for practical action. Sometimes this is money but often it is encouragement and support (occasionally it is a call to action!). Though local Churches are active in their community they often need help to mobilise their assets for action. We want to act as a resource for this practical local action.
- *Making connections*, raising the profile of this local work and connecting it with the public arena. This is about connecting with the media, politicians and the general public and bringing to their attention the work local churches are engaged in across the country. We want to mobilise their support.

So we work to encourage individuals and communities to mobilise to address the problems they see in their neighbourhoods. Working together, people come to recognise their common values, this creates a shared vision of what might be possible for them. We aim to strengthen what is already in existence in neighbourhoods, for the common good, in order to renew civil society. The cornerstone of this activity is the Church of England with its unparalleled presence and engagement in every local community across the nation.

PROJECTS AND PROGRAMMES DURING 2012

At the centre of our work during 2012 has been the development of our **Together Network** of local charities, providing financial, organisational, and legal resources around which we aim to achieve our objectives. It is through this network that people in local churches can be resourced and equipped to tackle poverty. It is through this network that compelling research and stories can be gathered to connect with the media, politicians and those in other positions of influence about transformation of lives and futures. The network provides a forum for people to take the time to truly listen to each other and begin to shape the responses to the situations they face. It is here that capacity can be built.

So far, we have built on our Together Network in Cornwall, Birmingham and Newcastle, by developing new networks in Lancashire, Liverpool, Nottinghamshire, Middlesbrough, and more recently in Southwark, Bradford and London. (We are already in 2013 working on Durham, Chester, Bristol and Lichfield). Below is a list of activity of those that are active:

- Thrive Together Birmingham continues to help local churches set up frontline services, such as night shelters and day care centres for the elderly.
- Transformation Cornwall maintains its focus on social enterprise, helping churches and charities develop sustainable business plans for projects like the St Austell Community Kitchen and the Camelford launderette.
- Over the last year, Together Newcastle has worked with many parishes to find practical solutions to local problems such as rising unemployment, the withdrawal of services and the reduction of funding, leading to strong partnership work amongst churches and with the local authority.
- Together Lancashire is currently supporting more than 25 church-led social action projects, including lunches for homeless people, food banks and work with ex-offenders. This support involves raising funds, bringing partners together and providing strategic input.
- Together Liverpool has decided to focus on the issue of food poverty. It has made connections with over forty local experts both inside and out of the church, building strong foundations for future work.
- Together Middlesbrough has started work by mapping out church-led social action in the area. This valuable exercise has brought churches of different denominations together and encouraged many to start planning new projects to tackle poverty.
- Transforming Notts Together has chosen to focus on debt alleviation. Over the last three months, they have met with over forty debt experts including those in Nottingham City Council, the Nottingham Credit Union and the local CAP (Christians Against Poverty) centres, to develop strategy for future work.

The **Near Neighbours** programme, supported by the Church Urban Fund, has been providing resources, connecting people, and building networks of people working together. At present Near Neighbours supports a network of four local centres based in East London, Birmingham, Leicester and Bradford (with satellites from Bradford to Burnley and Oldham). The programme works through these centres and local churches to develop a programme of activity in line with our overall objectives. It is specifically targeted at building relationships with other religious groups and creating relationships aimed at tackling poverty.

The four centres act in a similar way to the Together Network by providing a locus around which people can gather to engage with social action in their local community. The centres have been highly effective in developing relationships locally across faith communities engaging all those who are committed to positive change in their neighbourhood.

Resources and support have been provided in two different ways. First through a small grants pool which disperses grants to local people and organisations provided they are working in some sort of partnership with someone of a different faith or ethnicity and want to tackle a local community issue. The second through a number of partner organisations including the Christian Muslim Forum, Hindu Christian Forum, and The Council for Christians and Jews. In addition, Near Neighbours works through the Feast and Catalyst who support work with young people, and the Nehemiah Foundation which works to develop local community leaders and develop their skills and confidence to engage locally.

Both the Church Urban Fund and Near Neighbours have programmes which help small local groups with funding, especially first funding. The Church Urban Fund awarded 111 Mustard Seed Grants worth £453,000, supporting local initiatives in this time of austerity. Separately the Near Neighbours Small Grants programme awarded £890,000 to 287 projects, bringing together people from different religious and ethnic groups to engage in social action. This work plays a major part in building and sustaining capacity in the most deprived areas.

More specifically in terms of *Joint Action* we organised a Tackling Poverty conference in Leeds that brought together over 300 church leaders and Christian workers from England's most deprived communities as part of our Together Networking. The Archbishop of York Dr John Sentamu was joined by other speakers including John Bell from the Iona community.

Another '*Together*' event celebrated 25 years of the Church Urban Fund with a service at St Paul's Cathedral, led by the former Archbishop of Canterbury, Rowan Williams. The service was attended by over 2,000 people from across the churches, coming together to reaffirm their commitment to working with the poor.

A significant piece of work was our poverty look-up tool 'Poverty in Numbers' launched in March 2012, aimed at *making connections* for people between the relative affluence and relative poverty in their parishes and more generally raising the profile of poverty and the work the churches do. This was very well received and has had a significant effect in challenging perceptions and misconceptions.

Other work under taken to *make connections* has been our research work:

- Bias to the poor? Christian attitudes to poverty in this country
- Mentoring Young men and Fathers
- Poverty and Fresh Expressions
- Growing the Church through Social Action
- I am One in a Million: an insight into Youth Unemployment
- Tackling Poverty 2012
- Submerging Church? Supporting faith based community work in deprived areas
- The Volunteering Gap
- Facing up to Poverty: The transformational power of relationships

The Near Neighbours programme has been extensively researched and we commissioned the New Economics Foundation to evaluate the impact of the work over the period of the programme, especially to see whether it had created greater confidence and participation amongst local people. The research can be found here: www.cuf.org.uk/near-neighbours/evaluation.

We also made a series of short films which can be seen at www.cuf.org.uk/communityheros to share stories of transformation and *make connections* with a wider public.

- Julie-Anne Wanless- who is helping destitute and struggling parents to give their children a better start in life. This film won the Jerusalem Trust award for best short form video and the £2,000 prize was passed back to the project.
- Rudi Richardson - who is helping homeless people to turn their lives around.
- Mohinder Kaur- who is helping asylum seekers and refugees to mend their broken lives. Christine Wyard who is helping people to overcome social deprivation, unemployment and learning disabilities.
- Andy Barrett - who is helping disadvantaged young people get their lives back on track.

For Near Neighbours two short films were produced

- Saturday Stop By project in Leicester - which shows how St James Church and the Islamic Society of Britain are working together to help homeless people in the city.
- Balsall Heath Community Garden - which started as a patch of waste ground and with help from a Near Neighbours grant, was transformed by the local community into a beautiful space for everyone to enjoy.

Reorganisation

Over the period of time covered by this report we have substantially reorganised Church Urban Fund in its central structures in line with our longer term strategy and this will enable us to substantially reduce costs. This has involved three key areas of transformation:

First we have restructured our Fundraising team so that it better reflects the intention we have of working jointly with our local partners in Joint Ventures. This has meant a substantial reduction in our fundraising spend which we think is in line with the changes that most charities will need to make over the course of the next few years as they work in a context of increasing austerity. Our fundraising activity is now highly focussed and proportionate to our work programme.

Second we have enhanced and strengthened our capacity to support work in local communities by increasing the number of our 'on the ground' development workers and the development of investment ready locally based joint ventures.

Then third we have restructured our management team as a result of these changes since there is much less in our London office which needs to be managed. Tim Bissett who has been Chief Executive for the last five years and led the organisation through many of the significant changes we have made will be moving on to new challenges. We have all been grateful to Tim for the commitment he has made to developing the 'Together Network'. Recently, Pete Ewins, who has been our Finance Director for the last five years and more latterly Deputy Chief Executive, decided to return to the International Development sector and we will not be replacing him. Pete has set in place good systems of financial management which we will rely on for many years to come.

PLANS FOR 2013

Our vision as articulated above is for a national development network of locally based charitable bodies bringing together activists in local churches, then equipping them for their work in transforming communities by building confidence, raising skill levels and providing small sums of money to lever activity. We have three sets of activity to focus on in the next 12 months:

Development

First we will continue the process of establishing our Joint Action Charities. Setting up a legal infrastructure, developing a high quality trustee board, developing a strategic plan which creates investment ready organisations which will be able over the course of the next three years to become largely self sustaining and deliver a locally based response to poverty.

Second we will develop our local charities as a network, as an association of local organisations and as a mutually supportive resource that is able to articulate in the public sphere the role of the church in tackling poverty.

The network will build on already existing capacity and develop responses that include local people themselves as a solution to the problems they face. Our model is about a resurgence of civil society as the locus of social action.

Our networks will have the following characteristics: they will have access to those most in need through their deep reach into communities; they will be sustainable because they will work with existing infrastructure; they will create a sense of ownership and common values for the work and they will arise from our Christian commitment to a society loved by God.

All of this will be backed up by high quality research.

Fundraising

We will realign our fundraising activity so it utilises the synergies at work in our development work. This will mean turning our fundraising on its head with a much more local focus.

We will maintain our relationship with local churches and individuals who have been our core support for many years. This will be through Direct mail and email.

We will continue to develop our relationship with High Net Worth donors and develop a range of supporters both nationally and regionally.

Our relationship with trusts and foundations will continue to develop as funders for specifically local work and special initiatives that we may develop.

Then we shall explore the possibility of commissioning where this fits in with our overall strategy.

Organisational

We have seen a great deal of organisational change over the last 12 months and this next year will be a period of consolidation.

We shall be gradually during the year reorganising our governance so that it is better able to develop its role in leading the organisation. This will involve the creation of working groups to help the Board oversee Fundraising and Development in addition to the existing Finance & General Purposes Committee.

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 company has 10 subsidiaries. These companies are limited by guarantee, subject to the Companies Act 2006 and are charities registered with the Charity Commission. The directors of the company are known as trustees. At 31 December 2012 there were 8 subsidiaries as set out in table 1 on page 10.

The financial statements represent the consolidated results of Church Urban Fund and Near Neighbours, it being a subsidiary. In future years the financial statements will also represent the results of the Diocesan Joint Ventures. Their results have not been consolidated this year on the grounds of immateriality, although information on their results is set out in note 3 to the financial statements.

Governance Structure of Church Urban Fund

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 one board sub-committee: the Finance and General Purposes Committee, which operates under their designated authority and which oversees and advises on financial and administrative matters.

Michael Eastwood, who had been a trustee for many years and whose contribution had been greatly appreciated by his fellow trustees, stepped down as a trustee on 31 December 2012. We were pleased to welcome The Right Reverend Christopher Chessun to our trustee body in February 2012. These were the only changes to the trustee body.

None of the trustees receive any remuneration or benefits from Church Urban Fund. Any expenses reclaimed are set out in note 9 to the financial statements.

Trustee Induction and Training

On appointment, trustees undergo an induction programme that includes briefings from key staff and the Chair of the Trustees, as well as attendance at meetings of the network of activists. Trustees also have the opportunity to visit projects and diocesan joint ventures as well as to continue attending network meetings during their tenure. 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 formulation of strategy and planning are delegated to a team of senior managers. Formal reporting to the trustee board takes place regularly throughout the year.

Table 1 - Subsidiaries

- Near Neighbours was formed in April 2011 following the creation of the Near Neighbours programme by Church Urban Fund and the Archbishops' Council and the award of £5m by the Department for Communities and Local Government. The company registration number is 07603317 and the charity number is 1142426. It is governed by its Memorandum and Articles of Association dated March 2011. The trustees are appointed by Church Urban Fund and the Archbishops' Council.

- Church Urban Fund is forming a network of local Joint Venture partnerships through which it works with diocese to support and build the capacity of Christians working with the poorest and most marginalised in our society. These subsidiaries comprised:
 - Thrive Together Birmingham - The company registration number is 08039675. An application for registration as a charity has been made. It is governed by its Memorandum and Articles of Association dated 19 April 2012. The trustees are appointed by Church Urban Fund and the Bishop of Birmingham.

 - Together Lancashire - The company registration number is 07966145 and the charity number is 1147848. It is governed by its Memorandum and Articles of Association dated 22 February 2012. The trustees are appointed by Church Urban Fund, the bishop of Blackburn and the Lancashire Methodist District.

 - Transformation Cornwall - The company registration number is 07329249 and the charity number is 1138706. It is governed by its Memorandum and Articles of Association which were updated on 27 February 2012. The trustees are appointed by Church Urban Fund, the Bishop of Truro and the Cornwall Methodist District.

 - Together Newcastle - The company registration number is 08139375 and the charity number is 1150824. It is governed by its Memorandum and Articles of Association dated 4 July 2012. The trustees are appointed by Church Urban Fund and the Newcastle Diocesan Board of Finance.

 - Wellsprings Together Bradford - The company registration number is 06633154 and the charity number is 1139674. It is governed by its Memorandum and Articles of Association which were updated on 18 July 2012. The trustees are appointed by Church Urban Fund and the Bradford Diocesan Board of Finance.

 - Together Liverpool - The company registration number is 08190148 and the charity number is 1151977. It is governed by its Memorandum and Articles of Association dated 3 August 2012. The trustees are appointed by Church Urban Fund and the Liverpool Diocesan Board of Finance.

 - Together Southwark - The company registration number is 08257445 and the charity number is 1153362. It is governed by its Memorandum and Articles of Association dated 3 October 2012. The trustees are appointed by Church Urban Fund and the South London Church Fund & Southwark Diocesan Board of Finance.

Since 31 December the following subsidiaries have been formed:

- Transforming Lives Together – The company registration number is 08419285. An application for registration as a charity is shortly to be made. It is governed by its Memorandum and Articles of Association dated 22 February 2013. The trustees are appointed by Church Urban Fund and the Chester Diocesan Board of Finance.

- Transforming Notts Together - The company registration number is 08399842 and the charity number is 1152870. It is governed by its Memorandum and Articles of Association dated 7 February 2013. The trustees are appointed by Church Urban Fund and the Southwell and Nottingham Diocesan Board of Finance.

Risk

The risk management policy sets out the aim of the trustees to adopt best practice in this area and the roles and responsibilities of trustees and staff in identifying, assessing and mitigating risk. The policy notes that some level of risk will always exist and that any residual risk should be consciously accepted.

The trustees and management have reviewed the risks facing Church Urban Fund on a regular basis during the year and as an integral part of its strategic development. The trustees are satisfied that appropriate systems are in place to mitigate the risks.

Key Relationships

A key relationship in the pursuit of our charitable objectives is with the Church of England. As shown in note 5 to the accounts, Church Urban Fund received a grant from the Archbishops' Council of £0.2m during the year (2011: £0.2m). Additionally, Church Urban Fund's offices are located at Church House for which it paid £104K in rent and associated service charges (2011: £104K). The Fund also receives certain administrative support for which it pays additional sums.

Related Parties

Details of related parties can be seen in note 20 of the financial statements.

FINANCIAL REVIEW

The financial statements reflect the consolidation of the results for the 12 months to 31 December of Church Urban Fund and Near Neighbours. Near Neighbours is solely funded by the Department for Communities and Local Government (DCLG) and the funding can only be used for the programme. As noted above the results of the subsidiaries set out in Table 1, on page 10, have not been consolidated on the grounds of materiality, although information on their results is set out in note 3 to the financial statements.

Income

Total consolidated income for the period was £4.5m (2011: £4.3m). Of this £1.2m (2011: £1.4m) was unrestricted and £3.3m (2011: £2.9m) was restricted.

The decrease in unrestricted income was principally due to a lower level of legacy income which had been unusually high in 2011; 2012: £108K (2011: £234K).

Of the total restricted income of £3.3m, £1.9m (2011: £1.4m) related to Near Neighbours funding and £1.4m (2011: £1.5m) related to Church Urban Fund's other programmes. Near Neighbours funding varies from quarter to quarter in line with the agreement with DCLG. 2012 represented the first full year of the programme compared to the first 9 months of operations included in 2011's results. In addition Near Neighbours income in 2012 includes £200K of funding received in addition to that set out in the original agreement.

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 (2011: £0.2m) is also an important contribution.

Expenditure

Total resources expended were £4.7m (2011: £3.8m).

Total expenditure on Charitable Activities was £3.7m (2011: £3.0m) of which £2.1m (2011: £1.1m) related to the Near Neighbours programme and £1.6m (2011: 1.9m) related to Church Urban Fund's other operations. Near Neighbours expenditure reflects the funding profile and the fact that 2012 was the first full year of operations.

Expenditure on Church Urban Fund's other charitable activities reflects the emphasis on establishing the Joint Action Charities as money for Local Action decreased to £464K (2011: £1,009K) whilst Developing Skills and Capacity increased to £706K (2011: £481K). Expenditure also reflects the fact that funds are being held pending the creation of investment ready organisations as reflected in the increase in restricted funds at 31 December 2012 to £1,305K (2011: £811K).

Expenditure on the Cost of Generating Funds increased to £840K (2011: £685K). As noted above the approach to fundraising has been changed and these costs will reduce in future years.

Expenditure on Governance increased slightly to £160K (2011: £140K), principally reflecting Near Neighbours' first full year of operations.

Reserves Policy

The trustees have reviewed the reserves policy and consider that a target level for unrestricted reserves not in fixed assets (that is free reserves) of £1.5m is appropriate.

This is made up of the following elements:

- The risk of large working capital movements, both within the year and within any single month. The majority of personal and church donations tend to arrive towards the end of the year, whereas expenditure is more even.
- The risk of a shortfall in anticipated unrestricted income, at a time when Church Urban Fund is seeking to grow its income to support the network and meet the needs of the poorest and most marginalised.
- The risk of a fall in restricted income which funds many of Church Urban Fund's activities to support the network and the time frame required to identify and attract new and additional donors.

It is recognised that all of these risks could occur simultaneously.

In addition Church Urban Fund aims to have funds in hand at the end of a financial year so that the grant making and other expenditure can continue into the next year without having to wait until there is assurance about next year's level of income.

In the light of these considerations the trustees have established a target for free reserves (including fixed asset investments) of £1.5m. Free reserves at 31 December 2012 were £1.7m (including fixed asset investments). Whilst this is currently £0.2m above target the funding opportunities and requirements of the Network are considerable and are expected to impact the level of free reserves in the near future.

Reserves

Unrestricted reserves have fallen from £2.1m to £1.7m. This planned reduction reflects the costs that have been incurred in advancing Church Urban Fund's strategic aims.

Restricted reserves have risen from £1.2m to £1.4m. In part this increase reflected the increase in Church Urban Fund reserves (2012: £1,305K; 2011: £811K) pending the creation of investment ready Joint Action organisations, on the other hand, Near Neighbours funds have reduced (2012: £132K; 2011: £346K) due to the timing of disbursement of small grants and delivery partner funding.

Investment Policy and Performance

There has been no change in 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 and in investment grade short- and medium-dated bonds.

At 31 December 2012 £250K of Church Urban Fund's assets were held on deposit with RBS and the balance was held on deposit with CCLA Investment Management Limited, which invests in accordance with the Church of England's ethical policies. CCLA is also Church Urban Fund's investment adviser. The assets of the Fund have been invested in cash throughout the period.

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

HOW OUR ACTIVITIES DELIVER PUBLIC BENEFIT

The aim of Church Urban Fund is to tackle poverty by transforming the lives of the poorest and most marginalised. We give people opportunities, restoring their dignity and enabling them to feel they belong to and contribute to their community. In this way and as demonstrated through this report, its activities deliver public benefit.

We seek to enable Christians, churches and faith based organisations to address poverty directly by offering services that benefit the public in the poorest and most marginalised communities in England.

Church Urban Fund seeks to work with all faiths and denominations. Beneficiaries are not restricted by faith, gender, ethnic origin, disability, age or sexual orientation. Our goal and approach flow from our charitable purpose - the relief of poverty. Through our joint ventures with local Anglican dioceses we help to grow, equip and resource local responses to poverty. We are also forming strategic partnerships with existing groups and organisations that are already engaged with aspects of poverty that are aligned with our core purpose.

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

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 judgements 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 28 August 2013 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 2012 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 13, 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 2012 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.

N J 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 11 September 2013

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 2012

	Notes	Unrestricted Funds 2012 £'000	Restricted Funds 2012 £'000	Total 2012 £'000	Total 2011 £'000
INCOME & EXPENDITURE					
Incoming resources					
Voluntary Income					
Donations & Legacies	4	976	1,000	1,976	2,096
Trusts and Other Income	5	214	392	606	686
Income from charitable activities					
Near Neighbours Programme (DCLG)	2	-	1,925	1,925	1,438
Conferences		6		6	7
Investment income		27		27	26
Total incoming resources		1,223	3,317	4,540	4,253
Resources expended					
Cost of generating funds					
	6	832	8	840	685
Charitable activities					
Church Urban Fund Programme					
Building the Network					
Developing Skills and Capacity	6a	219	487	706	481
Money for Local Action	6b	64	400	464	1,009
Building the Movement	6c	482	3	485	439
		765	890	1,655	1,929
Near Neighbours Programme					
Money for Local Action					
	6d	-	940	940	292
Developing Skills and Capacity					
	6e	-	742	742	437
Developing the Network					
	6f	-	407	407	325
		-	2,089	2,089	1,054
Total charitable activities		765	2,979	3,744	2,983
Governance	8	110	50	160	140
Total resources expended	9	1,707	3,037	4,744	3,808
Net (outgoing)/incoming resources for the year		-484	280	-204	445
Balance brought forward at 1 January		2,148	1,157	3,305	2,860
Balance carried forward at 31 December		1,664	1,437	3,101	3,305

All activities relate to on-going operations. 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.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2012 (Charity Registration No. 297483)

	Notes	2012		2011	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Investments	10		1,000		1,000
CURRENT ASSETS					
Cash held on deposit	10	2,241		2,238	
Debtors	11	80		217	
Cash at bank		474		920	
			2,795		3,375
CURRENT LIABILITIES					
<i>Amount falling due within one year:</i>	12				
Grants awarded but not yet due for payment					
CUF		268		653	
NN		128		181	
Other creditors		279		179	
			675		1,013
NET CURRENT ASSETS			2,120		2,362
TOTAL ASSETS LESS CURRENT LIABILITIES			3,120		3,362
CREDITORS					
<i>Amounts falling due after more than one year:</i>	12				
Grants awarded but not yet due for payment					
CUF			19		57
NET ASSETS			3,101		3,305
FUNDS					
Restricted	14				
CUF			1,305		811
NN			132		346
			1,437		1,157
Unrestricted (CUF)			1,664		2,148
TOTAL FUNDS			3,101		3,305

Approved by the Trustees on 28 August 2013 and signed on their behalf by:

Paul Hackwood: 

Marnie Woodward: 

CHURCH URBAN FUND

BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	2012		2011	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Investments	10		1,000		1,000
CURRENT ASSETS					
Cash held on deposit	10	2,241		2,238	
Debtors	11	103		216	
Cash at bank		347		920	
			2,691		3,374
CURRENT LIABILITIES					
<i>Amount falling due within one year:</i>	12				
Grants awarded but not yet due for payment					
CUF		268		653	
NN		128		181	
Other creditors		253		405	
			649		1,239
NET CURRENT ASSETS			2,042		2,135
TOTAL ASSETS LESS CURRENT LIABILITIES			3,042		3,135
CREDITORS					
<i>Amounts falling due after more than one year:</i>	12				
Grants awarded but not yet due for payment			19		57
NET ASSETS			3,023		3,078
FUNDS					
Restricted - CUF	14				
CUF		1,305		811	
NN		54		119	
			1,359		930
Unrestricted(CUF)			1,664		2,148
TOTAL FUNDS			3,023		3,078

Approved by the Trustees on 28 August 2013 and signed on their behalf by

Paul Hackwood: 

Marnie Woodward: 

Notes to the Financial Statements for the year ended 31 December 2012

1 ACCOUNTING POLICIES

a. Basis of accounting

The financial statements have been prepared under the historical cost convention, with the exception of listed investments, which are included on a market value basis. The financial statements have been prepared in accordance with the governing documents of the charity and UK applicable accounting standards and comply with 'Accounting and Reporting by Charities', the Statement of Recommended Practice 2011 (SORP), the Companies Act 2006 and with the Financial Reporting Standard No 3 (FRS3) under which the operations of the Fund are classified as continuing. The accounts are prepared on an accruals basis.

The Statement of Financial Activities and its Balance Sheet for 2012 consolidate the financial statements of the charity's wholly owned subsidiary undertaking Near Neighbours (which was incorporated in April 2011), made up to the Balance Sheet date. As well as Near Neighbours, CUF also have 7 other subsidiaries. These subsidiaries are not included within the consolidated financial statements as their activities and assets are not material to the group.

No separate Statement of Financial Activities is presented for the charity (CUF) as permitted by the Companies Act 2006 and paragraph 397 of SORP 2005. Of the net movement in funds shown in the consolidated SOFA, £55K deficit is dealt with in the charity's (CUF) SOFA for the year ended 31 December 2012 and £149K deficit is dealt with in the Near Neighbours SOFA for the year ended 31 December 2012.

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 the receipt of the legacy is virtually 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, in accordance with the accruals concept.

All funds received by the Church Urban Fund from the Department for Communities and Local Government are passed to Near Neighbours as per the agreement between Church Urban Fund and Near Neighbours (which administers the programme), and recognised as income for that year. The total income received for the financial year to 31 December was £1,925K.

c. Investment returns

Investment income is accounted for on an accruals basis.

Realised and unrealised gains and losses are accounted for by comparing the sale proceeds or year-end valuation with either the last balance sheet valuation or the cost of purchase, if later.

d. Cost of raising funds

The cost of generating funds comprises costs incurred by the Fund in encouraging individuals, organisations and corporate bodies to contribute financially to its activities. It includes the costs of publicity, of advertising for funds, and of mounting appeals and staging special events. It excludes expenditure incurred locally by dioceses, parishes and committees.

e. Governance

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

f. Grants payable

Grants are charged to the Statement of Financial Activities when they are awarded. It is the opinion of the Trustees that the expectation to pay the outstanding grant is sufficiently strong that it is appropriate to include them as a liability in the Financial Statements.

Grants to Near Neighbours Delivery Partners are charged to the Statement of Financial Activities once funds have been transferred to the recipient's account. This reflects the requirement for them to submit quarterly returns before they are entitled to future funding as unspent amounts in one period would result in a reduction of income in the next.

g. Grant support costs

The support costs include the costs of assessing, reporting on, facilitating the use of and paying grants (please also see note (i) below).

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, CUF 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. Creditors : Grants payable within one year

There were 115 grants outstanding at the year-end, 70 of which relates to Church Urban Fund and 45 to Near Neighbours. The payment schedule for the outstanding amounts depends upon a number of factors beyond the charity's immediate knowledge and control e.g. as the charity is normally the initial funder, it is often uncertain when a project will actually start.

The Charity's policy is that amounts due under all grants approved but not paid should be held in cash.

k. Fund Accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the objectives of the charity. Restricted funds are funds subject to specific restrictive conditions imposed by donors.

l. Operating Lease

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

m. Cash Flow Statement

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

2. RESULTS OF THE NEAR NEIGHBOURS SUBSIDIARY

Church Urban Fund has a wholly owned subsidiary Near Neighbours. The focus for Near Neighbours is to build the network of Christians working with the poorest in certain deprived areas of England where different faith communities live alongside each other.

	Year to 31 December 2012 £'000	9 month period to 31 December 2011 £'000
Income		
Near Neighbours Programme (DCLG)	1,925	1,438
	1,925	1,438
Resources expended		
Charitable activities		
Money for Local Action (Grants to CUF)*	875	412
Faith Leaders Capacity Building	117	92
Young Leaders Capacity Building	134	106
Community Capacity Building	491	238
Developing the Network	407	325
	2,024	1,173
Governance	50	38
	2,074	1,211
Total resources expended		
	2,074	1,211
Net incoming resources for the period	-149	227
Balance brought forward at 1 January	227	-
Balance carried forward at 31 December	78	227

Near Neighbours restricted income of £1,925k reflects total funds received from DCLG for Near Neighbours programme and includes administering its Small Grants Programme.

*Money for Local Action represents the grant to Church Urban Fund to fund future awards under the Near Neighbours Small Grants Programme together with the administration costs of the Programme.

	Year to 31 December 2012 £'000	9 months to 31 December 2011 £'000
Funding available from previous periods	120	0
Near Neighbours grant to Church Urban Fund	875	412
Total funding available	995	412
Church Urban Fund expenditure:		
Near Neighbours Programme - Money for Local Action	890	252
Grants awarded	-11	-5
Less writebacks of awards	879	247
Net grants awards	24	21
Staff costs	38	24
Other Direct costs	941	292
Total Costs	941	292
Funding available for future periods	54	120

3. TOGETHER NETWORK SUBSIDIARIES

The subsidiaries listed below are not included within the Consolidated Financial Statements as their activities and assets are not material to the group (see Table 1 in Trustees Report).

	Birmingham £'000	Lancashire £'000	Cornwall £'000	Newcastle £'000	Bradford £'000	Liverpool £'000	Southwark £'000	Total £'000
Income								
Unrestricted								
CUF	0	45	50	0	0	0	0	95
Other	0	0	9	0	18	0	0	27
Restricted	0	0	1	0	5	0	0	6
	0	45	60	0	23	0	0	128
Expenditure								
Unrestricted	0	33	62	0	21	0	0	116
Restricted	0	0	1	0	4	0	0	5
	0	33	63	0	25	0	0	121
Surplus/Deficit								
Unrestricted	0	12	-3	0	-3	0	0	6
Restricted	0	0	0	0	1	0	0	1
	0	12	-3	0	-2	0	0	7
Opening Balance								
Unrestricted	0	0	31	0	33	0	0	64
Restricted	0	0	0	0	5	0	0	5
	0	0	31	0	38	0	0	69
Closing Balance								
Unrestricted	0	12	28	0	30	0	0	70
Restricted	0	0	0	0	6	0	0	6
	0	12	28	0	36	0	0	76

The above income from Church Urban Fund Ltd, £95k is shown in note 6a.

The basis of the results:

Birmingham

Thrive Together Birmingham was incorporated on 20 April 2012. Until 1 January 2013 then all activities have been conducted through the Birmingham Diocesan Board of Finance pending registration as a charity.

Lancashire

Together Lancashire was incorporated on 27 February 2012 and the above results are taken from the Trustees Report and Financial Statements for the 10 months to 31 December 2012.

Cornwall

Transformation Cornwall became a subsidiary on 22 February 2012 and the above results represent the period since then to 31 December 2012. The results are taken from the management accounts.

Newcastle

Together Newcastle was incorporated on 11 July 2012. Since then all activities have been conducted through Church Urban Fund pending registration as a charity and the opening of a bank account.

Bradford

Wellsprings Together Bradford became a subsidiary on 18 July 2012 and the above results are taken from the draft Trustees Report and Financial Statements for the six months to 31 December 2012.

Liverpool

Together Liverpool was incorporated on 23 August 2012 and all activities have been conducted through Church Urban Fund pending registration as a charity.

Southwark

Together Southwark was incorporated on 17 October 2012 and all activities have been conducted through Church Urban Fund pending registration as a charity.

4. DONATIONS AND LEGACIES

	2012 £'000	2012 £'000	2012 £'000	2011 £'000
	Unrestricted	Restricted	Total	Total
Donations: Individual, Church and Community Donations	868	1,000	1,868	1,862
Legacies	108	-	108	234
	976	1,000	1,976	2,096

Individual and Church Donations include tax recovered under Gift Aid of £97,535 (2011: £95,207)

5. TRUSTS AND OTHER INCOME

	2012 £'000	2012 £'000	2012 £'000	2011 £'000
	Unrestricted	Restricted	Total	Total
Trusts Income	31	392	423	440
Archbishops' Council	203	-	203	203
Other Income	-20	-	-20	43
	214	392	606	686

Other Income represents accrued income which was not received in 2012.

6. RESOURCES EXPENDED

	Staff Costs £'000 (see note 9b)	Grants Awarded net of adjustments £'000 (see notes 6a-f)	Other direct costs £'000	Support costs £'000 (see note 7)	Total 2012 £'000	Total 2011 £'000
Cost of Generating Funds	457	-	215	168	840	685
Charitable Activities						
CUF Programme						
Building the Network						
Developing Skills and Capacity (6a)	249	95	271	91	706	481
Money for Local Action (6b)	90	341	-	33	464	1,009
Building the Movement (6c)	195	-	218	72	485	439
	534	436	489	196	1,655	1,929
Near Neighbours Programme						
Money for Local Action (6d)	37	879	24	-	940	292
Developing Skills and Capacity (6a)	39	663	27	13	742	437
Developing the Network (6f)	32	346	18	11	407	325
	108	1,888	69	24	2,089	1,054
Total charitable activities	642	2,324	558	220	3,744	2,983
Governance (see note 8)	100	-	25	35	160	140
Total resources expended	1,199	2,324	798	423	4,744	3,808

6a. CUF PROGRAMME - DEVELOPING SKILLS AND CAPACITY

	Grants to Subsidiaries £'000 (see note 3)	Other direct costs £'000	2012 £'000	2011 £'000
Funding to Diocesan Joint Venture Partnerships				
Thrive Together Birmingham	-	50	50	50
Together Lancashire	45	3	48	16
Transformation Cornwall	50	2	52	50
Together Newcastle	-	42	42	23
Wellsprings Bradford	-	-	-	1
Together Southwark	-	1	1	-
Bristol	-	5	5	-
Hull	-	25	25	25
London	-	20	20	-
	95	148	243	165
Capacity Building through resources & events	-	93	93	67
Conferences & Events	-	12	12	33
Volunteering	-	18	18	-
	95	271	366	265
Staff costs			249	158
Support costs			91	58
Total Cost of CUF Programme - Developing Skills and Capacity			706	481

6b. CUF PROGRAMME - MONEY FOR LOCAL ACTION

	2012 £'000	2011 £'000
Grants awarded to projects during the year (see note 16 for details)	453	1,067
Less writebacks of awards*	-112	-195
Net grant awards	341	872
Staff costs	90	100
Support Costs	33	37
Total cost of CUF Programme - Money for Local Action	464	1,009

* Writebacks of awards represent grants awarded in previous years that have been wholly or partially unclaimed.

The unrestricted expenditure of £65k shown in the SOFA consists of unrestricted costs of £123k (£90k staff costs and £33k support costs) which are offset by unrestricted grant writebacks of £58k.

6c. CUF PROGRAMME - BUILDING THE MOVEMENT

	2012 £'000	2011 £'000
Publications and printing	108	22
Web development and digital	14	7
Promotion and production	73	83
Research reports	23	30
	218	142
Staff costs	195	218
Support costs	72	79
Total cost of CUF Programme - Building the Movement	485	439

6d. NEAR NEIGHBOURS PROGRAMME - MONEY FOR LOCAL ACTION

	2012 £'000	2011 £'000
Grant awarded to projects during the year (see note 17 for details)	890	252
Less writebacks of awards*	-11	-5
Net grant awards	879	247
Staff costs	24	21
Other Direct Costs	37	24
Total cost of Near Neighbours Programme - Money for Local Action	940	292

* Writebacks of awards represent grants awarded in previous years that have been wholly or partially unclaimed.

6e. NEAR NEIGHBOURS PROGRAMME - DEVELOPING SKILLS AND CAPACITY

	2012 £'000	2011 £'000
Funding Delivery Partners		
Faith Leaders capacity building		
Christian Muslim Forum	74	57
Council for Christians and Jews	12	6
Hindu Christian Forum	6	8
Young Leaders capacity building		
The Feast	30	38
Bradford Churches for Dialogue and Diversity Catalyst Programme	40	18
St Philip's Centre, Leicester Catalyst Programme	44	33
Community capacity building		
Nehemiah Foundation	457	210
	663	370
Staff costs	39	23
Other Direct costs	27	31
Support Costs	13	13
Total cost of Near Neighbours Programme - Developing Skills and Capacity	742	437

6f. NEAR NEIGHBOURS PROGRAMME - DEVELOPING THE NETWORK

	2012 £'000	2011 £'000
Funding Delivery Partners		
Faithful Neighbourhoods Centre, Birmingham	89	70
St Philip's Centre, Leicester	83	73
Contextual Theology Centre, London	100	66
Bradford Churches for Dialogue and Diversity	74	62
	<u>346</u>	<u>271</u>
Staff costs	32	20
Other Direct costs	18	24
Support Costs	11	10
	<u>407</u>	<u>325</u>

7. SUPPORT COSTS

	2012 £'000	2011 £'000
Rent and associated costs	104	104
Professional Costs	68	79
Other (includes recruitment, IT, staff expenses)	251	174
	<u>423</u>	<u>357</u>

8. GOVERNANCE

	2012 £'000	2011 £'000
a. Church Urban Fund		
Staff Costs	69	65
Audit Fees	16	10
Office Costs	25	27
	<u>110</u>	<u>102</u>
b. Near Neighbours		
Staff Costs	31	20
Audit Fees	16	8
Office Costs	3	10
	<u>50</u>	<u>38</u>
Total Governance costs	<u>160</u>	<u>140</u>

9. TOTAL RESOURCES EXPENDED
a. Analysis of costs by categories

	Grant Awards £'000	Writebacks £'000	2012 £'000	2011 £'000
Grants Awarded				
- CUF	453	112	341	872
- NN	890	11	879	247
Total Grants Awarded	<u>1343</u>	<u>123</u>	<u>1,220</u>	<u>1,119</u>
Developing Skills & Capacity (CUF) - see note 6a			366	265
Developing Skills & Capacity - Grants to Delivery Partners (NN)			663	370
Developing the Network - Grants to Delivery Partners (NN)			346	271
Evaluation costs			43	52
Staff Costs (see Note 9b)			1,199	973
Audit fees			32	17
Premises lease costs			104	104
Fundraising direct costs - see note 6			215	211
Communications direct costs			234	159
Other (incl. recruitment, IT, staff expenses, insurance, legal, stationary)			322	267
			<u>4,744</u>	<u>3,808</u>

b. Staff Costs

	2012 £'000	2011 £'000
Salaries	1,040	835
Social Security	105	89
Pensions	54	49
	<u>1,199</u>	<u>973</u>

Accrued pension contributions of £4,032 (2011: £3,800) are included in staff costs.

The average number of full time equivalent staff employed by or seconded to CUF and NN during the year was as follows:

	2012	2011
Direct Charitable	10	7
Fundraising	11	7
Communications	3	3
Management and Administration	6	4
	<u>30</u>	<u>21</u>

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

	2012	2011
Normal emoluments:		
£60,001 to £70,000	1	1
£70,001 to £80,000	1	1
	<u>2</u>	<u>2</u>

Pension contributions of £10,924 (2011: £10,815) were made in respect of the above employees.

In addition, during the year there were 2 employees whose emoluments fell below £60,000, however due to a restructuring programme, CUF agreed redundancy payments to these 2 employees, which took them above £60,000.

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:

	2012		2011	
	No.	£'000	No.	£'000
Travel, subsistence and other expenses	7	16	6	13

Trustee expenses include those of the Chairman who works for the organisation on a full-time (unpaid) basis.

10. INVESTMENTS HELD FOR LONG AND SHORT TERM

	2012	2011
	£'000	£'000
Fixed assets investments	1,000	1,000
Cash held on deposit within current assets	2,241	2,238
Total (held with CBF Deposit Fund and RBS)	3,241	3,238

CUF's investment policy is to invest in cash and cash related investments and in investment grade short and medium dated bonds. This is designed 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.

11. DEBTORS (all short term)

	Group		Charity (CUF)	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Prepayments and accrued income	21	55	21	54
Other debtors				
Legacies	32	158	32	158
Donations (vouchers, credit cards)	12	4	12	4
Catalyst grant	15	0	15	-
	<u>80</u>	<u>217</u>	<u>80</u>	<u>216</u>
Intercompany account (NN)	-	-	23	-
	<u>80</u>	<u>217</u>	<u>103</u>	<u>216</u>

12. CURRENT LIABILITIES AND LONG-TERM LIABILITIES

	Group		Charity (CUF)	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Grants payable (note 13)				
CUF	268	653	268	653
NN	128	181	128	181
Taxation & Social Security	30	46	25	44
Accruals	249	133	228	86
	<u>675</u>	<u>1,013</u>	<u>649</u>	<u>964</u>
Intercompany account			-	275
	<u>675</u>	<u>1,013</u>	<u>649</u>	<u>1,239</u>
Amounts falling due after one year (but within five years):				
Grants payable (note 13)	19	57	19	57
	<u>694</u>	<u>1,070</u>	<u>668</u>	<u>1,296</u>

Included in accruals, as shown under note 9, are pension contributions of £4,032 which were outstanding at 31 December 2012 (2011: £3,800).

13. MONEY FOR LOCAL ACTION

	CUF Programme		NN Programme		Total	Total
	2012	2011	2012	2011	2012	2011
	£'000	£'000	£'000	£'000	£'000	£'000
Total grants awarded to projects from 1988 to beginning of year	63,321	62,449	247	-	63,568	62,449
Grants awarded during year (notes 16 and 17)	453	1,067	890	252	1,343	1,319
Writebacks	-112	-195	-11	-5	-123	-200
Total grants awarded to end of year	63,662	63,321	1,126	247	64,788	63,568
Less						
Total grants paid to projects beginning of year	62,611	61,175	66	-	62,677	61,175
Grants paid during year	778	1,451	932	66	1,710	1,517
Returned Grants	-14	-15	-	-	-14	-15
Total grants paid to end of year	63,375	62,611	998	66	64,373	62,677
Balance of grants payable	287	710	128	181	415	891
Amounts falling due within one year	268	653	128	181	396	834
Amounts falling due after more than one year (but within five years)	19	57	-	-	19	57
Balance of grants payable	287	710	128	181	415	891

14. RESTRICTED FUNDS

	Balance at 01/01/2012 £'000	Incoming Resources £'000	Resources Expended £'000	Balance at 31/12/2012 £'000
CUF Programme				
Mustard seed grants	251	375	349	277
Growth grants	60	-	50	10
Joint Ventures	-	243	243	-
Volunteering	25	20	19	26
Network Development	475	754	237	992
	<u>811</u>	<u>1,392</u>	<u>898</u>	<u>1,305</u>
Near Neighbours	227	1,050	1,199	78
Near Neighbours Small Grants Programme	119	875	940	54
	<u>346</u>	<u>1,925</u>	<u>2,139</u>	<u>132</u>
	<u>1,157</u>	<u>3,317</u>	<u>3,037</u>	<u>1,437</u>

CUF programme are restricted to expenditure on grants for projects and other development activities as agreed with the donor.

15. OPERATING LEASE

At 31 December 2012, CUF was committed to making the following payments under operating leases in the year to 31 December 2013:

	Land and Building	
	2012 £'000	2011 £'000
Operating leases which expire:		
Within 1 year	104	104
	<u>104</u>	<u>104</u>

16. CUF PROGRAMME - MONEY FOR LOCAL ACTION

GRANTS AWARDED IN 2012 BY SECTOR

	2012 £'000	2011 £'000
Mustard Seed Grants		
Addiction/Substance Abuse	9	15
Advice/Advocacy/Counselling	22	40
Church/Building	-	60
Community	135	170
Criminal Justice	15	42
Debt/Financial Advice	39	24
Education	12	69
Employment/Training	37	84
Health/Mental Health	4	82
Homeless/Housing	32	82
Interfaith	5	26
Prostitution/People Trafficking	14	20
Refugees/Asylum Seekers	34	79
Social Welfare	15	49
	<u>373</u>	<u>842</u>
Health and Belief Grants		
Health/Mental Health	30	30
Growth Grants		
Advice/Advocacy/Counselling	-	10
Criminal Justice	-	20
Debt/Financial Advice	-	10
Education	10	20
Employment/Training	10	20
Homeless/Housing	10	20
Prostitution/People Trafficking	10	10
Refugees/Asylum Seekers	10	10
	<u>50</u>	<u>120</u>
Other Grants	0	75
Grand total	<u>453</u>	<u>1,067</u>

16a. GRANTS AWARDED IN 2012 BY REGION (DIOCESE)

	2012 £'000	2011 £'000
Bath & Wells	-	5
Birmingham	15	90
Blackburn	9	33
Bradford	27	33
Bristol	13	23
Canterbury	5	5
Carlisle	6	-
Chelmsford	17	79
Chester	10	5
Chichester	22	29
Coventry	-	13
Derby	10	10
Durham	11	20
Exeter	8	13
Guildford	-	10
Gloucester	2	-
Hereford	-	3
Leicester	-	8
Lichfield	3	25
Lincoln	-	4
Liverpool	15	99
London	51	130
Manchester	6	69
Newcastle	9	5
Norwich	12	10
Oxford	12	5
Peterborough	3	5
Ripon & Leeds	40	34
Rochester	-	10
St Albans	10	20
St Edmundsbury & Ipswich	2	-
Salisbury	-	5
Sheffield	16	48
Southwark	22	50
Southwell & Nottingham	23	38
Truro	25	21
Wakefield	10	22
Winchester	9	4
Worcester	2	18
York	23	42
Grants covering more than one Diocese	5	24
Total Grants awarded	453	1,057

17a. NEAR NEIGHBOURS PROGRAMME - MONEY FOR LOCAL ACTION IN 2012 BY ACTIVITY

	2012 £'000	2011 £'000
Local Initiatives		
First Encounters: between people of different faith and ethnic communities, encouraging the development of friendship and neighbourliness	190	96
Everyday Interactions: encouraging families and individuals to come together regularly	540	87
Social Action: bringing together people from different faith and ethnic communities to work together to change their neighbourhoods for the better	160	69
Total Grants Awarded before writebacks (see Note 6d)	890	252

17b. NEAR NEIGHBOURS PROGRAMME - MONEY FOR LOCAL ACTION IN 2012 BY REGION

	2012 £'000	2011 £'000
Regional Centre		
Contextual Theology Centre, London	218	71
St Philip's Centre, Leicester	95	31
Faithful Neighbourhoods Centre, Birmingham	245	78
Bradford Churches for Dialogue and Diversity	308	72
Other	24	-
Total Grants awarded before writebacks (see Note 6d)	890	252

18. NET ANALYSIS OF ASSETS AND LIABILITIES BY FUND

	Unrestricted £'000	Restricted £'000	2012 £'000	2011 £'000
Investments	1,000	-	1,000	1,000
Current assets	1,204	1,591	2,795	3,375
Current liabilities	-521	-154	-675	-1,013
Long term liabilities	-19	-	-19	-57
	1,664	1,437	3,101	3,305
CUF	1,664	1,305	2,969	2,959
NN	-	132	132	346
	1,664	1,437	3,101	3,305

19. POST BALANCE SHEET EVENTS

Since the 31 December the following joint venture companies have been formed:

Transforming Lives Together – a joint venture between Church Urban Fund and the Chester Diocesan Board of Finance (Company No. 08419285). An application for registration as a charity is shortly to be made.

Transforming Notts Together – a joint venture between Church Urban Fund and the Southwell and Nottingham Diocesan Board of Finance (Company No. 8399842 and the Charity Registration No. 1152870)

20. RELATED PARTIES

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. During the year to 31 December 2012 Near Neighbours paid a grant of £120K to Bradford Churches for Dialogue and Diversity.

The Rt Revd Richard Atkinson, a Trustee of Near Neighbours, is also a Trustee of St Philip's Centre Leicester. During the year to the 31 December 2012 Near Neighbours paid a grant of £138K to St Philip's Centre Leicester.

The Rt Revd. Richard Atkinson, a Trustee of Near Neighbours, is also Co-Chair of the Hindu Christian Forum. During the year to the 31 December 2012 Near Neighbours paid a grant of £6K to the Hindu Christian Forum.

Canon Denise Poole is a Trustee of Wellsprings Together Bradford. During the year to 31 December 2012 Church Urban Fund paid a grant of £4K to Wellsprings Together Bradford.

Andrew Dorton, a Trustee of Church Urban Fund, is also a Trustee of Social and Economic Action Resource of Churches in Hull and District (SEARCH). During the year to 31 December 2012 Church Urban Fund paid a grant of £25K to SEARCH.

Andrew Dorton, a Trustee of Church Urban Fund, is also a Trustee of Hull Youth for Christ. During the year to 31 December Church Urban Fund paid a grant of £10K to Hull Youth for Christ.

Andrew Dorton, a Trustee of Church Urban Fund, is also Chair of the National Council of UNLOCK. During the year to 31 December Church Urban Fund paid a grant of £17K to UNLOCK.

A key relationship in the pursuit of our charitable objectives is with the Church of England. As shown in note 5 to the accounts, Church Urban Fund received a grant from the Archbishops' Council of £0.2m during the year (2011: £0.2m). Additionally, Church Urban Fund's offices are located at Church House for which it paid £104k in rent and associated service charge (2011: £104k). The Fund also received certain administrative support for which it pays additional sums.