

CHURCH URBAN FUND
Tackling Poverty Together

TRUSTEES' REPORT
AND FINANCIAL STATEMENTS

For the year ended 31 December 2013

CHURCH URBAN FUND – Trustees, Officers and Advisers

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REPORT OF THE TRUSTEES

AN INTRODUCTION TO CHURCH URBAN FUND

Welcome to our new look annual report, setting out what we aim to do, our successes and challenges during the last twelve months and our plans for the future.

At CUF we are in the business of working for a better society; we want to see a society where everyone especially the poorest and most marginalised feel they have a contribution to make to the common good, where people flourish and thrive, and in the places where these things do not happen, making attempts at bringing about transformation. For us this is about tackling poverty at its roots.

Our origins are in the Church of England and we recognise that the churches (and we work with all churches) have a unique and significant role in the transformation that many would like to see.

The church brings three special things to the creation of a good society:

- First it brings the passion and commitment of faith, which motivates and encourages people to engage with the problems of society. This activism through volunteering or political engagement is well known.
- Second it brings its institutional life, and with it the capacity that the institutions bring at local level, buildings, legal structures and a history of relationships in a particular place.
- Thirdly it brings a long history of engagement on these issues from the very first days of its life to the statements of the Archbishop of Canterbury Justin Welby and Pope Francis.

We work by helping the churches to organise around creating a better society and through its assets of energy, plant and knowhow.

Our response to poverty is a practical one. 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:

- *Facilitating church based social action* by supporting those who are committed to bringing about change in their area. We have established a number of Joint Ventures with dioceses across the country which act as hubs for action.
- *Building the capacity* of people to respond to the issues they face, which can include knowledge sharing, leadership development and even confidence building.
- *Building partnerships*, bringing people together to tackle problems in ways which encourage trust and relationship building and encourage joint working and joined up solutions. Working together is a key plank of our strategy.

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 and develop 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 the body politic and local communities themselves. The cornerstone of this activity is the Church of England with its unparalleled presence and engagement in every local community across the nation.

WHAT WE HAVE ACHIEVED DURING 2013

During 2013, we have continued to prioritise the work of our **Together Network**, a group of local charities that we have established around which we provide financial, organisational, and legal resources, and through which we aim to achieve our objectives. The aims of the **Together Network** remain the same as in 2012: it is through this network that people in local churches can be resourced and equipped to tackle poverty and 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. Through the network we continue to provide a space for people to listen to each other and begin to shape the responses to the situations they face.

We now have thriving partnerships in Birmingham, Bradford, Canterbury, Chester, Cornwall, Lancashire, Liverpool, Middlesbrough, Newcastle, Nottingham, and Southwark and are continuing to develop joint ventures in Durham, Coventry, London, Bristol, Bath and Wells, Manchester and Lichfield.

During 2013, we have undertaken a wide set of activities under three headings: **Church-led Social Action; Training, Workshops and Events; and Building Local Partnerships**. The specifics of the activities under each heading are determined by the local network in order to address specifically local needs, but knowledge and information are shared across the networks in order to avoid 'reinventing the wheel'.

Together Network: Church-led Social Action

We want more churches to be engaged in tackling poverty, so we provide churches and church-based organisations with support in the areas of strategic planning and organisational governance, establishing sustainable funding streams, recruiting and managing volunteers, promoting activities and events, and brokering relationships with other local actors. We have made significant progress here in 2013, with examples of our achievements to date as follows:

- In Cornwall, we have worked with a churches network to secure funding for a food bank co-ordinator and sought funding for a church centre that wanted to run an apprenticeship programme.
- In Lancashire, we secured funding for New Life Church to refurbish their kitchen in support of work with the homeless and supported the development of facilities for a network of job clubs.
- In Middlesbrough, we have secured a new depot and developed a board of Trustees for a foodbank which has served over 4,000 people in 2013, as well as setting up a welcome project for asylum seekers and co-developing a family drop-in centre with the charity Safe Families for Children.
- In Newcastle, we have supported a Time Bank pilot, and a digital inclusion project, amongst many other initiatives.
- In Notts, we have supported the development of a debt advice service and the establishment of a Cold Weather Shelter.

Together Network: Training, Workshops and Events

Church Urban Fund also supports or delivers a wide variety of events, including training sessions to develop skills such as fundraising or business planning, workshops to increase understanding of issues such as welfare reform, events that bring together local actors to share knowledge and grow networks, and presentations to tell people about the Network and poverty-related issues.

2013 has been a vibrant year for this stream of work, with leaders and activists within the Together Network setting firm foundations for future activity. In Liverpool, for instance, the Together Network helped to organise a network meeting on Credit Unions and helped organise a private launch of the Adeleide Housing project, whilst in Lancashire, the network has played a lead role in facilitating conversations about Parish Nursing, supported the strengthening of local networks through the organisation of the Faith In the Community events, which were attended by over 120 people. This, together with a wide reaching programme of briefings, presentations and workshops on matters of poverty, justice, fundraising and approaches to joint working, has set a solid foundation for future action and collaboration. Over 500 people attended our Tackling Poverty Together Conference in November 2013, which was a great confidence lift for those associated with our Together Network.

Together Network: Partnership Work

The development of partnerships with and between local churches, organisations and agencies has also been an area of strong performance in 2013. Through this work, Church Urban Fund is able to help people feel supported and connected in their efforts to tackle poverty, increase joined-up, strategic working and reduce duplication, share knowledge, expertise and best practice in particular areas of work, and grow a community of people who are committed to tackling poverty in the local area.

This work has shown real dividends in 2013, with a wide range of activities now in place. Examples include our network's work in Birmingham, in partnership with Housing Justice, to provide a Winter Night Shelter, a joint project in Middlesbrough with the Hope Foundation to explore providing employment and basic skills training to projects, and a training course on budgeting for staff at Foothold Housing in Notts, to name but a few.

Near Neighbours

Our Near Neighbours work has continued to go from strength to strength during 2013. The programme is based on the idea of bringing people together who are near neighbours in communities that are diverse and engage in social action together so it complements the works we do with the Together Network. It encourages people to get to know each other better, build relationships as people and collaborate together on initiatives that improve the local community they live in. The programme is funded by a grant from the Department for Communities and Local Government (DCLG) and will continue for another two years as a result of additional funding from the Department.

Building on its twin objectives of Social Interaction (helping people from different faiths get to know and understand each other better) and Social Action (encouraging people of different faiths, or no faith, to come together for initiatives that improve their local neighbourhood), the Near Neighbours programme is delivered out of four key centres in areas of significant community diversity:

- Leicester - St. Philip's Centre for Presence and Engagement in a multi-faith society
- Bradford - Bradford Centre for Dialogue and Diversity
- East London - The Contextual Theology Centre
- Birmingham - Faithful Neighbourhood Centre.

The programme has supported a wide variety of projects and initiatives during 2013, two examples of which are as follows:

Volunteering Network

The Jewish Volunteering Network is working with InterFaith Action to promote volunteering amongst young people in Barkingside, Redbridge. The project has three phases: a half day seminar and information event, volunteer placements with local community projects, and a final celebration and story sharing event. The initial seminar provides training on working collaboratively with other faiths, provides information about volunteering and creating social action projects, and helps students to discover local volunteering opportunities in advance of their placements.

New Shoots Gardening Club

New Shoots Gardening Club in Leicester is acting as the lead organisation on a project to develop an area of unused outside space beside the local library on the edge of a newly built estate. The project is actively engaging the area's diverse faith communities, and will partner with the local authority, community payback service, and a local college. It is recruiting volunteers of all backgrounds and ages to work together to develop the space for community use, with the view being to install a community garden and children's play area.

Reorganisation

During 2013, we have substantially reorganised the central structures of Church Urban Fund in line with our longer term strategy, which has enabled us to reduce costs substantially. Specifically, 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, which 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.

This reorganisation has not simply been about reducing posts: in order to enhance and strengthen our capacity to support work in local communities, we have actually increased the number of our 'on the ground' development workers and the development of investment-ready, locally-based joint ventures. We hope that this local focus will continue to drive our organisational thinking over the next planning period.

Finally, we have restructured our management team and, as a result of these changes, our core management need in our London office is much reduced.

PLANS FOR 2014

Our Vision as articulated above is for a national development network of locally-based charitable bodies bringing together activists in local churches, equipping them for their work in transforming communities by building confidence, raising skill levels and providing small sums of money to lever activity.

We are now eighteen months into the delivery of this Vision, and have established a strong platform from which to continue ongoing community transformation. Whilst of course we will continue to learn, improve, and refine our delivery models, our success in listening to and supporting local responses to local issues has been recognised in performance assessments undertaken by third party experts including the New Economics Foundation, and it is therefore with confidence that we will continue to use and replicate our delivery model over the coming years.

We will continue to pursue our vision in 2014, with the following areas of activity taking priority:

Development

First we will continue the process of establishing our Together Network charities. In each case we aim to set up a legal infrastructure, developing a high quality trustee board, developing a strategic plan which creates investment ready organisations which will be able to deliver a locally based response to poverty. These are the key to mobilising the churches' social action.

Second we will develop our local charities as a network across the country, 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 of change is about a resurgence of the body politic 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 have now established our fundraising strategy raising funds from churches and individuals, which has been a core strength of the organisation, charitable trusts, major donors and public funds. We believe that the foundations that we have laid and the unique relationship we are able to create between the local and the national will mean that we can grow the organisation in line with the expectations of the local networks we work with.

Church Urban Fund multiplies the effort and resources that go into church based social action. For every £1 raised by churches and individuals in 2013, Church Urban Fund invested £4.50 to make this work more strategic, effective and sustainable.

Organisational

These last few years has been a time of major change, and 2014 will be the first year that we will begin to see the dividends of the courageous decisions that the Trustees have taken. We see ourselves very much now in a time where our direction is set and we have in place a high quality delivery mechanism. 2014 will be a time simply to trim the sails.

Near Neighbours

Due to the success of the programme the Department for Communities and Local Government will be continuing to fund a further two years with a £3m grant, and additional match funding of £300k each year brings the total programme value to £3.6m. The first year of match funding has already been received from Church Urban Fund in the amount of £300k.

FINANCIAL REVIEW

The financial statements represent the consolidated income and expenditure and balance sheet for the year of Church Urban Fund and its subsidiary Near Neighbours. The results of the subsidiary joint ventures, the Together Network, are not consolidated on the grounds of materiality. However, the existing 11 members of the network are listed in note 18 to the accounts and the geographical spread of how the £940k has been invested in these partnerships is shown in note 5a to the accounts.

The results for the Near Neighbours subsidiary on its own are given in note 2 to the accounts and shows the £300k match funding received from Church Urban Fund for the second phase of the programme, this shown on the face of the Statement of Financial Activities as a transfer from Church Urban Fund's unrestricted reserves.

All subsidiaries are companies limited by guarantee, subject to the Companies Act 2006, and are charities registered with the Charity Commission.

Overview

The Church Urban Fund achieves its key objectives of Facilitating Church Based Social Action, Building Capacity and Building Partnerships through the Church Urban Fund Programme and the Near Neighbours Programme.

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

- Support of the Together Network of Diocesan Joint Venture Partnerships, through direct funding and capacity building via resources and events

- **Together Grants** – a 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:

- **Encouraging 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 neighbourhoods, and developing relationships across faith and ethnic boundaries through four presence and engagement hubs.

Income

Total consolidated income for the year was £4.1m (2012 - £4.5m), of this £1.1m (2012 - £1.2m) was unrestricted and £3.0m (2012 - £3.3m) was restricted income.

Of the total restricted income, £1.6m (2012 - £1.9m) related to Near Neighbours and £1.4m (2012 - £1.4m) related to Church Urban Fund's other programmes.

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 (2012 - £0.2m) is also an important contribution as is the contribution from trusts and charitable foundations.

Expenditure

Total resources expended were £3.8m (2012 - £4.7m).

Total expenditure on Charitable Activities was £3.3m (2012 - £3.7m) of which £1.6m (2012 - £2.1m) related to the Near Neighbours programme and £1.7m (2012 - £1.6m) related to Church Urban Fund's other operations. Expenditure on Church Urban Fund's other charitable activities reflects the emphasis on building the Together Network £940k (2012 - £706k), Together Grants of £376k (2012 - £464k) and Building the Movement £342k (2012 - £485k).

Expenditure on the Cost of Generating Funds has reduced dramatically to £330k (2012 - £840k) which, as explained above, reflects the reorganisation and change in approach to fundraising – an emphasis now on partnership working through the Together Network.

Expenditure on Governance increased slightly to £169k (2012 - £160k).

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 £949k are very close to this target figure.

Additionally, out of unrestricted reserves, a £300k designated reserve, the "Challenge Fund", has been established this year. The Challenge Fund will provide a sum of money which can be used to aid innovation

and infrastructure in responding to issues of poverty and disadvantage. Applications may also come through the Together Network and will seek to provide responses to specific challenges that our networks are experiencing in their work. Grants will be agreed by the Board of Trustees.

Restricted reserves, which may only be expended in accordance with the donor's restrictions, have risen from £1.4m in 2012 to £2.2m due to the increased funding for the Together Network and Near Neighbours. Restricted reserves for Church Urban Fund have risen to £1,829k (2012: £1,305k). Near Neighbours restricted funds have increased to £368k from £132k in 2012, mainly due to a transfer of £300k from Church Urban Fund unrestricted funds to Near Neighbours, representing committed match funding for the DCLG grant.

Overall, the Balance Sheet has grown to £3.4m (2012 - £3.1m).

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.

Note 9 shows that £3.2m 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.

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 works with people and organisations of 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.

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 7 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 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 seeks to build up overall organisational resilience to potential challenges. We have therefore identified the three key vulnerabilities that we have and then set in place strategies to address and monitor them.

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 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 general meeting.

Approved by the trustees on 8 MAY and signed on their behalf by:
2014


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 2013 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 11, 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 web-site 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 charity's affairs as at 31 December 2013 and of its 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 Report of the Trustees 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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration 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

22 May 2014

Date

Chartered Accountants and Statutory Auditor, Times House, Throwley Way, Sutton, Surrey SM1 4JQ
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 2013

	Notes	Unrestricted Funds 2013 £'000	Designated Fund 2013 £'000	Restricted Funds 2013 £'000	Total 2013 £'000	Total 2012 £'000
INCOME & EXPENDITURE						
Incoming resources						
Voluntary Income						
Donations & Legacies	3	853		1,010	1,863	1,976
Trusts and Other Income	4	227		406	633	606
Income from charitable activities						
Near Neighbours Programme	2			1,633	1,633	1,925
Conferences		4			4	6
Investment income		24			24	27
Total incoming resources		1,108		3,049	4,157	4,540
Resources expended						
Cost of generating funds						
	5	330			330	840
Charitable activities						
Church Urban Fund Programme						
Together Network	5a	336		604	940	706
Together Grants	5b	89		287	376	464
Building the Movement	5c	342			342	485
		767		891	1,658	1,655
Near Neighbours Programme						
Encouraging Participation	5d			699	699	940
Building Capacity	5e			646	646	742
Building Networks	5f			310	310	407
				1,655	1,655	2,089
Total charitable activities		767		2,546	3,313	3,744
Governance	7	126		43	169	160
Total resources expended		1,223		2,589	3,812	4,744
Net incoming/outgoing resources for year		-115		460	345	-204
Transfer between funds - Challenge Fund		-300	300		0	
Transfer between funds - Near Neighbours		-300		300	0	
Balance brought forward at 1 January		1,664		1,437	3,101	3,305
Balances carried forward 31 December		949	300	2,197	3,446	3,101

The charity has no recognised gains or losses other than the net movement in funds for the year shown above. The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. All activities relate to ongoing operations.

CHURCH URBAN FUND

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	2013		2012	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Cash held on deposit	9				1,000
CURRENT ASSETS					
Cash held on deposit	9	3,253		2,241	
Debtors	10	248		80	
Bank		364		474	
			3,865		2,795
CURRENT LIABILITIES					
<i>Amount falling due within one year:</i>	11				
Grants awarded but not yet due for payment					
CUF		142		268	
NN		1		128	
Other creditors		268		279	
			411		675
NET CURRENT ASSETS			3,454		2,120
CREDITORS					
<i>Amounts falling due after more than one year:</i>	11				
Grants awarded but not yet due for payment					
CUF			8		19
NET ASSETS			3,446		3,101
FUNDS					
Restricted	13				
CUF			1,829		1,305
NN			368		132
			2,197		1,437
Unrestricted (CUF)					
General Reserves			949		1,664
Designated fund - Challenge Fund			300		
TOTAL FUNDS	17		3,446		3,101

Approved by the Trustees on 8 MAY..... and signed on their behalf by:
 2014

Paul Hackwood:  Marnie Woodward: 



CHURCH URBAN FUND

BALANCE SHEET

AS AT 31 DECEMBER 2013

	Notes	2013		2012	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Cash held on deposit	9				1,000
CURRENT ASSETS					
Cash held on deposit	9	3,253		2,241	
Debtors	10	248		103	
Cash at bank		350		347	
			3,851		2,691
CURRENT LIABILITIES					
<i>Amount falling due within one year:</i>	11				
Grants awarded but not yet due for payment					
CUF		142		268	
NN		1		128	
Intercompany creditor (NN)		360			
Other creditors		262		253	
			765		649
NET CURRENT ASSETS			3,086		3,042
CREDITORS					
<i>Amounts falling due after more than one year:</i>	11				
Grants awarded but not yet due for payment			8		19
NET ASSETS			3,078		3,023
FUNDS					
Restricted	13				
CUF		1,829		1,305	
NN				54	
			1,829		1,359
Unrestricted					
General Reserves			949		1,664
Designated fund - Challenge Fund			300		
TOTAL FUNDS	17		3,078		3,023

Approved by the Trustees on 8 MAY..... and signed on their behalf by:
2014

Paul Hackwood:  Marnie Woodward: 

CHURCH URBAN FUND

Notes to the Financial Statements for the year ended 31 December 2013

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 but not the Together Network. These subsidiaries are not yet, financially, material within the context of the group.

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 £2.5m and net incoming resources £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. It includes the costs of publicity, mounting appeals and staging special events.

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.

2. RESULTS OF SUBSIDIARY - NEAR NEIGHBOURS

Near Neighbours creates 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.

	2013 £'000	2012 £'000
Income		
Income from Charitable Activities - DCLG via Church Urban Fund	1,633	1,925
Income from Charitable Activities - Church Urban Fund	300	
	<u>1,933</u>	<u>1,925</u>
Resources expended		
Charitable activities		
Encouraging Participation	644	875
Building Capacity:		
Faith Leaders	118	117
Young Leaders	132	134
Community	396	491
Building the Networks	310	407
	<u>1,600</u>	<u>2,024</u>
Governance	43	50
	<u>1,643</u>	<u>2,074</u>
Net Incoming/outgoing resources for year	290	-149
Balance brought forward at 1 January	78	227
Balance carried forward at 31 December	<u>368</u>	<u>78</u>

3. DONATIONS AND LEGACIES

	2013 £'000	2013 £'000	2013 £'000	2012 £'000
	Unrestricted	Restricted	Total	Total
Donations: Individual, Church and Community Donations	728	1,010	1,738	1,868
Legacies	125	-	125	108
	<u>853</u>	<u>1,010</u>	<u>1,863</u>	<u>1,976</u>

4. TRUSTS AND OTHER INCOME

	2013 £'000	2013 £'000	2013 £'000	2012 £'000
	Unrestricted	Restricted	Total	Total
Trusts Income	24	387	411	423
Archbishops' Council	203	-	203	203
Other Income		19	19	-20
	<u>227</u>	<u>406</u>	<u>633</u>	<u>606</u>

5. RESOURCES EXPENDED

	Staff costs £'000 (note 8)	Programme costs £'000 (note 5a-f)	Other direct costs £'000	Support costs £'000 (note 6)	Total 2013 £'000	Total 2012 £'000
Cost of Generating Funds	173	-	96	61	330	840
Charitable Activities						
CUF Programme						
Together Network (5a)	244	430	170	96	940	706
Together Grants (5b)	74	276	-	26	376	464
Building the Movement (5c)	136	-	158	48	342	485
	454	706	328	170	1,658	1,655
Near Neighbours Programme						
Encouraging Participation (5d)	38	635	26	-	699	940
Building Capacity (5e)	30	587	21	8	646	742
Building Networks (5f)	27	262	13	8	310	407
	95	1,484	60	16	1,655	2,089
Total charitable activities	549	2,190	388	186	3,313	3,744
Governance (see note 7)	107	-	26	36	169	160
Total resources expended	829	2,190	510	283	3,812	4,744

5a. CUF PROGRAMME - TOGETHER NETWORK

	2013 £'000	2012 £'000
Funding to Diocesan Joint Venture Partnerships, the Together Network		
Thrive Together Birmingham	50	50
Together Lancashire	50	48
Transformation Cornwall	50	52
Together Liverpool	52	
Together Middlesbrough	33	
Together Newcastle	50	42
Transforming Lives Together (Chester)	13	
Transforming Notts Together	40	
Wellsprings Bradford	30	
Together Southwark	10	1
Bristol	1	5
Hull	0	25
London	51	20
	430	243
Capacity Building through resources & events	132	93
Conferences & Events	14	12
Volunteering	24	18
	600	366
Staff costs	244	249
Support costs	96	91
	940	706

5b. CUF PROGRAMME - TOGETHER GRANTS

	2013	2012
	£'000	£'000
Grants awarded to projects during the year (see note 15 for details)	330	453
Less writebacks of awards	-54	-112
Net grant awards	<u>276</u>	<u>341</u>
Staff costs	74	90
Support costs	26	33
	<u><u>376</u></u>	<u><u>464</u></u>

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

5c. CUF PROGRAMME - BUILDING THE MOVEMENT

	2013	2012
	£'000	£'000
Publications and printing	47	108
Web development and digital	26	14
Promotion and production	68	73
Research reports	17	23
	<u>158</u>	<u>218</u>
Staff costs	136	195
Support costs	48	72
	<u><u>342</u></u>	<u><u>485</u></u>

5d. NEAR NEIGHBOURS PROGRAMME - ENCOURAGING PARTICIPATION

	2013	2012
	£'000	£'000
Grant awarded to projects during the year (see note 16 for details)	667	890
Less writebacks of awards	-32	-11
Net grant awards	<u>635</u>	<u>879</u>
Staff costs	26	24
Other direct Costs	38	37
	<u><u>699</u></u>	<u><u>940</u></u>

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

5e. NEAR NEIGHBOURS PROGRAMME - BUILDING CAPACITY

	2013	2012
	£'000	£'000
Funding Delivery Partners		
Faith Leaders capacity building		
Christian Muslim Forum	71	74
Council for Christians and Jews	11	12
Hindu Christian Forum	17	6
Young Leaders capacity building		
The Feast	16	30
Bradford Churches for Dialogue and Diversity Catalyst Programme	41	40
St Philip's Centre, Leicester Catalyst Programme	60	44
Community capacity building		
Nehemiah Foundation	371	457
	<u>587</u>	<u>663</u>
Staff costs	30	39
Other direct costs	21	27
Support costs	8	13
	<u><u>646</u></u>	<u><u>742</u></u>

5f. NEAR NEIGHBOURS PROGRAMME - BUILDING NETWORKS

	2013 £'000	2012 £'000
Funding Delivery Partners		
Faithful Neighbourhoods Centre, Birmingham	66	89
St Philip's Centre, Leicester	65	83
Contextual Theology Centre, London	65	100
Bradford Churches for Dialogue and Diversity	66	74
	<u>262</u>	<u>346</u>
Staff costs	27	32
Other direct costs	13	18
Support costs	8	11
	<u>310</u>	<u>407</u>

6. SUPPORT COSTS

	2013 £'000	2012 £'000
Rent and associated costs	102	104
Professional costs	44	68
Other (includes recruitment, IT, staff expenses)	137	250
	<u>283</u>	<u>422</u>

7. GOVERNANCE

	2013 £'000	2012 £'000
a. Church Urban Fund		
Staff costs	79	69
Audit fees	12	16
Office costs	35	25
	<u>126</u>	<u>110</u>
b. Near Neighbours		
Staff costs	28	31
Office costs	15	19
	<u>43</u>	<u>50</u>
Total Governance costs	<u>169</u>	<u>160</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:

	2013		2012	
	No.	£'000	No.	£'000
Travel, subsistence and other expenses	8	19	7	16

8. STAFF COSTS

	2013	2012
	£'000	£'000
Salaries	718	1040
Social Security	69	105
Pensions	42	54
	<u>829</u>	<u>1199</u>

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

	2013	2012
Direct Charitable	8	10
Fundraising	2	11
Communications	2	3
Management and Administration	5	6
	<u>17</u>	<u>30</u>

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

	2013	2012
Normal emoluments:		
£60,001 to £70,000	0	1
£70,001 to £80,000	0	1
	<u>0</u>	<u>2</u>

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

9. CASH HELD ON DEPOSIT

Group and Charity	2013	2012
	£'000	£'000
CCLA The CBF Church of England Deposit Fund - fixed assets	0	1,000
CCLA The CBF Church of England Deposit Fund - current assets	3,253	2,241
	<u>3,253</u>	<u>3,241</u>

The entirety of deposits have this year been analysed as current assets, no longer split between fixed and current assets.

10. DEBTORS

	Group		Charity	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Prepayments and accrued income	30	21	30	21
Other debtors				
Legacies	110	32	110	32
Donations (vouchers, credit cards)	12	12	12	12
Catalyst grant	25	15	25	15
London Diocese	19		19	
Archbishops' Council Grant	51		51	
Other Debtors	1		1	
	<u>248</u>	<u>80</u>	<u>248</u>	<u>80</u>
Intercompany account (NN)	0	0	0	23
	<u>248</u>	<u>80</u>	<u>248</u>	<u>103</u>

11. CURRENT LIABILITIES AND LONG-TERM LIABILITIES

	Group		Charity	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Amounts falling due within one year:				
Grants payable CUF (note 12)	142	268	142	268
Grants payable NN (note 12)	1	128	1	128
Taxation & Social Security	20	30	20	25
Accruals	248	249	242	228
	<u>411</u>	<u>675</u>	<u>405</u>	<u>649</u>
Intercompany account			360	0
	<u>411</u>	<u>675</u>	<u>765</u>	<u>649</u>
Amounts falling due after one year:				
Grants payable - CUF (note 12)	8	19	8	19
	<u>419</u>	<u>694</u>	<u>773</u>	<u>668</u>

12. MONEY FOR LOCAL ACTION

	Together Grants CUF Programme		Encouraging Participation NN Programme		Total	Total
	2013 £'000	2012 £'000	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Balance brought forward	287	710	128	181	415	891
Grants awarded (note 15 & 16)	330	453	667	890	997	1,343
Writebacks	-54	-112	-32	-11	-86	-123
	<u>563</u>	<u>1,051</u>	<u>763</u>	<u>1,060</u>	<u>1,326</u>	<u>2,111</u>
Less						
Grants paid during year	420	778	767	932	1,187	1,710
Returned Grants	-7	-14	-5		-12	-14
	<u>413</u>	<u>764</u>	<u>762</u>	<u>932</u>	<u>1,175</u>	<u>1,696</u>
Balance of grants payable	<u>150</u>	<u>287</u>	<u>1</u>	<u>128</u>	<u>151</u>	<u>415</u>
Falling due within one year	142	268	1	128	143	396
Falling due after one year	8	19			8	19
Balance of grants payable	<u>150</u>	<u>287</u>	<u>1</u>	<u>128</u>	<u>151</u>	<u>415</u>

13. RESTRICTED FUNDS

	Balance at	Incoming Resources	Transfers	Balance at
	2012 £'000	Resources £'000	Expended £'000	2013 £'000
CUF Programme			Between Funds	
Together Grants	277	289		289
Growth Grants	10			0
Together Network	992	1,117		1,529
Volunteering	26	10		12
	<u>1,305</u>	<u>1,416</u>	<u>892</u>	<u>1,829</u>
Near Neighbours	78	988	300	368
Near Neighbours - Encouraging Participation	54	645		0
	<u>132</u>	<u>1,633</u>	<u>1,697</u>	<u>368</u>
	<u>1,437</u>	<u>3,049</u>	<u>2,589</u>	<u>2,197</u>

The transfer from CUF's unrestricted reserves to Near Neighbours is match funding the DCLG grant.

14. OPERATING LEASE

	Land and Building	
	2013	2012
	£'000	£'000
Operating lease which expires within one year	102	104

15. CUF PROGRAMME - TOGETHER GRANTS

GRANTS AWARDED IN 2013 BY SECTOR	2013	2012
	£'000	£'000
Together Grants/Mustard Seed Grants		
Addiction/Substance Abuse	5	9
Advice/Advocacy/Counselling	28	22
Community	64	135
Criminal Justice	21	15
Debt/Financial Advice	17	39
Education	17	12
Employment/Training	40	37
Health/Mental Health		4
Homeless/Housing	50	32
Interfaith		5
Prostitution/People Trafficking	5	14
Refugees/Asylum Seekers	19	34
Social Welfare	4	15
	270	373
Health and Belief Grants		
Health/Mental Health	50	30
Growth Grants		
Community	2	
Debt/Financial Advice	2	-
Education		10
Employment/Training	6	10
Homeless/Housing		10
Prostitution/People Trafficking		10
Refugees/Asylum Seekers		10
	10	50
Total Grants Awarded before writebacks (see Note 5b)	330	453

15a. GRANTS AWARDED IN 2013 BY REGION (DIOCESE)

	2013 £'000	2012 £'000
Birmingham	2	15
Blackburn	17	9
Bradford	9	27
Bristol	4	13
Canterbury	-	5
Carlisle	1	6
Chelmsford	20	17
Chester	9	10
Chichester	28	22
Coventry	-	-
Derby	2	10
Durham	5	11
Exeter	5	8
Gloucester	-	2
Leicester	5	-
Lichfield	1	3
Liverpool	15	15
London	69	51
Manchester	13	6
Newcastle	3	9
Norwich	9	12
Oxford	-	12
Peterborough	-	3
Portsmouth	5	-
Ripon & Leeds	20	40
St Albans	2	10
St Edmundsbury & Ipswich	-	2
Sheffield	-	16
Southwark	15	22
Southwell & Nottingham	26	23
Truro	13	25
Wakefield	5	10
Winchester	-	9
Worcester	-	2
York	27	23
Grants covering more than one Diocese	-	5
Total Grants Awarded before writebacks (see Note 5b)	330	453

16. NEAR NEIGHBOURS PROGRAMME - ENCOURAGING PARTICIPATION IN 2013 BY ACTIVITY

	2013 £'000	2012 £'000
Local Initiatives		
First Encounters: between people of different faith and ethnic communities, encouraging the development of friendship and neighbourliness	135	190
Everyday Interactions: encouraging families and individuals to come together regularly	348	540
Social Action: bringing together people from different faith and ethnic communities to work together to change their neighbourhoods for the better	184	160
Total Grants Awarded before writebacks (see Note 5d)	667	890

16a. NEAR NEIGHBOURS PROGRAMME - ENCOURAGING PARTICIPATION IN 2013 BY REGION

Regional Centre	2013	2012
	£'000	£'000
Contextual Theology Centre, London	205	218
St Philip's Centre, Leicester	78	95
Faithful Neighbourhoods Centre, Birmingham	164	245
Bradford Churches for Dialogue and Diversity	183	308
Other	37	24
Total Grants awarded before writebacks (see Note 5d)	667	890

17. NET ANALYSIS OF ASSETS AND LIABILITIES BY FUND

	Unrestricted		Restricted	2013	2012
	General	Designated			
	£'000	£'000	£'000	£'000	£'000
Investments				0	1,000
Current assets	1,273	300	2,292	3,865	2,795
Current liabilities	-316		-95	-411	-675
Long term liabilities	-8			-8	-19
	949	300	2,197	3,446	3,101
CUF	949	300	1,829	3,078	2,969
NN			368	368	132
	949	300	2,197	3,446	3,101

The Unrestricted Designated fund - the Challenge Fund is a fund to support innovation and infrastructure in responding to issues of poverty, grants are approved by the Board of Trustees.

18. SUBSIDIARIES NOT CONSOLIDATED - TOGETHER NETWORK

Together Network	Company	Charity	Trustees appointed by CUF and:
	Reg. No.	Reg. No.	
Thrive Together Birmingham	8039675	1153942	Bishop of Birmingham
Wellsprings Together Bradford	6633154	1139674	Bradford Diocesan Board of Finance
Together Canterbury	8763875	pending	Canterbury Diocesan Board of Finance
Transforming Lives Together	8419285	pending	Chester Diocesan Board of Finance
Transformation Cornwall	7329249	1138706	Bishop of Truro & Cornwall Methodist District
Together Lancashire	7966145	1147848	Bishop of Blackburn & Lancashire Methodist District
Together Liverpool	8190148	1151977	Liverpool Diocesan Board of Finance
Together Middlesbrough	pending	pending	York Diocesan Board of Finance
Together Newcastle	8139375	1150824	Newcastle Diocesan Board of Finance
Transforming Notts Together	8399842	1152870	Southwell & Nottingham Diocesan Bd of Finance
Together Southwark	8257445	1153362	South London Church Fund & Southwark Diocesan Bd of Finance

19. 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 £102k 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 £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 £17k during the year.

Andrew Dorton, a Trustee of Church Urban Fund, is also a Chair of Hull Youth for Christ which received a £2k Growth Grant. They also received a £10k grant that had been awarded last year.

John Iles, a Trustee of Church Urban Fund, is also a Trustee of Thrive Together Birmingham which received a grant of £50k during the year.

Reverend Canon Denise Poole is a Trustee of Church Urban Fund and also of Wellsprings Together Bradford which received a grant of £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 £1.6m (2012 - £1.9m) and passes this over to Near Neighbours to deliver the programme. Additionally, CUF transferred £300k reserves to Near Neighbours as match funding for the DCLG grant. At the year end, the intercompany balance was £360k owed by CUF (2012 - £23k owed to CUF). In the group accounts these transactions are eliminated on consolidation.

