



TRUSTEES' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

**Company Number: 07603317
Charity Number: 1142426**

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		NEAR NEIGHBOURS	
		The Foundry, 17 Oval Way, London SE11 5RR	
		A company limited by guarantee.	
		Registered number 7603317	

INTRODUCTION FROM CHAIR OF THE TRUSTEES

In 2022, following our emergence from the Covid pandemic, we continued our work building and mobilising a national movement of faith-based partners working together to serve local people and organisations who know their communities best. We equipped people to make a bigger difference in their community through leading high impact programmes, and amplified local voices, speaking out to influence policy and decision makers.

The deep concerns and anxieties felt by Eastern European communities, and tensions around migration in local communities in general following Russia's invasion of Ukraine caused some challenges however our coordinators were well placed to respond, given their breadth of community relationships.

It was a difficult year financially as our government funding finished on the 1st of April 2022 and consequently there were a number of redundancies amongst co-ordinators employed by our local partners. We would like to express our thanks and appreciation to all the coordinators for their hard work through the covid pandemic.

In July 2022 the government provided an indication of future funding, and we were able to restart our core work with six of our local hubs in September 2022. This was a contraction from the eleven local hubs we had worked with in the previous three years.

It is a testimony to the rootedness of Near Neighbours in diverse, local communities that during these ongoing uncertainties and anxieties, the Near Neighbours programme continued to offer support and strengthen communities.

On behalf of the Trustees, I would like to thank the team who have worked so hard in such challenging circumstances to deliver a positive year for Near Neighbours. Thank you too to our Faiths Advisory Panel, which continues to provide added accountability to our organisation that serves communities across faiths and beliefs.

Sue Chalkley OBE, Chair of Trustees

REPORT OF THE TRUSTEES FOR THE YEAR TO 31 DECEMBER 2022

The Trustees present the Annual Report and Financial Statements of the charity for the year ended 31 December 2022. The Financial Statements have been prepared in accordance with the accounting policies set out in Note 1 to the Financial Statements and comply with the Memorandum and Articles of Association, the Companies Act 2006 and Charities Act 2011, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their Financial Statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland effective 1st January 2019.

OBJECTIVES AND ACTIVITIES

Near Neighbours was created by the Church Urban Fund (CUF) and the Archbishops' Council of the Church of England following the award of £5m by the Department for Levelling Up, Housing and Communities (formerly MHCLG - Ministry of Housing, Communities and Local Government) in March 2011. Since then, further grants have been received; however, the programme is not currently funded by the government (April 2023 onwards) except for the Windrush grant programme, but NN has a small amount of trust funding for our Catalyst programme.

The Near Neighbours programme works to bring people together in communities that are religiously and ethnically diverse, so that they can get to know each other better, build relationships of trust and collaborate on initiatives that improve the local community they live in.

The charity aims to strengthen personal relationships and at the same time strengthen civil society, to create a more cohesive society where people live together respecting the differences they have with others and building a flourishing life together.

The programme has operated in the last year in Birmingham, Leicester, Luton, West London, West Yorkshire, and Lancashire.

Our main objectives:

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

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

- **Near Neighbours Hubs and Partners:** Building diverse and resilient relational networks amongst faith and community groups across different faiths and ethnic backgrounds, and equipping leaders for effective collaboration and community engagement, including women and young people of all backgrounds.
- **Near Neighbours Small Grants:** Bringing people together to develop, lead and participate in local projects that involve people of different faiths and ethnicities to improve communities through the provision of grants of between £250 and £4,000.

- **Catalyst:** A leadership programme that equips young people from diverse backgrounds by building their skills and capacities to be leaders and influencers in a multi-ethnic and multi-faith society.
- **Real People, Honest Talk:** Creating safe spaces to address difficult local issues, through facilitated community-based conversations.

We also support the work of **Places of Welcome**, building a network of local centres where people find support and a warm welcome, and can contribute and participate.

REVIEW OF 2022

During 2022 we were able to give 34 small grants worth £110k; mobilise 483 volunteers; create 150 partnerships between faith groups, voluntary groups and statutory organisations; equip 2746 local leaders through training, events and seminars; hold four Catalyst young leaders programmes for 93 young people; and open 168 new Places of Welcome, so that there are now over 600 Places of Welcome opening every week in local communities where people can belong, connect and contribute.

In the spring of 2022 a highlight was International Women's Day celebrations across all regions. In Luton for example, Near Neighbours supported three events alongside Ghar se Ghar, Simply Deez, and Shanthona – all of which celebrated the contributions of women of different faiths and professions and also highlighted organisations and resources that help keep women safe. In Wolverhampton, the International Women's Day events brought together women from Christian and Muslim backgrounds, African communities, refugees, older and younger age groups, and YMCA members, for conversations on a range of historical and contemporary issues. Our coordinator Shaz reflected on the event: "Conversations on the day included sharing reflections on current issues such as cost of living and the impact of covid. From this the Women Together Wolverhampton have asked whether they can meet regularly at the YMCA and to invite Women of Wolverhampton to their events. From this event local friendships have been built and the women have decided to take part in the weekly coffee morning too."

Our coordinators have made efforts to reach out to Eastern European communities in their respective regions and to strengthen relationships between Eastern Europeans and other communities. For example, in Birmingham, Near Neighbours coordinator Rabiya worked closely with Centrala Community to develop an exhibition at Birmingham City University, sharing images and stories from people in Ukraine and to bring together Sikh, Muslim, Christian, Hindu, and non-religious leaders to participate in the exhibit workshops.

One of the small grant-funded projects has supported the Kairos Housing project in Blackburn to connect with local partners of varied faiths and ethnicities, mobilise volunteers, and raise awareness about the plight of destitute asylum seekers. At the launch event of the project, people of diverse backgrounds came together to share experiences, learn more about the challenges of seeking asylum in their local community, and brainstorm together about how they could support their local hub.

Leadership for Effective Change has been one of the primary means through which we have increased the leadership capacity of people from a range of backgrounds. In the spring of 2022 we ran sessions in Peterborough, and our coordinator Femi focused on the recruitment and training of leaders from African and Caribbean communities. Given the increased attention to issues of racial injustice brought to light by the Black Lives Matter movement, it has been important to focus resources on building the capacities and amplifying the voices of Black leaders. In Leicester the focus was on young leaders from UKME backgrounds. Participants gathered for six online sessions, which covered the topics of storytelling,

building relational power and a relational culture through 1-2-1 meetings, developing effective campaigns and taking public action, followed by a meeting in person.

In 2022 we were able to restart **Real People Honest Talk (RPHT)** following the pandemic and so in the spring of 2022 we held the two Big Conversations, where people involved in the small conversations were able to join together with local leaders, policy makers and statutory authorities. Across the two participating hubs (Nottingham and Birmingham), Near Neighbours facilitated 23 small conversations and two Big Conversations. We engaged a total of 265 attendees of whom 27% were young people and 58% were women. Participants came from a wide range of ethnicities including Caribbean, African, Arab, and South Asian.

The RPHT conversations in Birmingham, which brought together participants from ISRA UK and Migrant Help, have led to a number of positive outcomes. The sessions have fostered ongoing friendships, the integration of conversational English support during cooking club sessions, and increased access to other services for migrants. Participants have reported that their mental health and wellbeing has improved as a result of being part of the group and forming new friendships. Several of the migrants who participated in RPHT in Birmingham have also started to volunteer at a local charity shop. In Nottingham two local MPs came to the Big Conversation; and the Heya group, women with asylum seeker backgrounds, has now developed a project called "Hand in Hand", designed to bring together student, refugee, and asylum seeking women and their families for health and wellbeing, crafting, and self-defence sessions, following on from RPHT.

Another significant success of 2022 was our administration and evaluation of the **Windrush Day Grants Programme**. We awarded 35 grants, with a total value of £500,000, to different types of organisations across England including 5 local authorities, 1 national and 1 regional museum, and 28 community-based organisations. Grantees employed a range of creative approaches to achieve the aims of the scheme. Of the activities undertaken by grant recipients, half involved music or performance arts (50%) with other activities including sporting activities, community street parties or carnivals, storytelling projects, radio projects, art installations/exhibitions, and work with schools. Together, WDGS projects tapped into the assets and creative gifts of their local communities to celebrate the Windrush generations and deepen understanding of the Windrush legacy.

Our coordinator in Luton, David Jonathan, was honoured to receive the Outstanding Peace Champion Award from UNA Luton and an honorary canonry from the Bishop of St Albans.

Finally, we sought to identify opportunities for greater integration and focus so that, over time, the members of the CUF group (of which Near Neighbours is part) can deliver more impact and value for money through closer alignment. CUF commissioned a governance review across the CUF group, led by Lucent Consulting, the outcomes of which continued to be reviewed by CUF, NN and JFF Trustees in 2022. The immediate action taken, driven by our desire for greater simplicity, was to operate the CUF and NN's boards co-terminously. This has increased the awareness of each charity's work across the trustee group and lessened the reporting impact on the executive team.

FUTURE PLANS

We look forward to the future and believe our work is more needed now, than ever before. We have commissioned three pieces of work to look at and evaluate our impact. These include a video project interviewing people involved in our work; an impact study of Real People Honest Talk being undertaken by Clear View Research; and an evaluation by Common Vision, all of whom will report in the summer of 2023.

In 2023 Near Neighbours will continue to:

- Look for opportunities to bring people together from different backgrounds and faiths in order to transform local communities together, and to seek investment in our activities.
- Run online seminars and provide resources on our website for our online growing Near Neighbours network
- Support the development and growth of Places of Welcome (www.placesofwelcome.org). Places of Welcome is a growing network of local community groups providing their neighbourhoods with places where all people feel safe to connect, belong and contribute.
- Offer Catalyst courses (leadership programmes for young people 16-21 from diverse backgrounds) – and seek further funding to expand this work
- Administer the Windrush grants on behalf of the government to celebrate and mark the contribution of the Windrush generation. This year (2023) marks the 75th anniversary of Windrush.

Going Concern

The Trustees have considered the activities, together with the factors likely to affect its future development, performance, and financial position to determine whether Near Neighbours' financial statements can be prepared on a going concern basis. The forecasts and projections, taking account of reasonably possible changes in charity performance show the charity should be able to operate within the level of forecast cash resources.

It is recognised that Near Neighbours benefits from regular and significant funding from DLUHC. At the date of approval of these financial statements there is indication, but no written confirmation, that funding may continue in the future. In light of this matter, Near Neighbours has received a letter of support from its parent company, Church Urban Fund (CUF), that in the event of funds not materialising CUF will support the activities of Near Neighbours in the short term to ensure that it continues as a going concern. This has been on the basis that activities deemed to be essential to the continuation of the NN network support the overall mission of the CUF group including the retention of key staff working on the NN programme.

DELIVERING PUBLIC BENEFIT

Near Neighbours brings people together in diverse communities, helping them to build relationships and collaborate to improve the local community in which they live. Near Neighbours also financially supports and works with a wide range of community and faith organisations, all of which are working to bring communities together.

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

Near Neighbours is both a company limited by guarantee (Registration Number 07603317) subject to the Companies Act 2006 and a charity registered with the Charity Commission (Charity Number 1142426). It is governed by its Memorandum and Articles of Association dated March 2011.

Governance Structure

The Directors of the company are known as Trustees. The Articles of Association allow for up to thirteen Trustees, six being nominated by the Archbishops' Council and seven by CUF. The Trustees meet four times during the year to review strategy, operational and financial performance in conjunction with the CUF Group Senior Management Team (SMT). The Trustees are listed on page 2 of this report.

None of the Trustees receive any remuneration or benefits from Near Neighbours. Expenses reclaimed by the Trustees during the year are set out in note 5 to the Financial Statements.

Trustee Induction and Training

All Trustees on appointment receive a detailed briefing on the Memorandum and Articles of Association, the objectives of the programme and the agreements with CUF, DLUHC and delivery partners. Trustees undertake an induction programme which covers the formal governance arrangement and includes our legal structures and obligations, charitable priorities and work.

Trustees are also given the opportunity to visit projects and are kept abreast of developments at each Board meeting through a detailed progress report by Senior Management and a cycle of presentations by partners.

Management and Organisational Structure

The day-to-day management and delivery of the Near Neighbours programme is delegated to the CUF Group Chief Executive, Deputy Chief Executive, and the Senior Management Team, namely the Directors of Partnerships, Programmes and Innovation, and Finance and Governance. The Senior Management Team works closely with other members of CUF's staff team (its ultimate parent company). Formal reporting by the Senior Management Team to the Board takes place regularly throughout the year.

Principal Risks

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

RISK TYPE	POTENTIAL RISK	MITIGATION
Financial	Failure to secure long-term future funding for the Programme	Diversifying our income streams by pursuing a number of different funders Major grant funders are actively managed by CUF
Operational	Fraud in grants programmes	Strong initial due diligence towards all applicants Constant monitoring of funding and reporting Understanding of legal responsibilities
	Loss of key staff	Wider sharing of responsibilities has ensured all team has insight and understanding.
	Extremism	All staff including hubs are extremism aware Deep dive due diligence for new applications Strong community relationships to draw on
Relational	Target groups are reluctant or slow to engage	Our local hubs have a trusted local presence and deep networks.
Reputational	Reputational risk from adverse publicity	Advice and support available from CUF and through the Church of England Local and national media coverage are monitored on an ongoing basis Robust agreements in place providing clarity on expectations and delivery

Key Management Personnel Remuneration

The Trustees consider that the Board of Trustees, the CUF Group Chief Executive, Deputy Chief Executive, and the Senior Management Team, namely the Directors of Partnerships, Programmes and Innovation, and Finance and Governance, comprise the key management personnel of the charity in charge of directing, controlling, running and operating the charity on a day-to-day basis. All Trustees give their time freely and none of the Trustees received remuneration in the year. Details of expenses reclaimed are set out in note 5 to the Financial Statements and related party transactions are disclosed in note 12 of the accounts.

The salaries of key management are reviewed annually and normally increased in accordance with inflation. In view of the nature of the charity, the Trustees benchmark against pay awards in similar charitable organisations. The Trustees of CUF set the salary of the CUF Group Chief Executive and Deputy as the roles are shared between all CUF charities (parent and subsidiaries).

Small Company Exemption

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

FINANCIAL REVIEW

Income

Income for the year to 31st December 2022 was £526k (2021: £2.3m), a significant decrease from the previous year. Income was largely received from Department for Levelling Up, Housing and Communities (DLUHC), as well as other trusts, restricted to the Near Neighbours programme.

Expenditure

The total expenditure on the three charitable activities was £520k (2021: £2.2m). The charitable activities together with their associated expenditure for the period are:

- **Building Networks:** £244k (2021: £935k) this expenditure principally reflects the grants to extend the capacity of the Local Presence and Engagement centres, set out in notes 3 and 6 to the accounts.
- **Building Capacity** by these three activities:
 - Young Leaders - £56k (2021: £111k)
 - Real People Honest Talk - £34k (2021: £105k)
 - Places of Welcome - £6k (2021: £21k)

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

- **Creating Engagement:** £180k (2021: £1.08m) represents the Near Neighbours Small Grants Fund, as set out in note 4 to the accounts.

Reserves and Reserves Policy

All reserves are treated as restricted, and any reserves held at the year-end represent funds set aside for future programmes. There was a £156k balance in reserves at 31st December 2022 (2021: £150k).

THE TRUSTEES' RESPONSIBILITY FOR PREPARING ANNUAL FINANCIAL STATEMENTS

The law applicable to charities in England and Wales requires the Trustees to prepare annual financial statements for each financial year that give a true and fair view of the Charity's financial activities during the year and state its surplus or deficit for the year and its financial position at the end of that year. In preparing annual financial statements, the Trustees have followed best practice and:

- Selected suitable accounting policies and applied them consistently
- Made judgments and estimates that are reasonable and prudent
- Followed applicable Accounting Standards and Statements of Recommended Practice
- Prepared the annual financial statements on the going concern basis.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the Charity's assets and for taking reasonable steps to prevent and detect fraud and other irregularities. The Trustees have overall responsibility for ensuring that the Charity has appropriate systems of control, financial and otherwise.

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

- So far as the Trustees are aware, there is no relevant audit information of which the Charity's auditors are unaware and
- The Trustees have taken all the steps that they ought to have taken as Trustees to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

Auditors

A proposal for Mazars reappointment will be put to the Board in 2023.

Approved by the Trustees on 18th July 2023 and signed on their behalf by:



Sue Chalkley OBE, Chair of Trustees

Independent auditor's report to the members of Near Neighbours

Opinion

We have audited the financial statements of Near Neighbours (the 'charity') for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 December 2022 and of its income and expenditure for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Trustees' report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the trustees' report. Our opinion on the financial statements does not cover the other

information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Director's report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate 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.
- Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of the Trustees

As explained more fully in the Trustees' responsibilities statement on page 11, the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the

preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the charity and its activities, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the charity is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the charity which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006 and the Charities Statement of Recommended Practice.

In addition, we evaluated the Trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to income recognition and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

This report is made solely to the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

NJ Wakefield
Nicola Wakefield (Sep 29, 2023 09:59 GMT+1)

Nicola Wakefield (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

2nd Floor, 6 Sutton Plaza, Sutton Court Road, Sutton, Surrey, SM1 4FS

Date: 29-Sep-2023

NEAR NEIGHBOURS

STATEMENT OF FINANCIAL ACTIVITIES for the year ended 31st December 2022

		Restricted Funds 2022 £'000	Restricted Funds 2021 £'000
	Notes		
INCOME & EXPENDITURE			
Income from Charitable activities	2	526	2,303
Total Income		526	2,303
Expenditure on Charitable activities:	3		
Building Networks		244	935
Creating Engagement	4	180	1,077
Building Capacity			
Young Leaders		56	111
Real People Honest Talk		34	105
Places of Welcome		6	21
Total expenditure		520	2,249
Net Income		6	54
Total Funds brought forward		150	96
Total Funds carried forward		156	150

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

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

The notes on pages 19 to 23 form part of these financial statements.

NEAR NEIGHBOURS

BALANCE SHEET AS AT 31 DECEMBER 2022

COMPANY NUMBER 07603317

	Notes	2022		2021	
		£'000	£'000	£'000	£'000
CURRENT ASSETS					
Cash at bank		44		65	
Amount due from parent charity		123		93	
			167		158
CURRENT LIABILITIES					
Creditors: Amounts falling due within one year	9	11	11	8	8
NET CURRENT ASSETS			156		150
NET ASSETS			156		150
FUNDS					
Restricted Funds	10		156		150
TOTAL FUNDS			156		150

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

Approved by the Trustees on 19th July 2023 and signed on their behalf by

Sue Chalkley OBE *Sue Chalkley*

The notes on pages 19 to 23 form part of these financial statements.

NEAR NEIGHBOURS

STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

	2022		2021	
	£'000	£'000	£'000	£'000
Reconciliation of net movement in funds to net cash flows from operating activities				
Net Income for the reporting period (as per statement of financial activities)		6		54
Adjustments for:				
(Increase) in debtors	-30		0	
Increase / (Decrease) in creditors	3		-11	
		-27		-11
Net cash (used in) / provided by operating activities		-21		43
Change in cash and cash equivalents in the reporting period		-21		43
Cash and cash equivalents at the start of the reporting period		65		22
Cash and cash equivalents at the end of the reporting period		44		65

The notes on pages 19 to 23 form part of these financial statements.

NEAR NEIGHBOURS

Notes to the Financial Statements for the year ended 31 December 2022

1. Accounting Policies

a. Basis of accounting

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

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) approved on 2 October 2019 (effective 1 January 2019) and the Companies Act 2006. The charity constitutes a public benefit entity as defined by FRS102.

The Trustees have considered the activities, together with the factors likely to affect its future development, performance and financial position to determine whether Near Neighbours financial statements can be prepared on a going concern basis. The forecasts and projections, taking account of reasonably possible changes in charity performance, show the charity should be able to operate within the level of forecast cash resources.

It is recognised that Near Neighbours benefits from regular and significant funding from DLUHC. At the date of approval of these financial statements there is indication, but no written confirmation, that funding may continue in the future. In light of this matter, Near Neighbours has received a letter of support from its parent company, Church Urban Fund (CUF), that in the event of funds not materialising CUF will support the activities of Near Neighbours in the short term to ensure that it continues as a going concern. This has been on the basis that activities deemed to be essential to the continuation of the NN network support the overall mission of the CUF group including the retention of key staff working on the NN programme.

b. Income recognition

Church Urban Fund receives funds from the Department for Levelling Up, Housing and Communities (DLUHC) which is then passed to Near Neighbours and used to administer the programme in accordance with the agreement between Church Urban Fund and Near Neighbours.

c. Support costs

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

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

d. Charitable activities

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

e. Grants

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

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

f. Pensions costs

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

g. Fund accounting

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

2. Income from Charitable activities

	2022 £'000	2021 £'000
Income from Charitable Activities - DLUHC via Church Urban Fund	500	2,300
Income from Charitable Activities		
Other Income	26	3
	526	2,303

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

Income from Charitable Activities - Other Income represents funding for other programmes run by Near Neighbours. This includes £25k that was received from The Archbishop of Canterbury's Charitable Foundation the Catalyst Young Leaders Programme.

3. Expenditure on Charitable activities

	Staff Costs	Grants	Other Direct Costs	Support and governance costs	2022 Total	2021 Total
	£'000 (note 5)	£'000 (note 6)	£'000 (note 7)	£'000 (note 8)	£'000	£'000
Charitable Activities						
Building Networks: Local Presence and Engagement Centres	45	185	2	12	244	935
Creating Engagement: Small Grants (note 4)	54	110	2	14	180	1,077
Building Capacity						
Young Leaders	38	7	1	10	56	111
Real People Honest Talk	21	7	1	5	34	105
Places of Welcome	5	0	0	1	6	21
Total expenditure	163	309	6	42	520	2,249

Support costs have been allocated to activities in proportion to staff time incurred in each activity area.
Total expenditure includes audit fees for the year of £12k (Statutory audit £7k and DLUHC grant audit £5k).
Total for 2021 was £14k (Statutory audit £6k and DLUHC grant audits £8k).

4. Creating Engagement: Small Grants

	2022 £'000	2021 £'000
Small Grants awarded	126	270
Community Covid Relief Small Grants awarded	0	396
Community Covid Relief Mid-Sized Grants awarded	0	175
Less writebacks of awards	-16	-21
Net grants awarded	110	820
Other costs (incl. Salaries, travel, evaluation)	70	257
Total Costs	180	1,077

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

5. Staff Costs

Staff Costs allocated by Church Urban Fund and reimbursed by Near Neighbours

	2022 £'000	2021 £'000
Salaries	136	264
Social Security	14	27
Pensions	13	20
	163	311

Near Neighbours had 0 full time members of staff (2021: 0).

No staff emoluments for the year exceeded £60k (2021: 0).

The key management personnel of the charity is comprised of the Trustees, the Group Chief Executive, the Deputy Group Chief Executive (from March 2022), the Director of Partnerships, the Director of Programmes and Innovation, the Director of Operations (to March 2022), and the Director of Finance and Governance (from August 2022).

Key management personnel were remunerated £54k (2021: £93k).

None of the Trustees received any benefits from employment with the charity in the year (2021: nil)

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

	2022 No.	£'000	2021 No.	£'000
Travel, subsistence and other expenses	1	0	0	0

6. Grants

	2022 £'000	2021 £'000
Building Networks: Local Presence and Engagement Centres		
Wellsprings Together, Bradford, Leeds & Dewsbury	24	69
Centre for Theology and Community, London	31	77
Thrive Together Birmingham	25	85
St Philip's Centre, Leicester	12	62
Transforming Notts Together, Nottingham	7	53
Kings Centre, West London	13	83
Transforming Communities Together, Black Country	12	67
Greater Together Manchester, Rochdale & Bury	13	69
Building Bridges Burnley	13	46
Grassroots, Luton	25	83
Peterborough	10	82
	185	776

Building Capacity: Young Leaders

Catalyst Programme
Ripple Effect Programme

7	2
0	25
7	27

Building Capacity: Public Space

Real People Honest Talk
Stories of Hope
Leadership for Effective Change

7	6
0	6
0	4
7	16

Creating Engagement: Small Grants (note 4)

110	820
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Total Grants

309	1,639
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7. Other Direct Costs

	2022	2021
	£'000	£'000
Evaluation	3	41
Communications and Development	3	72
Finance	0	29
	6	142

2021 costs include expenditure against a one off grant for a covid related Surge programme. There was no such grant in 2022.

8. Support costs

	2022	2021
	£'000	£'000
Professional Costs	0	1
Audit	12	14
Office costs	2	4
Travel and Subsistence, Recruitment	5	6
Contribution to Church Urban Fund operating costs	23	132
	42	157

9. Creditors (amounts falling due within one year)

	2022	2021
	£'000	£'000
Accruals	7	6
Other Creditors	4	2
	11	8

10. Restricted Funds	Balance at 1/1/22 £'000	Income £'000	Expenditure £'000	Transfer between funds £'000	Balance at 31/12/22 £'000
Near Neighbours Programme	101	500	497	-5	99
Catalyst Programme	49	26	23	5	57
	150	526	520	0	156

The Near Neighbours Programme is primarily funded by DLUHC and covers the core programmes and costs of Near Neighbours. The Catalyst Programme funds are to run the Catalyst Young People's Leadership Courses.

11. Ultimate Parent Company

The ultimate parent charity is Church Urban Fund, a company and charity registered in England. Copies of the group accounts can be obtained from Church Urban Fund, The Foundry, 17 Oval Way, London SE11 5RR.

12. Related Party Transactions

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

CUF received the full amount of grant from DLUHC of £500k (2021: £2,300k) and passed this over to Near Neighbours to deliver the programme.

Near Neighbours paid CUF a grant of £110k (2021: £855k) to administer the Small Grants programme.

Near Neighbours made a contribution of £187k (2021: £468k) to CUF for the administration of the overall programme.

At the year end, there was £123k (2021: £93k) intercompany balance owed by CUF.

Sue Chalkley OBE and Catherine Allison are both Trustees of Near Neighbours and Church Urban Fund

