

TRANSFORMING COMMUNITIES TOGETHER[⊕]

NEAR NEIGHBOURS

BRINGING PEOPLE TOGETHER

JUST FINANCE

BLACK COUNTRY

Transforming Communities Together
(a charitable company limited by guarantee and registered in England)

Report and Financial Statements
For Year ending 31st December 2020

Charity number 1157772
Company number 9010580

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Auditors' report

Independent auditor's report to the members of Transforming Communities Together

Opinion

We have audited the financial statements of Transforming Communities Together for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet 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 Financial Reporting Standard 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 charitable company's affairs as at 31 December 2020 and of the charitable company's net movement in funds, including the 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 charitable company'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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Annual 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.

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

we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Annual 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' Annual Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the directors' 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 by the charitable company; or
- the charitable company 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 9, 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 charitable company'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 charitable company 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 these financial statements.

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

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the regulatory requirements of the Charity Commission, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011, and considered other factors such as payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in certain accounting estimates and judgements such as the income recognition policy. Audit procedures performed by the engagement team included:

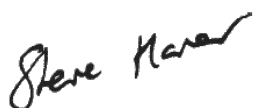
Tailored narrative here but consider the following

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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 our report

This report is made solely to the charitable company'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 charitable company'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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Steven Harper (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

Date 24 September 2021

Reference and Administration Details

Charity Name:	Transforming Communities Together
Charity Number:	1157772
Company Number:	09010580
Registered Office:	St Mary's House, The Close, Lichfield, WS13 7LD
Bankers	Lloyds Bank, 22 Conduit Street, Lichfield WS13 7LD
Auditors	Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG
Insurers	PIB Insurance Brokers, Poppleton Grange, Low Poppleton Lane, York. YO26 6GZ
Company Secretary:	Jonathan Hill
Treasurer	Kim Benton, to 24 November 2020
Clerk to Trustees:	Emma Smith (on furlough May, June, July 2020)

Trustee name	Office (if any)	Dates acted if not for whole year	Appointed by
Sarah Bullock	Chair		Mercian Trust
Julian Francis		Vice Chair 12 th October 2020	Mercian Trust
Robert Higham	Vice-Chair	From 06 January 2020 and Vice Chair from 12 th October 2020	Church Urban Fund
Kim Benton	Treasurer	To 4 th December 2020	Church Urban Fund
Dave Cope			Church Urban Fund
Jonathan Miles			Church Urban Fund
Fiona North		To 4 th December 2020	Mercian Trust
Amanda Mallen		From 4 th December 2020	Church Urban Fund
Jassica Castillo-Burley		From 4 th December 2020	Church Urban Fund
Daphne Francis		Appointed 3 March 2021	Board

Structure, governance and management

The Board of Trustees of Transforming Communities Together have been appointed by the Mercian Community Trust on behalf of the Diocese of Lichfield, and the Church Urban Fund. Prior to new articles in December 2020, the Church Urban Fund appointed five of the Charity's nine trustees, and the Mercian Community Trust appointed four of the Charity's nine trustees. As part of disaggregation from the Church Urban Fund, both Members agreed a Written Resolution dated 5th December adopting new Articles of Association which have been registered with Companies House and the Charity Commission. Both Members now appoint three trustees, and the Board co-opts a further three trustees.

The Trustees have considered their responsibilities, the diversity of their membership, and their collective skills and experience. During this year, new trustees have been recruited, with lived experience of the issues with which the Charity is engaged and direct connection with local black and minority ethnic communities. With assistance from the Church Urban Fund, Transforming Communities Together developed a five year Business Plan which was adopted at the beginning of the year. It was subsequently revised at the end of the year in the light of the impact of Covid-19, and of the Charity's new arrangements with the Diocese of Lichfield and with the Church Urban Fund.

The key management of the charity is considered to be the trustees and the staff members. Staff remuneration is set with reference to similar roles in comparably sized charities. During 2020, the Board established an effective pattern of working with its new officers, and successfully managed the retirement of its founder CEO and the recruitment of a replacement. There were no other key management issues in the year.

Connected Charities

Transforming Communities Together is directly connected to its two Members, the Church Urban Fund (registered charity 297483) and the Mercian Community Trust (registered charity 1090596).

Transforming Communities Together Trust has no direct connection with other charities, although by the involvement of the projects and work undertaken by the Charity, there is a working relationship, with no financial obligation, with the Lichfield Diocesan Board of Finance. The Chief Officer is employed by the Lichfield Diocesan Board of Finance and during 2020 was seconded 40% of the time for the work of Transforming Communities Together. From 1st January 2021, the Chief Officer will be seconded full-time to serve the Charity.

Pension Scheme

Following Pension Auto Enrolment in September 2017, the Transforming Communities Together operates Pension Scheme through NEST (National Earnings Savings Trust).

Risk Management

Transforming Communities Together maintain a risk register on the basis of which there is regular reporting to the Board. The principal risks and uncertainties relevant to Transforming Communities Together are: partnership withdrawal, loss of key staff, reputational damage, and disruption in funding. The Board has strategies to address each of these issues.

Transforming Communities Together's senior management developed contingency arrangements for the impact of Covid-19 on the ability of staff to deliver on commitments, liaising with funders as appropriate. A cashflow chart has been prepared to the end of 2021.

Reserves policy

The Charity's reserves policy is to retain net unrestricted reserves equivalent to three months of core costs, in line with current good practice in the charity sector. The Charity also retains sufficient reserves to provide continuity in service delivery should confirmation of funding be subject to minor delay. Expenditure for most projects or areas of work is based on grants awarded for the work to be carried out. In the autumn of each year the trustees consider a budget for the forthcoming financial year, based on secured grant funding and anticipated expenditure. The Trustees build in termination and redundancy costs into the financial planning where applicable. The Trustees agreed to use unrestricted reserves to meet the anticipated deficit for core costs during 2020. As at 31 December 2020, there were net unrestricted

reserves, after underwriting negative restricted fund reserves, of £17,922 (2019: £42,189; Net £37,038), with monthly core costs averaging £5,500; three months representing £16,500. Each project has a review or termination date on commencement; the reserves per project are shown in Note 9 on page 16; and therefore the Trustees are satisfied with the current guaranteed funding streams being sufficient to cover the forthcoming overall charity expenditure in 2021.

Auditors

Haysmacintyre LLP has expressed its willingness to continue as auditors to the Charity.

Objectives and Achievements

Transforming Communities Together (TCT) is the Diocese of Lichfield's joint venture with the Church Urban Fund. We encourage and support the ministry of churches and local organisations in communities which are vulnerable to or experiencing aspects of poverty across the Diocese of Lichfield and extending to include the whole of the Black Country, parts of which are in the Dioceses of Worcester and Birmingham.

At various times during 2020, twelve individuals were employed by TCT, averaging the equivalent of up to 7.2 full time equivalent (2019: 8). In accordance with our Business Plan, these were deployed across four themes. In Community Cohesion and Integration, we ran Near Neighbours, Places of Welcomes and Bringing People Together, whilst developing Shared Silence. In Social and Financial Inclusion, we ran Just Finance, with its Covid Cash course, Preventing Shocking Debt, and a Modern Slavery Campaign, as well as developing a Modern Slavery Partnership. In Health and Wellbeing, we ran Dementia Friendly Church. In Developing Work, we developed out GDPR-compliant data-base and engaged with Food Poverty, Homelessness, and Mental Health. Further information can be obtained from www.tctogether.org.uk

Public Benefit Statement

The Trustees of Transforming Communities Together are aware of the Charity Commission's guidance on public benefit in the *The Advancement of Religion for the Public Benefit* and have had regard to it in their administration of the Trust.

The Board of Transforming Communities Together believes that, by promoting the work of the Church of England in the Diocese of Lichfield and surrounding areas, it helps promote the whole mission of the Church (pastoral, evangelistic, social and ecumenical) more effectively, both in the diocese as a whole and in its individual parishes and associated projects, and that in doing so it provides a benefit to the public by its objectives:-

- to promote the efficiency and effectiveness of Christian based charities in the furtherance of their objects or any one of them, mainly but not exclusively, by the provision of information, advice, support and infrastructure provision; and
- the relief of financial hardship, either generally or individually, through the provision of grants, goods or services.

Financial Review

In the financial year to 31 December 2020, the charitable income totalled £273,678 (2019:£342,297); expenditure of £286,330 (2019:£237,826). This resulted in a deficit of £12,652 (2019:Surplus £104,471); and overall reserves decreased to £157,795 (2019:£170,447). The reserves were represented by Unrestricted Reserves of £61,612 (2019:£42,189) and restricted reserves of £96,183 (£128,258).

The Finance Department of Diocese of Lichfield handled the Charity's finances during 2020 producing reports for meetings along with ensuring the returns for Transforming Communities Together, Near Neighbours and Just Finance Black Country are completed. Employment responsibilities for James Henderson, Sarah Thorpe, Su Parker, Mike Bridgewater, Helen Titterton, Judith Parry, Lesley Bovington, Shaz Akhtar, Gurj Shergill, Cassius Francis, Jon Miles, and Rue Green have been with Transforming Communities Together, with The Diocese of Lichfield's Finance Department providing payroll services for the Charity as well as administering pension contributions.

Covid 19 - Covid-19 had a significant impact on the charitable sector, with significant funding diverted to assist those experiencing immediate hardship. Transforming Communities Together's existing funders showed flexibility in the adjustment of delivery targets to address the new situation. The charity applied for additional funding to enable it to support those whose social, financial, and mental wellbeing has been adversely impacted, receiving seven grants amounting to over £100,000, with some activity to be delivered in 2021. Three members of staff were placed on furlough from May until the end of July 2020 to ease the pressure on reserves and utilise the Government Job Retention Scheme. Looking ahead, the charity anticipates ongoing challenges in the charitable sector, with increasing needs within the communities it seeks to serve. The charity is well respected in the region. Through existing and new relationships the charity will proactively seek to deliver increased services to the vulnerable groups experiencing ongoing problems, whilst mindful of the financial pressure under which partners are operating.

During 2020, funding for the core function of Transforming Communities Together in developing and supporting work came from Porticus and the Church Urban Fund. The latter's regular funding ceased in March, with the former making up the in-year reduction. The Board had agreed to meet an anticipated deficit in this area from unrestricted reserves which include agreed contributions from projects to central overheads and modest income from a fundraising campaign amongst community donors in several more affluent parishes in the Diocese of Lichfield. The Worcester Diocesan Social Responsibility Fund has agreed a contribution towards core expenditure in 2021. A charitable application has also been made to support core funding in 2021.

Our Social and Financial Inclusion work was dependent on restricted income. This included the third and final year of grants for Just Finance Black Country from local charities, such as Walter Stanley and Grimmit Trust, the Worcester Diocesan Social Responsibility Fund, and, through the Church Urban Fund, the Mercers Company. The Church Urban Fund also secured funding from Allchurches Trust for us to take part in the Covid Cash programme. Additional funding for the Covid Cash programme came from the Heart of England Community Foundation. The Preventing Shocking Debt programme is funded as development work by The National Lottery, this programme being extended in 2021 with staff being furloughed and redeployed. The Modern Slavery Partnership was also funded as development work by The National Lottery. The Mothers Union of the Diocese of Lichfield funded the Modern Slavery Campaign, which, along with other work, was extended through a Covid Emergency grant from Charities Aid Foundation.

Our Community Cohesion and Integration work was dependent on restricted income. The Ministry of Housing, Communities, and Local Government continued to fund the Near Neighbours programme. For the first quarter of 2020, county councillors arranged for Places of Welcome to be funded in South Staffordshire and Cannock Chase Districts. The third year of Places of Welcome Plus programme, funded by Lichfield District Council, was extended further into 2021. The Places of Welcome work funded by Walsall for All was also extended further into 2021. Covid Emergency funding from Staffordshire Community Foundation supported a three month intervention for Places of Welcome in Stoke-on-Trent and Staffordshire, for which continuity funding has been sought. Funding for Places of Welcome in the Black Country was secured from the Eveson Trust, augmented by the West Midlands Police's Community Initiative Fund, with staff recruited to start in 2021. A Covid Emergency grant from The National Lottery

funded Bringing People Together, with funding secured at a reduced level for another six months in 2021. Initial work on Shared Silence has been funded out of unrestricted reserves, with a funding application submitted for 2021.

Our Health and Wellbeing work in 2020 was focused on Dementia Friendly Churches. In 2020 funding from Henry Smith Christian Projects contributed towards the deployment of two part-time staff members, with both posts terminating this year. The Lichfield Diocesan Board of Finance funded the third post which continues into 2021, along with new work on Mental Health, with a grant from Allchurches Trust, and Enabling Church (disability) as part of new arrangements.

Trustees' responsibilities statement

The trustees (who are also directors of Transforming Communities Together for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

Each of the persons who are members of the Board of Trustees at the time when this Trustee's Annual report is approved has confirmed that:

- so far as that member of the Board of Trustees is aware, there is no relevant audit information of which the charitable company's auditors are unaware, and
- that the Board of Trustees has taken all the steps that ought to have been taken as a board in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information

The Trustees declare that they have approved the trustees' report above. The Trustees have taken the exemption available to small companies and have not prepared a Strategic Report.

Signed on their behalf, on 12 September 2021



Rt Revd Sarah Bullock, Chair

Statement of Financial Activities
(including Income and Expenditure Account)
For the year ending 31 December 2020

	Note	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Income from:					
Donations and legacies	2	10,739	261,453	272,192	341,242
Charitable activities	3	1,468	18	1,486	1,055
Total income		<u>12,207</u>	<u>261,471</u>	<u>273,678</u>	<u>342,297</u>
Expenditure on:					
Charitable Activities	4	275	286,055	286,330	237,826
Total expenditure		<u>275</u>	<u>286,055</u>	<u>286,330</u>	<u>237,826</u>
Net Income/Expenditure		<u>11,932</u>	<u>(24,584)</u>	<u>(12,652)</u>	<u>104,471</u>
Transfer between funds		<u>7,491</u>	<u>(7,491)</u>	<u>-</u>	<u>-</u>
Net movement in funds		19,423	(32,075)	(12,652)	104,471
Total funds brought forward		42,189	128,258	170,447	65,976
Total funds carried forward		<u>61,612</u>	<u>96,183</u>	<u>157,795</u>	<u>170,447</u>

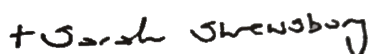
The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities. The notes on pages 12 to 18 form part of these financial statements.

A full comparative Statement of Financial Activities is included at note 12.

Balance Sheet as at 31 December 2020
Company number: 09010580

	Note	Total 2020 £	Total 2019 £
Current assets			
Deposit and bank balances		154,812	172,617
Debtors and accrued income	5	5,863	1,113
		<u>160,675</u>	<u>173,730</u>
Creditors: amounts falling due within one year	6	(2,880)	(3,283)
Net assets		<u>157,795</u>	<u>170,447</u>
Capital and reserves			
Unrestricted reserves		61,612	42,189
Restricted reserves	9	96,183	128,258
		<u>157,795</u>	<u>170,447</u>

The Financial Statements were approved and authorised for issue by the board and were signed on its behalf on 12 September 2021



Rt Revd Sarah Bullock, Chair

The notes on pages 12 to 18 form part of these financial statements.

1. Accounting Policies

(a) Accounting Convention

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Second Edition) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006

Transforming Communities Together meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

(b) Cash flow

The Charity has taken advantage of the exemption available to smaller charities and has not prepared a cash flow statement.

(c) Going concern

After making appropriate enquiries, including reviewing its cash flow forecasts, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future (which is considered to be a period of at least twelve months from the date of approving these financial statements). Staff linked to specific projects and funding have contracts that are in line with the expected funding period; if further funding is awarded then contracts are extended. Longer term projects funds are set aside for potential redundancies. Additionally the Core posts and work of the charity has the security of the Lichfield Diocesan Board of Finance to assist with funding the key elements of the work in fulfilling the work of the Diocese under the instruction from the Diocesan Bishop on Social Responsibility. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

(d) Fund Accounting

Restricted funds are subject to the specific terms of any grants or donations made to Transforming Communities Together in the course of the year, declared by the donor(s) or with their authority, but still within the objects of the charity. Restricted funds may be restricted income funds, which are expendable at the discretion of the Trustees in furtherance of some particular aspect(s) of the objects of the charity. Or they may be capital funds, where the assets are required to be invested, or retained for actual use, or expended in strict concurrence with the terms of the grant/donor.

(e) Income

All income is included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy and there is a probability of receipt.

(f) Recognition of liabilities

Expenditure is included on the accruals basis and has been classified under headings that aggregate all costs related to the SOFA category. Grants payable are charged in

the year when the offer is conditional on the recipient satisfying performance or other discretionary requirements to the satisfaction of the Trust.

Grants offered subject to such conditions, which have not been met at the year end, would be noted as a commitment, but not accrued as expenditure.

Unrestricted funds are those funds which are available for use at the discretion of the Trustees in furtherance of the objectives of the charity.

(g) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on charitable activities includes the costs of resourcing ministry and mission, governance costs and associated support costs.
- Other expenditure represents those items not falling into any other heading.

(h) Debtors

Trade and other debtors are recognised at the settlement amount after any trade discounts offered. Prepayments are valued at the amount repaid net of any trade discounts due.

(i) Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

(j) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

(k) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

(l) Company status

The company is a company limited by guarantee. The members of the company are the Trustees named on page 5. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

The address of the registered office is given in the reference and administration details of these financial statements. The nature of the charity's operations and principal activities are detailed in the trustees report.

2. Income from donations and legacies	2020	2019
	£	£
Church Urban Fund Grants	79,742	114,700
National Lottery Grant	20,680	101,059
Lichfield Diocesan BoF	-	23,280
Henry Smith Charity	-	22,000
Porticus	8,000	15,000
Walter Stanley	10,000	10,600
All Churches Trust	20,000	-
Eveson Trust	28,401	-
Heart of England	17,000	-
Coronavirus Job Retention Scheme	7,573	-
Other Grants	79,176	53,794
Donations	1,620	809
	<u>272,192</u>	<u>341,242</u>
	<u><u>272,192</u></u>	<u><u>341,242</u></u>
 3. Income from charitable activities	 2020	 2019
	£	£
Event income	-	-
Other Income	1,486	1,055
	<u>1,486</u>	<u>1,055</u>
	<u><u>1,486</u></u>	<u><u>1,055</u></u>
 4. Expenditure on charitable activities	 2020	 2019
	£	£
Programme costs		
Advertising/promotional costs	5,048	4,352
Wages and salaries	210,884	174,147
Conference fees and expenses	6,461	10,760
Grants	-	273
Sundry costs	30,546	16,156
	<u>252,939</u>	<u>205,688</u>
Support costs		
Rent paid	6,764	5,500
Other operating costs	20,417	22,802
Governance costs	6,210	3,836
	<u>33,391</u>	<u>32,138</u>
	<u><u>286,330</u></u>	<u><u>237,826</u></u>
 5. Debtors and accrued income	 2020	 2019
	£	£
Sundry debtors	5,863	627
Accrued income	-	486
	<u>5,863</u>	<u>1,113</u>
	<u><u>5,863</u></u>	<u><u>1,113</u></u>

6. Creditors	2020	2019
	£	£
Amounts due falling within one year		
Sundry creditors	-	583
Accruals	2,880	2,700
	<u>2,880</u>	<u>3,283</u>
	<u><u>2,880</u></u>	<u><u>3,283</u></u>
7. Net income for the year	2020	2019
	£	£
This is stated after charging:		
Auditors' remuneration	2,880	2,700
	<u>2,880</u>	<u>2,700</u>
	<u><u>2,880</u></u>	<u><u>2,700</u></u>
8. Employees	2020	2019
	No.	No.
The average Full time Equivalent number of persons employed by the trust during the year was:		
Management and administration	7	8
	<u>7</u>	<u>8</u>
	£	£
Wages and salaries	189,020	153,852
Social security	15,440	11,997
Pension	6,424	8,298
	<u>210,884</u>	<u>174,147</u>
	<u><u>210,884</u></u>	<u><u>174,147</u></u>

No employee had emoluments in excess of £60,000 (2019: nil).

One trustee was employed in the course of 2020 as an individual deemed to be the best person by the trustees for a specific role (Near Neighbours Surge) in accordance with the Memorandum and Articles of Association clause 5.3.9 The cost of remuneration in the year was £8,473.

Except as disclosed above, there were no other related party transactions in the current or preceding financial year.

The aggregate of key management remuneration was £nil (2019: £nil).

9. Reserves	Reserves Brought Forward	Income	Expenditure	Transfers	Reserves Carried Forward
Analysis of charitable funds	Forward				Forward
	£	£	£	£	£
Unrestricted reserves	42,189	12,207	(275)	7,491	61,612
Restricted reserves					
Transforming Communities Together	3,828	10,634	(67,323)	15,280	(37,581)
Near Neighbours	(5,151)	44,182	(35,330)	(8,959)	(5,258)
Walsall Women Together	-	1,000	(129)	-	871
Real People Honest Talk	1,188	-	(6,184)	4,996	-
Dementia Friendly Church	12,065	620	(12,720)	(816)	(851)
Places of Welcome	9,716	72,285	(32,416)	(3,682)	45,903
Bringing People Together	-	20,680	(13,762)	-	6,918
Just Finance	13,686	43,120	(28,041)	(426)	28,338
Just Finance (All Churches)	-	32,180	(23,020)	-	9,160
Overcoming Shocking Debt	41,961	3,779	(26,334)	(3,200)	16,206
Modern Slavery Campaign	9,750	7,991	(14,165)	(2,446)	1,129
Modern Slavery Partnership	41,215	-	(26,630)	(8,237)	2,997
Mental Health	-	25,000	-	-	25,000
	128,528	261,471	(286,055)	(7,491)	96,183
Total	170,447	273,678	(286,330)	-	157,795
Reserves 2019 comparatives	Reserves Brought Forward	Income	Expenditure	Transfers	Reserves Carried Forward
Analysis of charitable funds	Forward				Forward
	£	£	£	£	£
Unrestricted reserves	-	-	-	42,189	42,189
Restricted reserves					
Transforming Communities Together	40,361	46,537	(58,811)	(24,259)	3,828
Near Neighbours	(1,454)	44,794	(44,200)	(4,291)	(5,151)
Transforming Talk	775	-	(225)	(550)	-
Real People Honest Talk	-	13,000	(8,712)	(3,100)	1,188
Dementia Friendly Church	10,794	45,320	(38,375)	(5,674)	12,065
Places of Welcome	10,823	38,205	(39,312)	-	9,716
Just Finance	4,677	53,522	(40,998)	(3,515)	13,686
Overcoming Shocking Debt	-	49,900	(7,139)	(800)	41,961
Modern Slavery Campaign	-	9,804	(54)	-	9,750
Modern Slavery Partnership	-	41,215	-	-	41,215
	65,976	342,297	(237,826)	(42,189)	128,528
Total	104,471	342,297	(237,826)	-	170,447

The transfers represent project overhead charges towards the central administrative hub of the company. The Near Neighbour deficit will either be cleared in the financial year to 31 December 2021; either through additional funding or a transfer from Unrestricted Funds.

10. 2020: Analysis of Net Assets between Funds

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Current assets	61,612	99,063	160,675
Creditors due within one Year	-	(2,880)	(2,880)
	<u>61,612</u>	<u>96,183</u>	<u>157,795</u>

Analysis of Net Assets between Funds 2019: Comparative

	Unrestricted Funds £	Restricted Funds £	Total Funds £
Current assets	42,189	131,541	173,730
Creditors due within one Year	-	(3,283)	(3,283)
	<u>42,189</u>	<u>128,258</u>	<u>170,447</u>

11. Taxation

Transforming Communities Together is established for charitable purposes and is exempt from Corporation Tax and Income Tax on interest received.

12. Comparative Statement of Financial Activities (year ended 31 December 2019)

	Note	Unrestricted Funds £	Restricted Funds £	Total 2019 £
Income from:				
Donations and legacies	2	-	341,242	341,242
Charitable activities	3	-	1,055	1,055
Total income		<u>-</u>	<u>342,297</u>	<u>342,297</u>
Expenditure on:				
Charitable Activities	4	-	237,826	237,826
Total expenditure		<u>-</u>	<u>237,826</u>	<u>237,826</u>
Net Income/Expenditure		<u>-</u>	<u>104,471</u>	<u>104,471</u>
Transfer between funds		<u>42,189</u>	<u>(42,189)</u>	<u>-</u>
Net movement in funds		42,189	62,282	104,471
Total funds brought forward		<u>-</u>	<u>65,976</u>	<u>65,976</u>
Total funds carried forward		<u>42,189</u>	<u>128,258</u>	<u>170,447</u>