



Trustees' Annual Report and Accounts

For the year ended 30 June 2017

Crisis UK (trading as Crisis).
Registered Charity Numbers:
E&W1082947, SC040094.
Company Number: 4024938

Together
we will end
homelessness

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About Crisis

Crisis is the national charity for homeless people. We are dedicated to ending homelessness by delivering life-changing services and campaigning for change.

Our innovative education, employment, housing and well-being services address individual needs and help homeless people to transform their lives.

We are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience.

Our five-year strategic plan goals

Our priorities for 2013-2018 reflect growing demand for our services and the need to campaign to address rising homelessness as cuts to services and benefits, compounded by the ongoing housing crisis, continue to affect people across the UK.

1. Deliver high quality services that enable housing stability, financial security, improved wellbeing and the development of positive relationships.
2. Develop and deliver a range of housing solutions.
3. Be the leading source of knowledge on causes, effects and solutions for single homelessness.
4. Influence opinion and public policy and raise awareness so that homelessness matters to more people.
5. Raise funding to support existing activities and growth plans.
6. Develop our people, systems and operating methods to ensure that they effectively support Crisis' activities, growth and development.

Our values

It is vital, as we grow as an organisation, that we ensure everybody understands what it is that makes us Crisis. Our values are at the heart of everything we do as we continue in our mission to end homelessness.

Inspiration

We can and we do change the lives of homeless people. Through this work we inspire others to help end homelessness.

Integrity through knowledge

Our integrity is grounded in our unique knowledge base, which comes from our research and years of working directly with thousands of homeless people.

Dignity

By giving people the tools to help themselves out of homelessness, we uphold their dignity. We act with compassion, a sense of common decency, and with humanity.

Fearlessness through independence

Our independence grants us not just the ability, but also the responsibility to be fearless and say what needs to be said to help homeless people.

Adaptability

We are curious, creative and adaptive, willing to change what we do when we know what works – and what does not.

Resolve to end homelessness

Be it through anger or compassion, we draw our resolve from the injustice that is homelessness in 21st century Britain.

Trustees, senior management and advisers

Patron

HRH Princess Alexandra, the Hon. Lady Ogilvy, KG, GCVO

Vice presidents

Lord Alton of Liverpool
The Most Rev. and the Rt Hon. Justin Welby, the Lord Archbishop of Canterbury
The Most Rev. Vincent Nichols, Archbishop of Westminster
David Gilmour CBE

Chair of trustees

Steven Holliday ^{^~#}

Trustees

Terrie Alafat ^{^~}
Martin Cheeseman [#]
Caroline Lee-Davey ^{*}
Emma Foulds ^{*}
Nicholas Hilliard QC (*resigned 29 September 2016*)
Ann Gee (*appointed 29 September 2016*)
Julia Goldsworthy (*appointed 27 July 2017*)
Richard Murley ^{*}
Andrew Newell ^{*} (*resigned 27 July 2017*)
Geetha Rabindrakumar ^{*} (*appointed 27 July 2017*)
Peter Redfern [~]
Damien Régent ^{*} (*appointed 27 July 2017*)
Jason Warriner [#]

^{*} member of the Finance, Audit and Risk Committee

[^] member of the Nomination Committee

[~] member of the Remuneration Committee

[#] member of the Client Services Governance Committee

Company secretary

Keith Felton

Senior management team

Jon Sparkes, Chief Executive
Matthew Downie, Director of Policy & External Affairs
Sarah Farquhar, Director of Innovation & Enterprise
Keith Felton, Director of Corporate Services
Rebecca Pritchard, Director of Services
Ed Tait, Director of Fundraising
Micky Walsh, Director of Services

Bankers

The Royal Bank of Scotland
28 Cavendish Square
London W1M 0DB

Senior Statutory Auditor

Joanna Pittman

Auditors

Sayer Vincent LLP
Invicta House
108-114 Golden Lane
London EC1Y 0TL

Address of charity and registered office

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Email: enquiries@crisis.org.uk
Website: www.crisis.org.uk

Company registration no: 4024938

Charity registration no: England and Wales 1082947; Scotland SC040094

Chairman's statement

Together we will end homelessness

This year we have reflected on the achievements of our past and heard from people who are fighting every day for an end to homelessness. Now we look ahead towards completing and implementing our plan to end it for good. We start 2017/18 focused on how we can have the biggest impact on ending homelessness.

Learning from our new and established Crisis Skylight teams we will end homelessness faster and for more people. And we won't just rely on tried and tested solutions; our expert staff will come up with new and innovative solutions and test them thoroughly so we improve still further.

Last year we worked with partners from across the homelessness sector and politicians from across the political spectrum to change the law in England to focus on prevention of homelessness. This followed similar advances in Scotland and Wales in recent years, and this year we'll maximise the opportunities the Homelessness Reduction Act will bring through a clear strategy of advising, supporting and challenging its implementation by local authorities and public bodies.

And crucially, we will continue to work with everyone who can help us end homelessness. We will reach out to new volunteers, campaigners, donors and fundraisers while striving to make sure our existing supporters receive the very best experience they deserve. We will look internally as well, investing in our own people and systems to ensure we're making the most of the resources we have. This is vital to the success of our plans.

During the second half of our 50th anniversary year, we will continue collaboratively developing a plan to end homelessness. We'll complete a major consultation which brings together people with lived experience of homelessness and other experts; we'll review and publish the best evidence about what has worked to end homelessness at home and abroad; and we'll publish our own research to fill any gaps.

At the same time we'll continue building public support for the plan through our Everybody In campaign, and by the end of our anniversary year in April 2018 we will present an authoritative plan for ending homelessness.

We face the reality of homelessness together, and only by collaboration will we end it. So thank you to all our donors, staff and supporters. Without you, none of this would be possible. For Crisis there is simply no place for cynicism or doubt. It is our firm belief that together, we will end homelessness.

Steve Holliday
Chair of Trustees

Chief Executive's statement

Yesterday and today

Fifty years ago some remarkable people got together and decided they wanted to stand up against homelessness. They wanted to stand up and say that it is totally unacceptable that people are living and dying on our streets. It was 1967. Cathy Come Home had recently been aired by the BBC. The atmosphere and appetite for social change was rife. And so, Crisis was born.

We publish our annual report just as we're midway through our 50th anniversary year. However, this is not a moment for celebration. Yes, our achievements have been extraordinary, and we have helped countless numbers of people end their homelessness. But now we are looking to a future where we no longer have to exist.

This year we provided help for over 11,000 people through our Crisis Skylight centres and teams in England, Scotland and Wales, and more than 4,000 people at Crisis at Christmas, which remains an extraordinary logistical and volunteering effort with more than 11,000 members of the public giving up their time at Christmas to support homeless people. Building on the evidence of what works most effectively in tackling homelessness, this year 3,200 more people had access to specialist one-to-one coaching than in the previous year, and we plan to increase this again in the coming year.

Sadly, all of this is needed because in today's Britain, homelessness is very much still with us. We are one of the richest nations on earth, yet tonight nearly 160,000 households will bed down on our streets, sleep in hostels, night-shelters or B&Bs, or make do in sheds, garages, on sofas or kitchen floors.

The time to act is now. We're using our 50th anniversary year to set out what really needs to be done to end homelessness for good.

We're encouraged by the radical reforms in Scotland, Wales, and now the Homelessness Reduction Act in England. After rallying support from thousands of campaigners, including hundreds of our own members, the Bill became law on 27 April 2017. The Act will give councils a legal duty to give more people meaningful support to resolve their homelessness and will introduce measures to prevent people becoming homeless in the first place.

Looking further afield we see cities and countries in Europe and North America that have completely ended different forms of homelessness. There is much success to draw inspiration from.

We're realistic too. We know it's not within our gift to prevent some of the circumstances that trigger homelessness like relationships breaking down or people losing jobs. But what we do know with absolute certainty is that there is not a single homeless person whose situation cannot be resolved with the right support, and that we need to tackle the causes of homelessness like poverty and the lack of available and affordable housing.

This year, by presenting our achievements through the perspectives of people directly impacted by homelessness and helping end it we hope to show what's possible.

We know we will end homelessness for good and we know we can't do it alone.



Jon Sparkes
Chief Executive

Strategic report

The trustees present their report and the audited financial statements for the year ended 30 June 2017.

This report describes Crisis' core services and achievements during the year. Further information is presented in our Impact Report for the year which is available on our website, www.crisis.org.uk.

The financial statements comply with current statutory requirements, the memorandum and articles of association and the Statement of Recommended Practice - Accounting and Reporting by Charities: SORP applicable to charities preparing their accounts in accordance with FRS 102.

How we work

Crisis is the national charity for homeless people. We are committed to ending homelessness. Every day we see the devastating impact homelessness has on people's lives. Every year we work side by side with thousands of people, to help them rebuild their lives and leave homelessness behind for good.

Through our pioneering research into the causes and consequences of homelessness and the solutions to it, we know what it will take to end it.

Together with others who share our resolve, we bring our knowledge, experience and determination to campaign for the changes that will solve the homelessness crisis once and for all.

We mobilise a unique volunteer effort each Christmas to bring warmth, companionship and vital services to people at one of the hardest times of the year, and offer a starting point out of homelessness. We know that homelessness is not inevitable. We know that together we can end it.

IMPACT	TARGET	ACTUAL
Volunteers who helped Crisis across the year	11,000	11,100
Number of clients volunteering	550	458

Housing

Private renting is often the only way for homeless people to find a home, yet many barriers exist which make this challenging. Crisis helps by offering a range of housing coaching and classes, to equip people with the tools and knowledge needed to rent successfully.

All 11 Crisis Skylights have Housing Coaches who directly help homeless people find and keep a stable home. Crisis' comprehensive pre-tenancy training course, Renting Ready, provides people with guidance on budgeting, DIY, finding flatmates and paying bills, in order to gain the skills needed to live well independently.

We also work with landlords to ensure a supply of places to live - both directly and through projects we support across Britain.

IMPACT	TARGET	ACTUAL
People housed by Crisis	544	764
Organisations supported to improve their housing offer to Homeless People	108	153
People helped to sustain and improve housing	1,044	1,086
People whose homelessness was prevented by Crisis	488	439

Employment

Having little or no work is a major cause and consequence of homelessness, which can have a devastating impact on a person's stability and overall wellbeing. Crisis' Employment Services help people look for and maintain work, and our Employment Coaches support people to find their own route towards a new job or career. Working in partnership with a range of organisations - including employers, training providers, colleges and other homeless organisations - enables us to source appropriate opportunities and jobs.

Being in work helps people improve their financial security, rebuild their confidence and regain independence. Crisis' Changing Lives Grants are a way for clients to access funding for courses and equipment to help them achieve their career aspirations, which may otherwise seem impossible. We also provide practical, on-the-job training at Café from Crisis and Shop from Crisis outlets which can lead to careers in hospitality, catering and retail for clients.

IMPACT	TARGET	ACTUAL
People supported into work	948	861

Education

Lacking skills and qualifications can lead to people becoming and staying homeless, feeling isolated from society and struggling with their self-esteem.

Education is at the core of Crisis. Our range of courses and classes – from literacy and numeracy, to creative arts and music, and vocational training including plastering and tiling – help people restore a routine and sense of purpose.

Gaining the knowledge, skills and qualifications needed to get back into work, in turn empowers people to feel confident and optimistic about their future.

IMPACT	TARGET	ACTUAL
People who gained a qualification	1,919	1,577
People who progressed to external education	550	567

Arts

Being homeless can have a huge effect on a person's sense of motivation and self-worth. Crisis' year-round art classes and activities provide people with a focus and a creative way to express themselves.

For many Crisis members, art classes are the first steps on their journey out of homelessness. The sense of achievement and recognition of skills gained can be a key turning point and catalyst for positive change. The creative sessions can provide regularity and continuity, a chance to build skills and form friendship and support networks, as well as helping people build the motivation and self-esteem needed to move into education, volunteering or employment.

Health and wellbeing

Experiencing homelessness can have an overwhelming and damaging impact on a person's physical and mental health. Crisis offers a range of classes, social activities, one-to-one coaching and access to healthcare services, to help improve people's health and wellbeing.

Many homeless people suffer from loneliness - often feeling ashamed or invisible and like they don't deserve to be helped. Our health and wellbeing coaches help people identify specific challenges and rebuild the self-esteem shattered by homelessness. As well as offering tailored, individual support, people can meet GPs, opticians and access specialist help with addiction or other complex health issues.

IMPACT	TARGET	ACTUAL
People reporting improved mental health	2,859	2,653
People reporting improved positive relationships and networks	2,913	2,159

Crisis at Christmas

Many homeless people spend Christmas alone and feel like they don't have anywhere to go. Crisis at Christmas welcomes thousands of people across the UK, offering a place they can come for support, companionship and vital services over the festive period.

More than 10,000 members of the public offer their time to volunteer at Crisis at Christmas, which can include running activities and providing entertainment.

Guests can also access appointments with dentists, counsellors, hairdressers, massage therapists, and meet with advisors to discuss issues like housing and employment.

For many, Crisis at Christmas is an opportunity to focus on the future. Guests can discover our year-round services available across the UK and are encouraged to sign-up to join one of our 11 Crisis Skylight centres.

Campaigning

Working with thousands of campaigners, including many who have experienced homelessness, Crisis aims to lead the movement to end homelessness in Britain for good.

In April 2017, the Homelessness Reduction Act received Royal Assent after a long campaign led by Crisis and together with other charities and organisations. The Act will take effect in April 2018, bringing significant changes to the help that councils in England will be required to give people who are facing homelessness. This legislation will change the lives of many people across the country who might otherwise be left without hope or advice. We are continuing to lobby the government, to ensure that funds are made available for local authorities to meet these new obligations.

We led a successful general election campaign to persuade all major UK-wide parties to adopt a commitment to end rough sleeping. This was achieved, alongside manifesto pledges to better prevent homelessness and to introduce Housing First.

This year marks Crisis' 50th anniversary. In that time, we have learnt the root causes of homelessness and what's needed to end it. Over the next year, we are campaigning to get Everybody In to form a powerful movement for change, and producing a plan to show how, together, we can end homelessness for good. People with experience of homelessness will be at the centre of our campaigns, empowering these individuals and highlighting their experiences to help shift attitudes.

IMPACT	TARGET	ACTUAL
Statements from politicians committing to tackle homelessness	12	14
Number of campaigners	40,000	41,000
Website visitors	1.5 m	1.6 m

Fundraising

Crisis relies on donations to provide and develop services to help people on their journey out of homelessness. Our supporters are at the heart of everything we do. We are grateful to the thousands of people, companies and trusts who continue to support us. Our work would not be possible without them.

This year Crisis was proud to achieve success at the Institute of Fundraising's National Fundraising Awards, winning 'Best Individual Giving Campaign' for our Christmas Appeal and 'Best Fundraising Charity of the Year (large)'. We also received two awards at the Third sector excellence awards - 'Fundraising Team of the Year' and 'Fundraising Campaign of the Year'. We were recognised for doing our very best for our supporters, which included implementing our 'Supporter in the Room' policy. This means that every time we talk, write, or plan fundraising, we do it as if there is a supporter in the room.

We are involving more clients and staff in our fundraising activities than ever, including speaking at special events, sharing their stories in appeals and teams from our Crisis skylights in Coventry, Birmingham, Oxford, London, Croydon and Brent also took part in the Crisis Square Mile Run series.

Social Enterprise

We operate 'Cafe from Crisis' in London, Newcastle and Oxford, and have 'Shop from Crisis' outlets across London. Our enterprises help to raise Crisis' profile with new audiences and provide opportunities such as training programmes for our clients. These enable homeless people to build their confidence whilst obtaining the skills and experience to move into employment, typically in the hospitality industry.

Structure, governance and management

Structure

Crisis UK is a registered charity and a company limited by guarantee and is governed by its Memorandum and Articles. The charity has one wholly owned subsidiary undertaking, Crisis at Christmas, a trading company. The principal activities of the trading company are sponsorship and miscellaneous trading activities.

Trustees

The Board of Trustees of Crisis UK currently comprises twelve members who meet at least six times a year to review strategy, business plans and operations. One of those meetings is at least one day in duration which allows an in depth review of the charity's past performance and future direction.

Trustees are appointed on a three-year term. A trustee holds office for a maximum of six years unless the Nominations Committee recommends otherwise and a majority of the Board of Trustees agree. Terms of office may be extended for up to a further three years and the Nominations Committee may recommend extending the term of office for further periods of up to three years if appropriate.

Trustees are recruited through national advertisements, although personal recommendations are also used where specific skill sets are required. All successful candidates are selected through a rigorous interview process involving the Nominations Committee.

All new trustees take part in an induction programme which is designed to ensure that they fully understand their roles and responsibilities, as well as the objects, activities and ethos of the charity.

Trustee sub-committees

The trustees delegate authority for the review of financial information and audit issues to the Finance, Audit and Risk Committee, who in turn make recommendations to the Board on related issues. The Finance, Audit and Risk Committee currently comprises four trustees. Four members of the charity's senior management team also attend all meetings.

The Remuneration Committee comprises a minimum of three trustees to whom the trustees have delegated responsibility for:

- Setting the remuneration of the chief executive
- Receiving recommendations on the remuneration of the senior management team and authorising as appropriate
- Scrutinising and authorising changes to the organisation's remuneration structure

The Nominations Committee comprises two trustees, including the chair, and the chief executive and has delegated responsibility for:

- Making recommendations to the Board on the extension of a trustee's term of office
- Recruitment of and recommendation to the Board of new trustees

The Client Services Governance Committee, which comprises three trustees, was established in September 2016 to:

- Ensure Crisis' services for members are delivered safely and professionally and to provide this assurance to the Board
- Act as a forum for scrutiny and review of governance (including

incident and safeguarding management) across Crisis Client Services

Further committees are set up as and when required to review specific issues, to which additional specialists are co-opted if appropriate, in addition to selected trustees.

Related parties and relationships with other organisations

Crisis at Christmas, a wholly-owned subsidiary, manages trading activities associated with the charity. The company gifts any surplus to Crisis.

Senior Management Team

The trustees delegate the day to day operations of the charity to the Senior Management Team (SMT). The SMT comprises seven members with clear lines of responsibility for specific areas of the organisation.

The trustees have worked with the SMT to develop the longer term strategic plans for the charity. Responsibility for the implementation of the plans is delegated to the SMT through agreed one year business plans.

Remuneration policy for key management personnel

Crisis' remuneration policy is designed to ensure the organisation continues to be a leading charity within the homelessness sector, providing high quality services for homeless people. This includes ensuring remuneration levels are sufficient both to attract high calibre staff and maintain our human resource across the organisation.

Crisis is committed to the following principles in determining pay for all of its employees: be consistent, equitable and open in how employees are rewarded and recognised; apply the same approach to pay and reward for all employees, except where there is a clear case for differentiation; benchmark pay against the upper quartile of the relevant market; take account of internal relativities as well

as the external market; and provide an overall package of rewards and recognition that is good within the charitable sector.

The remuneration of members of the Senior Management Team is determined by the Remuneration Committee. The committee gives due consideration to the above framework.

In addition, Crisis is committed to pay the minimum hourly rates recommended by the Living Wage Foundation.

Staff and volunteers

The commitment of our staff and volunteers is vital for the ongoing success of our organisation, in terms of the time, skill and passion that they dedicate to delivering the best possible services for homeless people.

Crisis continues to be extremely fortunate that it can call on the support of more than 11,000 volunteers. Their contributions are invaluable to our work and help shape the unique character of the charity.

Policy for employment of disabled persons

Crisis welcomes applications for employment from all prospective employees regardless of disabilities. Crisis is committed to developing practices that not only meet the requirements of equalities legislation but which actively promote equality of opportunity and maximise the abilities, skills, and experience of all employees. This includes ensuring that employees are managed in an inclusive way, taking into account individual differences and giving employees the confidence to disclose a disability should they so wish. If an employee discloses that they have a disability, we will engage in a discussion with them to determine what they need to be successful in their role and seek to make reasonable adjustments to facilitate this. These could include training, specialist technology or

equipment, for example. In deciding what is reasonable, the practicalities and resources available to Crisis UK should be taken into account.

Employee information

Crisis places great importance on ensuring that employees are regularly updated and have appropriate opportunities to engage with senior management. The Chief Executive holds 'Have Your Say' sessions twice a year at all Crisis locations, accompanied by another member of the Senior Management Team. All staff are invited to attend and contribute. The Chief Executive also presents a monthly blog, available to all staff, in which he discusses important topics such as future plans, financial circumstances and the external environment, as well as celebrating achievements.

Crisis has grown rapidly in recent years and has undergone considerable change. To ensure the continued successful growth and development of the charity, it is essential that we consult widely as we develop our plans. In the past year, this has included consultation across Crisis, with over 300 staff participating, as the organisation develops its next strategic plan, for 2018 to 2023.

Crisis has a union recognition agreement with Unite. Senior management meet with Unite representatives on a regular basis.

Public benefit statement

In accordance with the Charities Act 2006, Crisis is required to confirm that the activities it undertakes to achieve its objectives are all carried out for the public benefit as described by the Charity Commission.

The beneficiaries of the charity are members of the public who are in need because of homelessness and associated issues. Through its activities, Crisis seeks an end to homelessness by delivering life-

changing services and campaigning for change. The Trustees have described in this report the charitable public benefit of our activities. The Trustees regularly review Crisis' progress against its aims and objectives and confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission.

Financial review

Crisis' principal activities are the provision of a range of life-changing services to homeless people and campaigning on their behalf.

The year ended 30 June 2017 was the fourth year of Crisis' current five-year strategic plan. This plan assumed that the charity would incur deficits in the first four years, as growth in services for homeless people outstripped income. However, we have been more successful in generating income than anticipated and this has enabled Crisis to respond to the increasing levels of homelessness by expanding its reach. At this stage in the current plan, reserves are markedly higher than anticipated. As noted, we have used the additional resources to expand our activities and, accordingly, whilst a small deficit was recorded for the year ended June 2017 we anticipate this increasing significantly in the next year. Broadly, reserves at the end of the current plan – 30 June 2018 – are expected to be in line with our original plans.

We increased our expenditure for the year from £30.2 million to £35.6 million. Underlying charitable expenditure on services and campaigning increased by 16% to £22 million, partly due to a general increase in our service provision and partly due to the full year of operations of Skylights in Croydon, South Wales and Brent. We have continued to increase our expenditure on fundraising, both to finance this increased expenditure and to invest

in growing the income required to support our plans. Our fundraising activity has been particularly successful this year, with an increase in return on investment over the previous year.

The percentage of our expenditure spent on charitable activities increased slightly to 62%. The percentage continues to be lower than the average level for recent years, largely because of the above-mentioned increase in fundraising expenditure which is essential to support the planned growth in services.

Crisis receives the majority of its fundraised income from individuals, companies and trusts and has little reliance on statutory income. This gives us financial resilience and enables us to speak for homeless people from a position of independence. It does, however, necessitate significant investment in fundraising to ensure that we have a platform of sustainable income streams.

Total incoming resources for the year ended 30 June 2017 increased from £29.5 million to £35.2 million. Donations from individuals increased by £3.9 million, demonstrating a tremendous level of support for our cause. Crisis continues to benefit from the financial support of a broad spread of supporters, including a large number of individuals, companies, trusts and others. This includes the Big Lottery Fund which has provided important funding towards the initial years' operations of Crisis Skylight centres opened in recent years.

A deficit of £0.3 million was recorded in the year. As a result of this and planned transfers to and from designated funds, Crisis' general reserves have increased slightly to £5.8 million. This is largely offset by net decreases in designated and restricted funds of £0.1 million and £0.4 million respectively.

Crisis reserves policy

Crisis's reserves policy is designed to reflect the underlying risks facing the charity and to ensure that Crisis has an appropriate level of reserves to safeguard its operations and services to homeless people.

Crisis holds restricted funds in accordance with donors' requirements. In addition, Crisis has established designated reserves for planned future requirements, in particular the opening and initial operations of new centres, in accordance with our current strategic plan.

The new developments reserve has been designated by the trustees to be used for the establishment of new Skylights and represents the estimated capital and operating costs for the first three years of planned new centres, net of projected income relating specifically to these projects. The tangible fixed asset reserve represents the net book value of tangible fixed assets in use by the charity (excluding those items which are included within restricted reserves). During the year, funds of £2.0 million were transferred from the designated new development reserve and funds of £1.9 million were transferred to the tangible fixed asset reserve (including the capital cost of the building for Skylight Croydon, which opened during the year). Aggregate designated reserves were £7.8 million at 30 June 2017.

The trustees consider on an annual basis the minimum level of free reserves, i.e. excluding restricted and designated reserves, required to support the charity's operations. Relevant factors include projected financial performance including cash flow requirements, the findings from Crisis' risk management processes and an assessment of the risks to the charity's income streams. As noted above, we anticipate an increased financial deficit in the financial year ending June 2018 and this has been taken into account in assessing the required level of reserves.

Following this review, the trustees have determined that the minimum required level of free reserves is £7.5 million, which is above actual free reserves at 30 June 2017 of £5.8 million. The shortfall of £1.7 million arises in part from the decision to establish a new building based skylight in Croydon, with a significant capital outlay, as well as establishing a small chain of charity shops, resulting in an increase in the designated fixed asset reserve. In future years, it is planned to eliminate financial deficits and manage the charity's growth to bring general reserves into line with the requirement.

The requirement and underlying factors are considered annually and the minimum reserves requirement is, therefore, expected to change over time.

Plans for future periods

Crisis has now completed the first four years of its current five-year strategic plan. In financial terms we are in a much stronger position than originally anticipated, which has allowed us to bring forward some of our plans, including the opening of the final three Skylights anticipated in the plan. Nevertheless, homelessness has continued to grow and we have continued to be ambitious in our resolve to address this problem, both through our service delivery and by our campaigning for change. This approach is not without risk, a key element of which is our ability to finance the planned growth, particularly against the background of new regulations that will impact on our ability to contact prospective and current donors.

We are planning for a continuing increase in expenditure in the current financial year and, despite anticipating further increases in income, expect an increased deficit in the current year. As noted above, we plan to eliminate these deficits in the early years of our next strategic plan.

Despite the current financial performance, it is likely that the charity's funds at June 2018, the end of the current strategic plan, will be in the order of our original expectations.

Our strategic objectives remain as stated in our plan, which is available on our website, as follows:

- Delivering services in housing, health, education and employment;
- Increasing knowledge, changing attitudes and influencing policy;
- Raising funds, developing staff and improving office systems.

Investment management

Under Crisis' investment policy, the organisation holds a balanced portfolio of investments. Funds equivalent to the lower of 10% of budgeted expenditure (excluding non-cash items, gifts in kind and expenditure for which restricted funding has already been secured) or 25% of actual free reserves may be held in common investment funds.

The majority of our funds continue to be held in cash or cash equivalents and the investment portfolio and its performance are scrutinised four times a year by the Finance Committee.

There was an unrealised appreciation on investment holdings of £86,000 during the year, in addition to investment distributions. Investments are held in the anticipation that the total return from the investment portfolio will prove satisfactory over a ten year timescale.

Socially responsible investment

The trustees have considered the implications of using ethical and socially responsible criteria alongside financial criteria in decisions relating to fixed asset investments. For example, they have considered whether we should explicitly exclude certain business activities from our investment portfolio.

The trustees believe that the charity's interests are best served by investing in well diversified portfolios, seeking the maximum expected financial returns within an acceptable level of risk. In addition, the trustees are mindful of the non-financial considerations of selecting any fund and will select portfolios that do not hold investments that conflict with the mission of Crisis. The investment at the year end was held in an charity ethical investment fund.

This policy is reviewed regularly by the trustees.

Risk management

No system of internal control is able to give absolute assurance against material misstatement or loss. However, Crisis believes that it has appropriate procedures and controls to adequately mitigate against risks to which it is exposed.

Systems include:

- a long-term strategic plan, annual business plan and annual budget, all of which are approved by the trustees;
- regular consideration by the senior management team and trustees of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews;
- in depth review of financial performance and risk by the Finance, Audit & Risk Committee, including review of growth planning;
- continuing development of a performance measurement framework to ensure we further improve our understanding of our work and its impact;
- scaled authority levels and segregation of duties; and
- identification and management of risks.

Crisis' approach to risk management includes the identification of risks on both 'top down' and 'bottom up'

bases, and the rating of identified risks according to the likelihood and impact of the risk occurring. We overlay on this a review of the risks to delivery of the business plan for the current and subsequent years. Mitigating controls have been identified and, where further action is required, deadlines and responsibilities assigned. Those activities with higher risk ratings are prioritised. A full risk assessment has been undertaken as part of the preparation of the business plan and budget for the current financial year.

In addition to review by the Senior Management Team and the Finance, Audit & Risk Committee, the risk register is reviewed annually by the Board of Trustees, who also receive a mid-year update on key risks.

The most significant risks have been identified as:

- A high-profile member related issue, including a major incident at Christmas, impacting on our reputation and, ultimately, our ability to attract members and income
- The failure of our online donation processing systems (including through the website) at a key time, in particular Christmas
- Adverse impact of compliance with fundraising and data protection regulations (including the introduction of the General Data Protection Regulation)
- Allowing organisational recurring expenditure to grow out of sync with fundraising capacity

Each of these risks is overseen by a board sub-committee.

Statement of responsibilities of the trustees

The trustees (who are also directors of Crisis UK for the purposes of company law) are responsible for preparing the trustees' annual report including the strategic 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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company or group 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 and statements of recommended practice 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 charity 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware

- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the charity guarantee to contribute an amount not exceeding £1 each to the assets of the charity in the event of winding up. The trustees are members of the charity but this entitles them only to voting rights. The trustees have no beneficial interest in the charity.

Auditors

Sayer Vincent LLP were re-appointed as the charitable company's auditors during the year and have expressed their willingness to continue in that capacity.

The trustees' annual report, which includes the strategic report, has been approved by the trustees on 28 September 2017 and signed on their behalf by

Steve Holliday
Chair of Trustees

Independent auditor's report to the members and trustees of Crisis

Opinion

We have audited the financial statements of Crisis (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 30 June 2017 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the 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 group's and of the parent charitable company's affairs as at 30 June 2017 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, and regulations 6 and 8 of the Charities Accounts (Scotland) Regulation 2006 (as amended).

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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, including the strategic report, other than the financial statements and our auditor's report thereon. 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, including the strategic report, for the financial year for which the financial statements are prepared, is consistent with the financial statements, and
- the trustees' annual report, including the strategic report, has 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 group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report, including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees (who are also the directors of the parent 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 group's and the

parent 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 group or the parent 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

This report is made solely to the charitable company's members as a body, in accordance with Chapter three of Part 16 of the Companies Act 2006 and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. 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.

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts. 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material mis-statement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material mis-statement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the over-ride of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees;
- conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

However, future events or conditions may cause the group or the parent charitable company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation, and
- obtain sufficient, appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Joanna Pittman (Senior Statutory Auditor)

Date

For and on behalf of
Sayer Vincent LLP
Statutory Auditors
Invicta House, 108-114 Golden Lane,
LONDON, EC1Y 0TL
Sayer Vincent LLP is eligible to act as
an auditor in terms of section 1212
of the Companies Act 2006

Consolidated statement of financial activities (incorporating an income and expenditure account)

For the year ended 30 June 2017

	Note	Unrestricted £000	Restricted £000	2017 Total £000	2016 Total £000
Income from:					
Donations and legacies	3	25,669	2,548	28,217	23,725
Charitable activities	4	523	4,841	5,364	4,472
Other trading activities	5	1,311	97	1,408	1,070
Investments	6	71	-	71	114
Other		130	28	158	119
Total income		27,704	7,514	35,218	29,500
Expenditure on:					
Raising funds	7	13,409	114	13,523	11,862
Charitable activities					
Christmas		891	1,270	2,161	2,188
Campaigning and influencing		1,865	266	2,131	1,770
Education, health and wellbeing		9,660	4,332	13,992	10,677
Housing		584	1,010	1,594	1,232
Employment		726	356	1,082	1,111
Volunteering		126	-	126	271
Social enterprise		921	55	976	1,053
Total expenditure		28,182	7,403	35,585	30,164
Net income / (expenditure) before net gains / (losses) on investments		(478)	112	(367)	(666)
Net gains on investments		86	-	86	11
Net income / (expenditure) for the year		(392)	112	(281)	(653)
Transfers between funds		480	(480)	-	-
Net income / (expenditure) before other recognised gains and losses		88	(368)	(281)	(653)
Net movement in funds		88	(368)	(281)	(653)
Reconciliation of funds:					
Total funds brought forward		13,737	1,939	15,676	16,329
Total funds carried forward		13,825	1,571	15,396	15,676

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 22a to the financial statements.

Balance sheets

As at June 2017

	Note	The group		The charity	
		2017 £000	2016 £000	2017 £000	2016 £000
Fixed assets:					
Tangible assets	14	4,602	2,777	4,602	2,777
Investments	15	754	682	754	682
		5,356	3,459	5,356	3,459
Current assets:					
Stock		4	5	4	5
Debtors	18	2,232	3,537	2,251	3,532
Cash at bank and in hand		9,610	10,347	9,620	10,343
		11,846	13,889	11,875	13,880
Liabilities:					
Creditors: amounts falling due within one year	19	(1,806)	(1,672)	(1,834)	(1,663)
Net current assets / (liabilities)		10,040	12,217	10,040	12,217
Total net assets		15,396	15,676	15,396	15,676
Funds:					
Restricted income funds	22	1,571	1,939	1,571	1,939
Unrestricted income funds:					
Designated funds		7,844	7,961	7,844	7,961
Unrealised investment gain		185	99	185	99
General funds		5,796	5,677	5,796	5,677
Total unrestricted funds		13,825	13,737	13,825	13,737
Total funds		15,396	15,676	15,396	15,676

Approved by the trustees on 28 September 2017 and signed on their behalf by

Steve Holliday
Chair of Trustees

Richard Murley
Trustee

Consolidated statement of cash flows

For the year ended 30 June 2017

	Note	2017		2016	
		£000	£000	£000	£000
Cash flows from operating activities	23				
Net cash provided by / (used in) operating activities			1,476		(2,483)
Cash flows from investing activities:					
Dividends, interest and rents from investments		71		114	
Purchase of fixed assets		(2,299)		(677)	
Proceeds from sale of investments		14		13	
Net cash provided by / (used in) investing activities			(2,214)		(551)
Change in the year					
Cash at the beginning of the year			10,347		13,380
Cash at the end of the year	24		9,610		10,347

Notes to the financial statements

For the year ended 30 June 2017

1. Accounting policies

a. Statutory information

Crisis UK is a charitable company limited by guarantee and is incorporated in England and Wales. The registered office address (and principal place of business) is 66 Commercial St, London, E1 6LT.

b. Basis of preparation

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) (effective 1 January 2015) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Companies Act 2006.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

These financial statements consolidate the results of the charitable company and its wholly-owned subsidiary Crisis at Christmas on a line by line basis. Transactions and balances between the charitable company and its subsidiary have been eliminated from the consolidated financial statements. Balances between the two companies are disclosed in the notes of the charitable company's balance sheet. A separate statement of financial activities, or income and expenditure account, for the charitable company itself is not presented because the charitable company has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

c. Public benefit entity

The charitable company meets the definition of a public benefit entity under FRS 102.

d. Going concern

The trustees consider that there are no material uncertainties about the charitable company's ability to continue as a going concern.

Key judgements that the charitable company has made which have a significant effect on the accounts include reviewing and carrying out a risk analysis of the factors affecting the charity's ability to continue to fundraise income.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

e. Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.

f. Donations of gifts, services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so refer to the trustees' annual report and note 11 for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

g. Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

h. Fund accounting

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure which meets these criteria is charged to the fund.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

i. Expenditure and irrecoverable VAT

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:

- Costs of raising funds relate to the costs incurred by the charitable company in inducing third parties to make voluntary contributions to it, as well as the cost of any activities with a fundraising purpose
- Expenditure on charitable activities includes the costs of delivery services for our clients undertaken to further the purposes of the charity and their associated support costs

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

j. Grants payable

Grants payable are made to third parties in furtherance of the charity's objects. Single or multi-year grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant and the trustees have agreed to pay the grant without condition, or the recipient has

a reasonable expectation that they will receive a grant and that any condition attaching to the grant is outside of the control of the charity.

Provisions for grants are made when the intention to make a grant has been communicated to the recipient but there is uncertainty about either the timing of the grant or the amount of grant payable.

k. Allocation of support costs

Resources expended are allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis which are an estimate, based on staff time, of the amount attributable to each activity.

Where information about the aims, objectives and projects of the charity is provided to potential beneficiaries, the costs associated with this publicity are allocated to charitable expenditure.

Support and governance costs are re-allocated to each of the activities on the following basis which is an estimate, based on staff time, of the amount attributable to each activity

	Basis of allocation
• Management	Time spent and headcount
• Finance	Headcount
• IT	Headcount
• Facilities	Floor space and headcount
• Human resources	Headcount
• Innovation & Enterprise	Headcount
• New Developments	Headcount

Governance costs are the costs associated with the governance arrangements of the charity. These costs are associated with constitutional and statutory requirements and include any costs associated with the strategic management of the charity's activities.

l. Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

m. Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

Where fixed assets have been revalued, any excess between the revalued amount and the historic cost of the asset will be shown as a revaluation reserve in the balance sheet.

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

• Office equipment, plant and machinery and vehicles	4 years
• Improvements to freehold land and buildings	10 years
• Leasehold improvements	In line with the lease term
• Freehold land and buildings	50 years

n. Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial

activities and any excess of fair value over the historic cost of the investments will be shown as a fair value reserve in the balance sheet. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

Investments in subsidiaries

Investments in subsidiaries are at cost.

o. Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks. Donated items of stock, held for distribution or resale, are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

p. Debtors

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

q. Short term deposits

Short term deposits includes cash balances that are invested in accounts with a maturity date of between 3 and 12 months.

r. Cash at bank and in hand

Cash at bank and cash 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. Cash balances exclude any funds held on behalf of service users.

s. 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.

t. Financial instruments

With the exception of the listed investments described above, 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.

u. Pensions

Crisis UK operates a defined contribution group personal pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable by the charity are charged to the Statement of Financial Activities.

2. Detailed statement of financial activities for the previous year

	Unrestricted £000	Restricted £000	2016 Total £000
Income from:			
Donations and legacies	20,996	2,729	23,725
Charitable activities	455	4,017	4,472
Other trading activities	985	85	1,070
Investments	114	-	114
Other	115	4	119
Total income	22,665	6,835	29,500
Expenditure on:			
Raising funds	11,759	103	11,862
Charitable activities	12,123	6,179	18,302
Total expenditure	23,882	6,282	30,164
Net income / expenditure before gains / (losses) on investments	(1,217)	553	(664)
Net gains / (losses) on investments	11	-	11
Net income / expenditure	(1,206)	553	(664)
Transfers between funds	11	(11)	-
Net income / (expenditure) before other recognised gains and losses	(1,195)	542	(664)
Net movement in funds	(1,195)	542	(653)
Total funds brought forward	14,932	1,397	16,329
Total funds carried forward	13,737	1,939	15,676

3. Income from donations and legacies

	Unrestricted £000	Restricted £000	2017 Total £000	2016 Total £000
Individuals	22,252	2,325	24,577	20,716
Legacies	1,051	9	1,060	1,301
Trust	429	-	429	373
Corporates	1,088	-	1,088	617
Donation of net assets from Lift	-	-	-	164
Community group	849	100	949	451
Donated services and facilities	-	114	114	103
	25,669	2,548	28,217	23,725

The charity has been notified of legacies with an estimated value of £631,000 (2016: £924,000) which have not been recognised as income at 30 June 2017 because no confirmation of impending distribution or notification of estate accounts being finalised has been received.

4. Income from charitable activities

	Unrestricted £000	Restricted £000	2017 Total £000	2016 Total £000
Christmas	-	1,503	1,503	1,272
Campaigning and influencing	18	297	315	273
Education, health and wellbeing	-	2,208	2,208	1,808
Housing	-	490	490	247
Employment	-	304	304	364
Social enterprise	505	39	544	478
Changing Lives	-	-	-	30
Total income from charitable activities	523	4,841	5,364	4,472

5. Income from other trading activities

	Unrestricted £000	Restricted £000	2017 Total £000	2016 Total £000
Events	402	97	499	682
Rental income	99	-	99	91
Retail income	654	-	654	247
Commercial trading operations	156	-	156	50
	1,311	97	1,408	1,070

6. Income from investments

	Unrestricted £000	Restricted £000	2017 Total £000	2016 Total £000
Bank interest	46	-	46	86
Quoted investment income	25	-	25	28
	71	-	71	114

7. Analysis of expenditure

	Grants payable (Note 8) £000	Staff costs (Note 10) £000	Other direct costs £000	Gifts in kind and donated services £000	Allocation of support and governance costs £000	2017 Total £000	2016 Total £000
Cost of raising funds	-	1,991	10,288	114	312	12,705	11,472
Retails costs	-	348	382	-	88	818	390
Christmas	-	547	627	867	120	2,161	2,188
Campaigning and influencing	-	1,184	779	-	168	2,131	1,770
Education, health and wellbeing	40	8,056	3,014	291	2,592	13,992	10,677
Housing	141	911	438	-	104	1,594	1,232
Employment	85	693	151	-	152	1,082	1,111
Volunteering	-	89	21	-	16	126	271
Social enterprise	-	523	333	-	120	976	1,053
	266	14,342	16,033	1,272	3,672	35,585	30,164
Support costs	-	2,309	1,363	-	(3,672)	-	-
Total expenditure 2017	266	16,651	17,396	1,272	-	35,585	30,164
Total expenditure 2016	209	14,110	14,469	1,376	30,164		

Of the total expenditure, £28,182,000 was unrestricted (2016: £23,882,000) and £7,403,000 was restricted (2016: £6,282,000).

Previously communication costs were included under support costs but we have reviewed and determined that this cost should be absorbed as a direct cost. The prior year costs have thus been restated

Allocation of support costs

	Cost £000	Basis of allocation							2017 Total £000
	Management	Finance	IT	Facilities	Human resources	New Developments	Innovation & enterprise		
	£000	£000	£000	£000	£000	£000	£000	£000	
Management	326	Time spent and headcount							
Finance	413	Headcount							
IT	1,577	Headcount							
Facilities	303	Headcount							
Human resources	611	Headcount							
New Developments	244	Headcount							
Innovation & enterprise	198	Headcount							
	3672								
Christmas	11	13	52	10	20	8	6	120	
Campaigning and influencing	15	19	72	14	28	11	9	168	
Education, health and wellbeing	230	292	1,113	214	431	172	140	2,592	
Employment	13	16	64	16	25	10	8	152	
Volunteering	1	2	7	1	3	1	1	16	
Social enterprise	11	14	52	9	20	8	6	120	
Housing	9	12	45	8	17	7	6	104	
Retail	8	10	38	7	15	6	5	88	
Cost of generating funds	28	35	134	26	52	21	17	312	
	326	413	1,577	303	611	244	198	3,672	

8. Grant making

	Grants to institutions £000	Grants to individuals £000	2017 £000	2016 £000
Sharing Solutions Programme	141	-	141	76
Crisis Changing Lives	-	85	85	93
Other	40	-	40	40
At the end of the year	<u>181</u>	<u>85</u>	<u>266</u>	209

The Private Rented Sector Sharing Solutions Programme is a programme of investment in supporting pilot schemes to deliver decent and sustainable shared accommodation in the private rented sector. Crisis identified and disseminated good practice among the pilot organisations to improve access to shared housing more widely. Grants were made to five organisations with an average grant of £28,000.

Crisis Changing Lives is a grants programme providing financial awards to people who are or have been homeless so that they may achieve their vocational goals, fulfil their potential and become independent. Grant applications can be made by individuals who are supported by a coach working at a Crisis Skylight centre to access training, buy tools for work or set up a business where a robust business plan is presented.

9. Net income / (expenditure) for the year

This is stated after charging / (crediting):

	2017 £000	2016 £000
Depreciation	473	474
Loss on disposal of fixed assets	(1)	(4)
Operating lease rentals:		
Property	1,485	1,076
Auditor remuneration (excluding VAT):		
Audit	17	17
Other services	4	2

10. Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs were as follows:

	2017 £000	2016 £000
Salaries and wages	14,202	11,942
Redundancy and termination costs	2	57
Social security costs	1,375	1,132
Pension costs	1,072	980
	<u>16,651</u>	<u>14,111</u>

The following number of employees received employee benefits (excluding employer pension costs) during the year between:

	2017 No.	2016 No.
£60,000 - £69,999	1	2
£70,000 - £79,999	4	3
£80,000 - £89,999	1	-
£110,000 - £119,999	1	1

The total employee benefits including employer's national insurance and pension contributions of the key management personnel were £703,000 (2016: £661,000).

The charity trustees were not paid nor received any other benefits from employment with the charity in the year (2016: £nil). No charity trustee received payment for professional or other services supplied to the charity (2016: £nil).

Trustees' expenses represents the payment of travel and subsistence costs totalling £4,977 (2016: £4,238) relating to attendance at meetings of the trustees. The numbers of trustees incurring expenses during the year was 2 (2016: £nil).

11. Staff numbers

The average number of employees (head count based on number of staff employed) during the year was as follows:

	2017 No.	2016 No.
Raising funds	39	37
Christmas	15	14
Campaigning and influencing	21	15
Education, health and wellbeing	316	288
Housing	21	19
Employment	19	18
Volunteering	2	7
Social Enterprise	15	15
Retail	11	4
Support	62	53
Management	8	8
	529	478

Volunteer Contribution:

Crisis is extremely fortunate for the generous support of our volunteers.

	2017 No.	2016 No.
Average number of volunteers	11,600	10,800

12. Related party transactions

Keith Felton, a member of the Crisis senior management team, is a trustee of Arts at the Old Fire Station (AOFS) who are a sub-tenant of Crisis in Oxford. No rental costs were charged as the costs are covered by a grant from Oxford City Council. Crisis provides services to the AOFS on a full cost recovery basis.

Jon Sparkes, CEO of Crisis is a trustee for Association of Chief Executives of Voluntary Organisations (ACEVO), which has received a membership fee paid by Crisis of £nil (2016: £750).

Rebecca Pritchard, a member of the Crisis senior management team, is a trustee of Evolve Housing and Support, which has received a catering service paid by Crisis of £542 (2016: £nil).

Matt Downie, a member of the Crisis senior management team is a trustee for the Sheila McKechnie Foundation, which has received a fee of £2,500 to sponsor the annual their annual housing and homelessness campaigning award.

13. Taxation

The company is registered as a charity and is entitled to the exemptions under the Corporation Tax Act 2011.

Corporation tax charge at 20% (2016:20%) for Crisis at Christmas is £nil (2016: £nil).

14. Tangible fixed assets

The group and charity

	Freehold property £000.	Leasehold improvements £000	Office equipment £000	Total £000
Cost				
At the start of the year	2,162	2,743	825	5,730
Additions in year	152	1,752	395	2,299
Disposals in year	-	-	(47)	(47)
At the end of the year	2,314	4,495	1,173	7,982
Depreciation				
At the start of the year	1,104	1,299	550	2,953
Charge for the year	47	271	155	473
Eliminated on disposal	-	-	(46)	(46)
At the end of the year	1,151	1,570	659	3,380
Net book value				
At the end of the year	1,163	2,925	514	4,602
At the start of the year	1,058	1,444	275	2,777

All of the above assets are used for charitable purposes.

The value of the land on the freehold property cannot be determined hence the whole freehold property is depreciated over fifty years.

The freehold land and building in Newcastle was purchased using a grant from the Department for Communities and the Local Government (via the Council of the City of Newcastle Upon Tyne). A 15 year legal charge was placed on the building in August 2006. At 30 June 2017, the legal charge on the building was £1,300,000 (2016: £1,300,000).

15. Listed investments

Consolidated and charity

	2017	2016
	£000	£000
Fair value at the start of the year	682	684
Disposal proceeds	(14)	(13)
Net gain / (loss) on change in fair value	86	11
Fair value at the end of the year	754	682
Investments comprise:		
	2017	2016
	£000	£000
UK Common investment funds	754	667
Shares listed on the London Stock Exchange	-	15
	754	682

At the year end, the value of fixed asset investments held in a common investment fund amounted to £754,000 (2016 : £667,000) The fund at 30 June 2017 was invested in UK and foreign equities (73.6%), infrastructure and property (26.4%) and the balance in cash and fixed interest. The historical cost of this investment was £569,000. All shares held were received as donations and, accordingly, the historical cost of these investments in shares is £nil (2016: £nil).

16. Subsidiary undertaking

The charitable company had a wholly owned subsidiary, Crisis at Christmas, a company limited by guarantee and incorporated in England. The subsidiary is used for non-primary purpose trading activities. All activities have been consolidated on a line by line basis in the statement of financial activities. Crisis at Christmas does not have a tax liability and available profits are gift aided to the charitable company. A summary of the results of the subsidiary is shown below:

	2017	2016
	£000	£000
Turnover	156	50
Cost of sales	-	-
Gross profit	156	50
Other income	-	11
Management charge due from parent undertaking	(14)	(16)
Profit / (loss) for the financial year	142	45
The aggregate of the assets, liabilities and funds was:		
Assets	31	11
Liabilities	(31)	(11)
Funds	-	-

Amounts due to Crisis at Christmas from Crisis are detailed in note 19.

17. Parent charity

The parent charity's gross income and the results for the year are disclosed as follows:

	2017	2016
	£000	£000
Gross income	35,156	29,511
Result for the year	(436)	(655)

18. Debtors

	Group		Charity	
	2017	2016	2017	2016
	£000	£000	£000	£000
Income tax (gift aid) recoverable	756	328	756	328
Sundry debtors	321	281	340	276
Prepayments and accrued income	1,155	2,928	1,155	2,928
	2,232	3,537	2,251	3,532

19. Creditors: amounts falling due within one year

	Group		Charity	
	2017	2016	2017	2016
	£000	£000	£000	£000
Trade creditors	666	466	674	455
Taxation and social security	392	323	392	323
Other creditors	326	315	326	315
Accruals	422	568	422	568
Amounts due to subsidiary undertakings	-	-	20	2
	1,806	1,672	1,834	1,663

20. Pension scheme

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £1,072,000 (2016: £980,000).

21a. Analysis of group net assets between funds

	General unrestricted	Designated funds	Restricted funds	Total funds
	£000	£000	£000	£000
Tangible fixed assets	-	3,744	858	4,602
Fixed asset Investment	569	-	-	569
Current assets	7,033	4,100	713	11,846
Current liabilities	(1,806)	-	-	(1,806)
Unrealised investment gain	185	-	-	185
Net assets at the end of the year	5,981	7,844	1,571	15,396

21b. Analysis of group net assets between funds (Prior year)

	General unrestricted	Designated funds	Restricted funds	Total funds
	£000	£000	£000	£000
Tangible fixed assets	-	1,861	916	2,777
Fixed asset Investment	583	-	-	583
Current assets	6,766	6,100	1,023	13,889
Current liabilities	(1,672)	-	-	(1,672)
Unrealised investment gain	99	-	-	99
Net assets at the end of the year	5,776	7,961	1,939	15,676

22a. Movements in funds

	At the start of the year	Incoming resources & gains	Outgoing resources & losses	Transfers	At the end of the year
	£000	£000	£000	£000	£000
Restricted funds:					
Cost of generating funds	-	114	(114)	-	-
Crisis at Christmas	-	1,270	(1,270)	-	-
Education, health and wellbeing					
Crisis Skylight (capital)	900	-	(42)	-	858
London Crisis Skylight (revenue)	-	1,422	(1,359)	-	63
Learning Zone	110	175	(285)	-	-
Big Lottery - London Skylight	46	126	(105)	-	67
Big Lottery - Oxford Skylight	38	130	(121)	-	47
Big Lottery - Birmingham Skylight	31	125	(124)	-	32
Big Lottery - Merseyside Skylight	-	94	(75)	-	19
Big Lottery - Edinburgh Skylight	-	171	(128)	-	43
Big Lottery - Coventry	-	206	(79)	-	127
Skylight Newcastle	-	122	(122)	-	-
Skylight Birmingham	-	77	(77)	-	-
Skylight Oxford	-	202	(202)	-	-
Skylight Edinburgh	-	171	(171)	-	-
Skylight Merseyside	-	7	(7)	-	-
Skylight Sheffield	-	253	(253)	-	-
Skylight Coventry	-	101	(101)	-	-
Skylight Croydon	480	672	(672)	(480)	-
Skylight Brent	81	361	(401)	-	41
Skylight Wales	-	8	(8)	-	-
Campaigning and influencing					
Research	-	50	(50)	-	-
Policy	199	247	(216)	-	230
Housing					
PRS Access Scheme	-	30	(30)	-	-
PRS (Scotland)	-	79	(79)	-	-
Housing First	-	125	(125)	-	-
Other Housing	42	778	(776)	-	44
Skylight Café (capital)					
Skylight Café (revenue)	12	3	(16)	-	-
Employment opportunities	-	39	(39)	-	-
Changing Lives	-	262	(262)	-	-
Pre-employment programme	-	16	(16)	-	-
	-	78	(78)	-	-
Total restricted funds	1,939	7,514	(7,403)	(480)	1,571
Unrestricted funds:					
Designated funds:					
New developments	6,100	-	-	(2,000)	4,100
Tangible fixed asset reserve	1,861	-	-	1,883	3,744
Total designated funds	7,961	-	-	(117)	7,843
Unrealised investment gain	99	86	-	-	185
General funds	5,677	27,704	(28,182)	599	5,796
Total unrestricted funds	13,737	27,790	(28,182)	480	13,825
Total funds	15,676	35,305	(35,585)	-	15,396

22b. Movements in funds (prior year)

	At the start of the year	Incoming resources & gains	Outgoing resources & losses	Transfers	At the end of the year
	£000	£000	£000	£000	£000
Restricted funds:					
Cost of generating funds	-	103	(103)	-	-
Crisis at Christmas	-	1,656	(1,656)	-	-
Education, health and wellbeing					
Crisis Skylight (capital)	970	-	(70)	-	900
London Crisis Skylight (revenue)	-	1,750	(1,750)	-	-
Learning Zone	145	350	(385)	-	110
Big Lottery - London Skylight	-	130	(84)	-	46
Big Lottery - Oxford Skylight	21	122	(106)	-	38
Big Lottery - Birmingham Skylight	-	31	-	-	31
Big Lottery - Merseyside Skylight	17	28	(45)	-	-
Big Lottery - Edinburgh Skylight	-	130	(130)	-	-
Big Lottery - Coventry	-	112	(112)	-	-
Skylight Newcastle	-	161	(161)	-	-
Skylight Birmingham	-	24	(24)	-	-
Skylight Oxford	-	209	(209)	-	-
Skylight Edinburgh	-	127	(127)	-	-
Skylight Merseyside	-	62	(62)	-	-
Skylight Sheffield	-	161	(161)	-	-
Skylight Coventry	4	100	(104)	-	-
Skylight Croydon	-	480	-	-	480
Skylight Brent	-	137	(56)	-	81
Skylight Wales	-	-	-	-	-
Campaigning and influencing					
Research	-	30	(30)	-	-
Policy	206	236	(243)	-	199
Influencing	-	74	(32)	-	42
Housing					
PRS Access Scheme	4	94	(98)	-	-
PRS(Scotland)	-	79	(79)	-	-
Skylight Café (capital)					
Skylight Café (revenue)	-	31	(31)	-	-
Employment opportunities	-	272	(272)	-	-
Changing Lives	-	30	(30)	-	-
Pre - employment programme	-	105	(105)	-	-
Total restricted funds	1,397	6,835	(6,280)	(11)	1,939
Unrestricted funds:					
Designated funds:					
New developments	4,117	-	-	1,983	6,100
Tangible fixed asset reserve	1,579	-	-	282	1,861
Total designated funds	5,696	-	-	2,265	7,961
Unrealised investment gain	88	11	-	-	99
General funds	9,148	22,665	(23,880)	(2,254)	5,677
Non-charitable trading funds	-	-	-	-	-
Total unrestricted funds	14,932	22,676	(23,882)	11	13,737
Total funds	16,329	29,511	(30,162)	-	15,676

During the year, restricted grants received included the following : The Northern Rock Foundation Enil (2016: £25,000) and the Ashley Family Foundation Enil (2016: £5,000).

Purposes of restricted funds

Crisis Skylight: In previous years the Department for Communities and Local Government (via Newcastle City Council) agreed to fund the capital costs of the development of a Skylight Centre in Newcastle to provide further activities and facilities for homeless people. Costs are now being depreciated in accordance with the depreciation policy.

Café from Crisis: In 2004, the Office of the Deputy Prime Minister agreed to fund the capital costs of the construction of the Skylight Café in London. In 2008 the Department for Communities and Local Government agreed to fund the capital costs of the construction of the Skylight Café in Newcastle. Costs are now being depreciated in accordance with the depreciation policy and the net book value has been transferred to the designated fixed asset fund as the funds have been spent in accordance with funder's requirement.

Learning Zone: The Learning Zone within Skylight London provides educational opportunities for Crisis members and funds were received restricted for this purpose and the funds have been spent accordingly to funder requirement.

Big Lottery Skylight funds: The Big Lottery funds costs within various Crisis skylights. The balances at the year represents unspent funds to be expended in the following year.

Other Skylight funds: This fund is for specific funds received towards areas of our work within our skylights and the balance carried forward represents unspent funds at the year-end to be expended in the following year.

Campaigning and influencing: In previous years, the Oak Foundation agreed to fund a programme on Crisis policy and campaigning work. The project commenced in January 2014 and the balance represents unspent funds at the year end.

Purposes of designated funds

New developments: This reserve has been designated by the trustees to be used for new developments and represents the estimated capital and operating costs for the first three years of planned new centres for the next 36 months, net of projected income relating specifically to these projects.

Tangible fixed asset reserve: This reserve represents the net book value of tangible fixed assets in continuing use by the charity excluding those items which are included within restricted reserves.

23. Reconciliation of net income / (expenditure) to net cash flow from operating activities

	2017 £000	2016 £000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	(281)	(653)
Depreciation charges	473	474
Gains on investments	(86)	(11)
Dividends, interest and rent from investments	(71)	(114)
Loss on the disposal of fixed assets	1	4
(Increase)/decrease in stocks	1	3
(Increase)/decrease in debtors	1,305	(2,629)
Increase/(decrease) in creditors	135	444
Net cash provided by / (used in) operating activities	1,476	2,482

24. Analysis of cash and cash equivalents

	At July 2016 £000	Cash flows £000	At 30 June 2017 £000
Cash at bank and in hand	4,304	5,306	9,610
Short term deposit	6,043	(6,043)	-
Total cash and cash equivalents	10,347	(737)	9,610

25. Operating lease commitments

The group's total future minimum lease payments under non-cancellable operating leases is as follows for each of the following periods:

	Property	
	2017 £000	2016 £000
Less than one year	1,485	1,169
One to five years	5,479	4,346
Over five years	3,174	3,409
	10,138	8,924

26. Capital commitments

At the balance sheet date, the group had committed to capital expenditure of £41,000 (2016: £970,000).

27. Legal status of the charity

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

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