



CRISIS UK

Trustees' Annual Report and Accounts

For the year ended 30 June 2006

Charity number 1082947
Company number 4024938

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Trustees, staff and advisers

Patron

HRH Princess Alexandra, the Hon Lady Ogilvy, GCVO

Vice-presidents

Lord Alton of Liverpool

Jonathan Dimbleby

The Rt Hon the Lord Morris of Manchester AO QSO

The Most Rev and the Rt Hon the Lord Archbishop of Canterbury

His Eminence the Cardinal Archbishop of Westminster

David Gilmour CBE

Chair of trustees

Sir David Bell

Trustees

Peter Davies

Suzanne Hudson

Joy Johnson

Nicholas Light *

Deputy Chair of trustees

Jane Sadler

(resigned 29 September 2005)

The Very Rev. Colin Slee

(resigned 29 September 2005)

Philip Graf

Jerry Marwood

(resigned 22 June 2006)

Paula Sussex *

Murray Shanks

Hugh Biddell *

(appointed 29 November 2005)

Nigel Carrington *

Treasurer (appointed 29 September 2005)

Tom Bolger

(appointed 29 November 2005)

Neil Churchill

(appointed 29 September 2005)

Lurene Joseph

(appointed 29 November 2005)

Jane Furniss

(appointed 8 February 2006)

Hannah Lownsbrough

(appointed 8 February 2006)

Liz Cleaver

(appointed 19 April 2006)

* Trustee members of the Finance Committee

Company secretary

Lucy Penna

Senior management team

Leslie Morphy

Chief Executive

Andrew Page

Director of Fundraising

Dolly Naeem

Director of Learning and Skills

Estelle Burns

Director of Organisational Change and Development

Micky Walsh

Head of Projects

Crisis UK Trustees' annual report and accounts for the year ended 30 June 2006

Lucy Penna

Director of Finance and Resources

Bankers

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

Auditors

RSM Robson Rhodes LLP
Chartered Accountants
186 City Road
London EC1V 2NU

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Chair's statement

Crisis has begun the journey that will transform it into an agency for social integration. We have moved from rough sleeping to working with a much larger group of homeless people, pushing the message that 'a roof is not a home'. The focus is on developing solutions that help people on the margins of society find a place where they belong. From the Open Christmas to the Urban Village – currently on hold at the planning permission stage – we have developed a model that supports people through their own journey out of homelessness.

This report marks the end of nine and more years of Shaks Ghosh as our Chief Executive. We are delighted to welcome Leslie Morphy as her successor and there is more about both of them below. Shaks leaves Crisis in great shape. The organisation will be forever in her debt and as Chair I have never stopped admiring what she does and the marvellous way she does it.

Here are some examples of what we have been doing:

SmartMove schemes provide assistance to combat the diverse range of problems that come with independent living – particularly for those not used to such an environment – in order to ensure that people housed through the scheme are able to maintain their tenancy and become self-reliant. This has been achieved through a variety of approaches including floating tenancy support, volunteer befriending and savings scheme projects.

Through SmartSkills we intend to build upon the existing capacity of SmartMove schemes to enable their tenants to build their learning and skills. The central element of this project is in the bridging of the gap between expert homeless service providers and expert 'learning' providers by building the capacity of homeless organisations to incorporate a 'learner' dimension to their support services.

Launched in March, the Learning Zone offers a range of free courses for homeless people, from softer life skills to more practical skills such as IT, in a supportive environment. Learners are supported and advised by a team of trained teachers. Facilities include hi-tech 'learning labs' equipped with the latest interactive IT facilities.

Mainstream educational services are difficult for homeless people to use. They are often inflexible and do not allow for their often complex needs. Supportive learning programmes that give people the opportunity to build skills, confidence and self-esteem are an essential part of helping homeless people to begin to live independent lives and get back into employment. We will be launching a learning and skills campaign, *Weapons of Mass Instruction*, later in the summer.

Open Christmas turned 6 buildings across London into comfortable and stimulating centres for homeless people. The Main centre – housed in the London Arena – was a gateway to services plus a wide range of learning and skills activities. 5 other specialist centres provided a more intimate environment for guests. During the week, guests could visit the medical centre, dentists, get free eye and foot care, learn IT skills, arts and crafts and take part in creative writing too. Of course the Open Christmas is also about companionship, warmth and Christmas cheer, and over the week 30,000 meals were served!

Crisis campaigned for radical reform of public services to offer vital support in housing, healthcare, education and work for the many homeless people for whom getting the support they need is complicated, confusing and bogged down in red tape. Crisis called on Government to make accessing public services easier for homeless people. Public services need to adapt so that they can be more responsive to the needs of homeless people by reaching out, being more flexible and providing

Crisis UK Trustees' annual report and accounts for the year ended 30 June 2006

personalised services that really give homeless people the best chance of overcoming their problems. We are working for planning permission for Urban Village, a community in London where homeless people can live alongside key workers with all they need on their doorstep. This partnership project is modelled on the Common Ground development in New York.

Over the last year at Crisis, we have reviewed our approach to risk management, strengthened governance processes, appointed new Trustees following national advert and competitive interview, and adopted a formal induction process for Trustees. Our overall management and administration costs remain low at 2.3 per cent. Our IT infrastructure and support has gone from strength to strength, and we have redesigned the website. The six-month Phoenix organisational development and change programme ended in April 2006. This was an intervention designed to progress the two aspects of the current strategic plan that were behind schedule, 'aiming to be an effective learning and skills organisation' and 'develop the right infrastructure and skills to achieve our ambitious targets'.

Crisis began over 36 years ago as a volunteer-led organisation and much of our work would not be possible without the support of thousands of volunteers. Today, they play a crucial role, working with homeless people, providing essential administrative backup or raising crucial funds. Volunteers continue to be a much-valued source of support; we receive around 15,000 days worth of volunteer help.

Shaks Ghosh, Crisis's Chief Executive, announced in April this year her intention to move on after nine years at the helm. Under her leadership, Crisis has undergone enormous change resulting in a new brand and direction for the Charity. Recognising that homeless people needed help to rebuild their lives, Shaks has put learning and skills at the heart of everything Crisis does. This vision led to the establishment of innovative projects such as Skylight and the Learning Zone, which help to build skills and inspire confidence. During her time at Crisis, Shaks has been a passionate campaigner on homelessness, challenging government to face up to the reality of hidden homelessness and to deliver on its promises.

We are delighted that, from 01 November 2006, Leslie Morphy will be joining us from The Prince's Trust. As their UK Director of Programmes and Policy she was instrumental in doubling the number of young people helped through its programmes. Along with her experience at the Basic Skills Agency she has the perfect credentials to take Crisis forward in developing our learning and skills agenda.

Sadly, a much loved Crisis Chairman and Vice President, Lord Alexander of Weedon QC, passed away in November 2005. He was central to the development of Crisis' success in the City of London and his work and support is continuing with the involvement of his wife, Marie, in the Urban Village project.

Crisis is about creating social and personal change. We believe in people's spirit, their wisdom and potential and their creativity. Every day we see their lack of opportunity and misfortune, and believe that our role is to build their resilience while bringing change to the society they live in. The increasing number of learners coming through our doors demonstrates the potential for change amongst Crisis clients. We are broadening our partnerships with other organisations working with vulnerable groups to develop the need and success of empowering hard to reach people.

Sir David Bell
Chair of Trustees

TRUSTEES' REPORT

Objectives and Activities

Skylight

Crisis Skylight is a dynamic activity centre that offers homeless people a range of engagement and learning activities that help develop interests, learning, life skills and employability.

Aims last year

To enable single, homeless people to experience high quality learning and progress to further education and employment or voluntary work

To empower homeless people to fulfil their potential.

Fifty percent of Skylight members will increase self-esteem and confidence.

Impact

On average, 125 people take part daily in one of the centre's 50 weekly activities. 300 People received personalized advice leading to further education, employment or voluntary work.

Skylight supported the formation and development of a social enterprise called Crafty Folk, a group of 12 artists from Skylight, that produces and markets their work and that of other aspiring artists in East London markets.

70% of members increased their levels of self-esteem and confidence.

Next year's Aims

- To extend the range of vocational courses at Skylight to include plumbing, joinery, frame-making, jewellery, computer skills and gardening.
- To increase the number of Skylight participants by 20%, from 125 a day to 150 by year-end by taking our services to reach the most vulnerable people.
- To link Skylight programmes with nationally recognised qualifications to foster reintegration into society.

Learning Zone

The Learning Zone offers free structured accredited courses for homeless people in subjects such as literacy, numeracy, IT and ESOL (English for Speakers of Other Languages).

Aims last year

To enable homeless people to improve their skills.

To offer homeless people a range of programmes, including personal and skills development, and nationally recognised

Impact

Over 300 people have learnt new skills, including: IT, English, maths and team working - over 3 times the original target of 90.

Over 240 people have gained nationally recognised qualifications, including City & Guilds Certificate, Learning Power Award, and

qualifications.

Basic Skills qualifications.

Next year's Aims

- To increase the number of skills related to qualifications that will improve homeless people's employability.
- To enable single, homeless people to experience high quality learning and progression opportunities - 400 members to enrol onto Learning Zone courses and complete 350 qualifications.
- To support 175 people to progress into Further Education and/or work.

Smart Move

SmartMove is a network of local organisations across the UK that run rent deposit guarantee schemes that enable homeless people to access the private rented sector. SmartSkills is a piloted learning scheme whereby selected local SmartMove schemes offer accredited learning to clients that will help them sustain their tenancy and reintegrate into mainstream society.

Aims last year

Impact

To help 1,000 people into long-term accommodation through the network of 25 SmartMove projects.

Over 5,500 people received housing advice and 936 were able to access long-term accommodation through SmartMove.

To pilot individual-led learning programmes that help people build the life skills they need to sustain their tenancies and move on.

89 people have taken part in our new SmartSkills learning programme. 31 received the City & Guilds Profile of Achievement in recognition of their progress.

To conclude the 3-year Regional Development Programme, through which 5 key network members were funded to develop their SmartMove service.

1,367 people accessed long-term housing and support to help them maintain their tenancies. A full evaluation can be found on the Crisis website.

Next year's Aims

- To continue to provide housing advice through the SmartMove network to 5,500 people, and to enable 1,000 to access sustainable housing.
- To roll out the SmartSkills model to enable over 100 people to achieve the City & Guilds Profile of Achievement, and to develop two new structured routes into employment for SmartSkills clients.
- To promote the use of private sector rented accommodation to the homelessness sector by providing training events and the production/dissemination of a good practice guide.

Changing Lives

Changing Lives provides awards of up to £2,000 to homeless people to enable them to pursue educational and vocational goals.

This project is sponsored by

BARCLAYS

Aims last year

To make 170 financial awards to homeless people to help them realise their vocational goals.

To reduce the number of Changing Lives recipients claiming JSA and related benefits by 25% as a result of finding work.

To enable 25% of recipients to gain work-related skills as a result of receiving an award.

Impact

We made 179 Changing Lives awards totalling £197,000 to homeless people, and established two award-making hubs outside London.

36% of those receiving business and 'getting back to work' awards moved off JSA as a result of finding work.

86% of all recipients reported that they'd gained work-related skills as a result of the opportunities gained through the award.

Next year's Aims

- To make 165 Changing Lives awards providing learning and skills, and work opportunities for homeless people, and to evaluate success in terms of related outcomes and progression.
- To provide the funding needed for 81 recipients to complete an accredited training course and gain a qualification.
- To see that at least 124 recipients make new social contacts as a result of attending training, getting back into employment, or starting a business

Skylight Café

The Skylight café is a social enterprise business which is open to the general public. It is a training project that provides specific catering training and promotes the development of general employability skills.

Aims last year

To develop the general life skills and employability of homeless people.

To provide training in a working café in the key areas of food preparation, hot drink making and customer care.

To promote the Café model as a successful training project and social enterprise.

Impact

9 trainees progressed into paid employment

18 homeless people attended training in the Skylight Café, building interpersonal and employability skills.

A second café is planned for our Skylight activity and learning centre in Newcastle.

Next year's Aims

- To develop a modular and accredited training programme that widens the training offered to homeless people and further enhances the development of employability skills.
- To enable 20 trainees to move into paid employment.
- To roll out the Café model to two further sites.

Crisis Open Christmas

The Crisis Open Christmas opens several temporary centres between December 23-30 offering homeless or vulnerably housed people companionship, access to essential services and a wide range of engagement and learning activities.

Aims last year

To expand the range of services across all COC centres, with advice services in every centre, increased the healthcare provision and more referrals routes into mainstream services.

To ensure guests at every centre can access a wide range of learning activities, including arts and crafts, ESOL, literacy and numeracy, and life skills.

To transform our centres into brighter, more inspiring spaces in which to deliver our services and learning activities.

Impact

420 people received welfare, benefits and legal advice, 112 were resettled, and 51 linked in to mainstream health services as a result of expanded advice and healthcare services in all COC centres.

Over 300 guests engaged in learning activities in the IT areas. Libraries used by over 650 guests. 38% were inspired to get involved in activities post-Christmas, with 14% enquiring about learning opportunities.

The charity, Architects for Humanity, designed stylish and inspiring spaces in all centres that stimulated engagement, participation and learning for over 1500 homeless people.

Next year's Aims

- To 'localise' the COC by establishing four centres of up to 300 guests that will replace our previous reliance on one massive Main Centre, with one of these to be a day centre. Retention of specialist Women's and Drinkers' centres.
- To build partnerships with colleges, libraries and other learning, skills, and employment services to create opportunities for guests after the COC. To include taster courses and a 'learning and work' advice service in each centre.
- To build closer links with external advice and homelessness services across London (such as Citizen Advice Bureaux, Street Outreach Services) to enable guests to access support during the year.

Volunteering

Volunteers are at the heart of much of what Crisis does and over 5,000 people volunteer with one of our projects or teams each year.

Aims last year

To recruit 4,000 volunteers to help run the six Crisis Open Christmas centres for homeless people in London.

To provide volunteering opportunities within

Impact

Over 5,000 volunteers helped deliver Crisis Open Christmas 2005, providing a wide range of services, activities and support for homeless people.

15 homeless people successfully volunteered

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Crisis for people who have experienced homelessness.

with one of the Crisis teams.

To develop Crisis volunteering opportunities for working with homeless people, and for developing their learning and interests.

Volunteer placements were developed with Fundraising, Finance, Skylight, Policy, Media, Changing Lives, SmartMove and the COC teams.

Next year's Aims

- To establish Crisis as a leader in best practice in working with volunteers, benchmarked to meet a recognised quality standard, such as Investing in Volunteering.
- To develop volunteering opportunities for homeless people that increase interpersonal and employability skills and help reintegration into mainstream society.
- To develop a volunteering strategy that will make Crisis a national leader in the delivery of innovative and effective volunteering programmes.

Influence

Aims last year

To focus attention on the scale and nature of hidden homelessness.

Impact

A hard-hitting media campaign emphasised the obstacles faced by homeless people in accessing vital public services and was covered by the BBC, ITN and Sky News.

To produce innovative research demonstrating to Government that learning and skills is a key route out of homelessness, and should be made a priority.

A Minister's statement confirming that education is a route out of homelessness followed two pieces of research showing that homeless people participating in learning benefits the individual, the taxpayer and the government.

To put homeless people at the centre of our campaigning activity.

Over 10% of MPs from across all parties met with a homeless person through our Homeless Persons Panel, Party Conference Stall and visits to Crisis projects.

Next year's Aims

- To build partnerships in developing our *Weapons of Mass Instruction* Campaign to influence the Government's Education, Homelessness and Welfare to Work policies and to ensure learning for homeless people is a funding priority.
- To ensure, through campaigning, that in this, the 40th anniversary year of the first showing of the Ken Loach film 'Cathy Come Home', homeless people, the extent of hidden homelessness and the need to tackle it are not forgotten.
- To continue to produce innovative research that tracks and highlights the scale and nature of homelessness and suggests innovative solutions to the difficulties homeless people face.

Structure, governance and management

Crisis is the national charity for single homeless people. We have a vision of social integration and work year-round to help vulnerable and marginalised people get through the crisis of homelessness, fulfil their potential and transform their lives.

We develop innovative services, which enable homeless people to progress through education and creativity and we campaign for a more inclusive society. We run services directly or in partnership with organisations across the UK, building on their grass roots knowledge, local enthusiasm and sense of community. We also regularly commission and publish research and organise events to raise awareness about the causes and nature of homelessness, to find innovative and integrated solutions and share good practice.

Crisis relies almost entirely on donations from non-government organisations and the public to fund its vital work. Last year we directly helped around 8000 people, and we also campaigned to improve the lives of all 380,000 hidden homeless people. We cannot directly solve all the problems of the 380,000 hidden homeless population, but by showing what works through our projects, we will provide excellent models that we know will succeed on a larger scale.

Crisis UK is a company limited by guarantee and is governed by its memorandum and articles dated 27 June 2000. A list of all trustees is given on page 1. In accordance with the articles, trustees serve terms of three years and are eligible for re-election for two terms under normal circumstances. One third of the trustees will retire at the Annual General Meeting and offer themselves for re-election.

Trustees are recruited based on selection criteria which ensure that collectively the Board maintains a broad range of relevant skills and experience. New trustees are sought through a combination of national advertisements and personal recommendations and applicants are subject to a rigorous interview process. All new trustees are offered an induction program to ensure that they fully understand the objects, activities, strategy and ethos of the charity.

Board meetings are held five times a year to review and agree strategy, operational plans and activity, including one meeting which is one and a half days in duration, allowing in depth review of performance to date and future strategic and operational plans.

The Finance Committee reports to the Board on more detailed financial matters and will make recommendations to the Board as appropriate. The Finance Committee comprises four trustees and members of the Leadership Team (LT).

Committees are set up as and when required to review specific strategic issues, to which specialists may be co-opted in addition to trustees.

The trustees delegate the day to day operations of the charity to the LT. The trustees work with the LT to develop the longer term strategic plan and delegate the responsibility for the implementation of the plan to the LT via agreed one year operational plans and budgets.

Crisis has one fully owned subsidiary undertaking, Crisis at Christmas.

Risk management

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include a strategic plan, and an annual budget approved by the

trustees, regular consideration by the trustees of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews, delegation of authority and segregation of duties and identification and management of risks.

The register is reviewed regularly by both the LT and the Finance Committee and where further mitigating systems and procedures are identified, these are prioritised and monitored on a quarterly basis. The Board of Trustees reviews the register on an annual basis.

Financial review

Income for this financial year is £8.7 million, an increase of £1.0 million on the previous accounting year. This growth in income is due to a number of factors including an increase in the receipt of statutory grants for a number of capital projects and an increase in the number of donations received from trusts.

We have spent £7.9 million, an increase of £0.5 million on the prior year. In particular, we have increased our expenditure on our learning and skills projects such as the Learning Zone and Skylight, enabling us to expand the range of courses and activities on offer and the number of people that we can accommodate. Charitable expenditure was, however, lower than expected due to delays in the development of our Skylight Rollout activities, particularly the purchase of a building in Newcastle in which to house our first Skylight centre and café outside London.

During this year we have continued our investment in fundraising with a view to increasing our fundraising capacity in future years. This additional expenditure has mainly been focused upon expanding direct marketing and regular giving volumes. The effect of this has been an increase of £0.6 million in costs of generating funds to £2.6 million in 2006.

Crisis at Christmas, our trading company, continues to operate on a small scale. Its results for the year are as shown in note 20.

Crisis reserves policy

Crisis aims to hold sufficient free reserves within any one year to cover 30% of forecasted annual expenditure. In the next financial year this will equate to £2.4 million based on budget.

We recognise that this measure needs to be an average over the year due to the seasonal pattern of our income and expenditure streams. The majority of Crisis income is received over the winter and Christmas period, yet we work, and therefore spend, throughout the year.

The policy is reviewed annually by the Finance Committee.

The free reserves of the charity at 30 June 2006 (calculated as unrestricted reserves less the closing net book value of tangible fixed assets) are £2.3m and are in compliance with our reserves policy.

This financial year, the trustees have decided to designate funds in line with the strategic plan. We continue to support the rollout model for Crisis Skylight, particularly the planned opening of a centre in Newcastle later this year and the planned additional investment in fundraising of £350,000 over the course of the next year. A new designated fund has been created to identify the net book value of those tangible fixed assets not already covered by restricted funds.

Investment management

The Crisis investment policy is as set out below:

- The investment portfolio is monitored by the Finance Committee at its regular meetings
- The investments are held in such a way to maximise their value to Crisis and are not held specifically to generate ongoing income
- Crisis will not look to hold investments for the long term. Investments will be held only when stock market conditions lead the trustees to believe it would be better for the charity not to liquidate donated portfolios in the short term.

In respect of the cash balances held

- Crisis has appointed The Royal Bank of Scotland to hold our cash investments
- The rate of return on these balances is reviewed annually and benchmarking exercises undertaken with other banking institutions.

Acknowledgements

The trustees and staff would like to thank all those who supported our work so generously in the past year, whether that support was expressed as a donation or as a gift in kind or in time.

Every gift is gratefully received. Unfortunately, limited space prevents us from mentioning everyone who contributed this year. This invaluable support and interest in our work has been vital in enabling us to help homeless people regain control of their lives and reintegrate into society.

Statement of trustees' responsibilities for the financial statements

The charity's trustees (who are also the directors of Crisis UK for the purposes of Company law) are responsible for the preparation of financial statements for each financial year, which give a true and fair view of the charity's incoming and outgoing resources during the year and of its state of affairs at the end of the year. In preparing these financial statements, the trustees have:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that are reasonable and prudent
- followed applicable accounting standards
- prepared the financial statements on a going concern basis.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 1985 and applicable accounting standards. They are also responsible for safeguarding the charity's assets and hence for taking reasonable steps for the prevention and detection of fraud and breaches of law and regulations.

Disclosure of information to auditors

At the date of making this report each of the company's trustees, as set out on page 1, confirm the following:

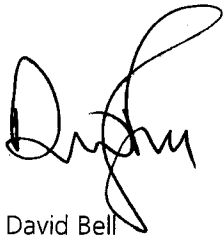
- so far as each trustee is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware, and
- each trustee has taken all the steps that (s)he ought to have taken as a trustee in order to make him/herself aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Auditors

The auditors, RSM Robson Rhodes LLP, have expressed a willingness to continue in office for the forthcoming year.

Approval

This report was approved by the Board of Trustees on ~~20 November~~ 2006 and signed on its behalf by:



Sir David Bell
Chair of Trustees

Crisis UK Trustees' annual report and accounts for the year ended 30 June 2006

Independent Auditors' Report to the members of Crisis UK

We have audited the financial statements on pages 16 to 33. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees (who are also the directors of Crisis (UK) for the purposes of company law) responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. The other information comprises only the Trustees' Report (which includes the requirements for the directors report under company law) and the Chairman's Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information. We report to you whether in our opinion the information given in the trustees' report is consistent with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Crisis UK Trustees' annual report and accounts for the year ended 30 June 2006

Opinion

In our opinion:

The financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and the group as at 30 June 2006 and of its income for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

The information given in the trustees' report is consistent with the financial statements.

RSM Robson Rhodes LLP 20 November 2006

RSM Robson Rhodes LLP

Chartered Accountants and Registered Auditors

Hemel Hempstead, England

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 30 June 2006

Income and Expenditure Account

		2006	2006	2006	2005
	Notes	Unrestricted £	Restricted £	Total £	Total £
INCOMING RESOURCES					
Incoming resources from generated funds:					
<i>Voluntary income</i>					
Donations, legacies and similar income	2a	4,451,460	1,167,920	5,619,380	5,461,527
Grants	2b	-	601,791	601,791	318,416
Gifts in kind	2c	-	417,049	417,049	353,442
Donated services and facilities	2d	-	1,016,154	1,016,154	751,428
<i>Activities for generating funds:</i>					
Events	2e	353,157	499	353,656	271,280
Commercial Trading Operations	3	111,504	10,580	122,084	96,175
Incoming Resources from charitable activities	2f	86,157	-	86,157	61,581
Investment income	2g	101,840	180,677	282,517	281,642
Other income		164,450	-	164,450	112,171
Total incoming resources		5,268,568	3,394,670	8,663,238	7,707,662
RESOURCES EXPENDED					
Costs of generating funds					
Costs of generating voluntary income	4	1,979,433	650,994	2,630,427	2,018,544
Trading subsidiary expenditure	3,4	8,569	-	8,569	12,497
Investment management costs	4	10,904	-	10,904	9,953
Total cost of generating funds		1,998,906	650,994	2,649,900	2,040,994
Net incoming resources available for charitable application		3,269,662	2,743,676	6,013,338	5,666,668
Charitable expenditure					
Crisis Open Christmas	4	172,873	1,140,984	1,313,857	1,420,323
Policy & Campaigning		556,542	1,413	557,955	478,472
Learning Zone		268,052	149,627	417,679	320,936
Crisis SmartMove		275,585	161,633	437,218	589,470
Urban Village		88,321	110,997	199,318	212,153
Skylight		1,196,371	233,536	1,429,907	1,295,788
Changing Lives		169,104	197,985	367,089	341,899
Opportunities for volunteers		14,017	133,757	147,774	144,891
Skylight Café		235,962	16,682	252,644	223,195
Continuing Charitable expenditure		2,976,827	2,146,614	5,123,441	5,027,127
Charitable expenditure from discontinued activity - Fareshare	4	-	-	-	160,485
Total Charitable expenditure		2,976,827	2,146,614	5,123,441	5,187,612
Governance costs	4	91,613	500	92,113	114,395
Total resources expended		5,067,346	2,798,108	7,865,454	7,343,001
Net incoming resources		201,222	596,562	797,784	364,661

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)

For the year ended 30 June 2006

Income and Expenditure Account

	2006	2006	2006	2005
	Unrestricted	Restricted	Total	Total
	£	£	£	£
Net incoming resources	<u>201,222</u>	<u>596,562</u>	<u>797,784</u>	<u>364,661</u>
Unrealised gains on investment assets	38,511	-	38,511	41,254
Net movement in funds	<u>239,733</u>	<u>596,562</u>	<u>836,295</u>	<u>405,915</u>
Funds brought forward at 1 July	2,709,035	4,213,381	6,922,416	6,516,501
Funds carried forward at 30 June	<u><u>2,948,768</u></u>	<u><u>4,809,943</u></u>	<u><u>7,758,711</u></u>	<u><u>6,922,416</u></u>

No other gains or losses were recognised in the year other than those shown above. The surplus for the year for Companies Act purposes including realised losses and gains on investments but excluding unrealised gains and losses on investments would be £797,784 (2005: £364,661).

The comparative figures in the Statement of Financial Activities, Balance Sheet and Cash Flow Statement have been revised to comply with the Statement of Recommended Practice 2005.

CRISIS UK Trustees' annual report and accounts for the year ended 30 June 2006

BALANCE SHEET
at 30 June 2006

	Notes	Consolidated 2006 Total £	Crisis UK 2006 Total £	Consolidated 2005 Total £	Crisis UK 2005 Total £
Fixed Assets					
Tangible fixed assets	10	668,888	668,888	456,141	433,949
Current assets					
Investments	11	5,930,172	5,930,172	5,810,587	5,810,587
Debtors	12	359,912	500,341	387,849	414,431
Cash and bank deposits		1,127,921	1,007,298	607,620	603,673
		<u>7,418,005</u>	<u>7,437,811</u>	<u>6,806,056</u>	<u>6,828,691</u>
Creditors : Amounts falling due within one year	13	(328,182)	(326,288)	(294,584)	(292,632)
Net current assets		<u>7,089,823</u>	<u>7,111,523</u>	<u>6,511,472</u>	<u>6,536,059</u>
Total assets less current liabilities		7,758,711	7,780,411	6,967,613	6,970,008
Creditors : Amounts falling due after one year	14			(45,197)	(45,197)
Net assets		<u><u>7,758,711</u></u>	<u><u>7,780,411</u></u>	<u><u>6,922,416</u></u>	<u><u>6,924,811</u></u>
Represented by:					
Unrestricted income funds					
General fund	16	1,292,517	1,314,217	1,979,035	1,981,430
Designated funds					
Urban Village	17	11,515	11,515	100,000	100,000
Skylight Rollout		1,000,000	1,000,000	130,000	130,000
Fundraising investment		350,000	350,000	500,000	500,000
Tangible Fixed Asset Reserve		294,736	294,736		
		<u>1,656,251</u>	<u>1,656,251</u>	<u>730,000</u>	<u>730,000</u>
Total unrestricted funds	17	2,948,768	2,970,468	2,709,035	2,711,430
Restricted income funds	17	4,809,943	4,809,943	4,213,381	4,213,381
Total funds	17	<u><u>7,758,711</u></u>	<u><u>7,780,411</u></u>	<u><u>6,922,416</u></u>	<u><u>6,924,811</u></u>

The financial statements on pages 16 to 33 were approved by the Board of Trustees on 20 November 2006 and signed on their behalf by:

David Bell )
)
)
 Nigel Carrington ) Trustees
)
)
)

The notes on pages 20 to 33 form an integral part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 30 June 2006

	Notes	2006 Total £	2005 Total £
Net cash inflow from operating activities	21	716,935	98,961
Returns on investments			
Investment income	2g	282,517	281,642
Capital expenditure			
Payments to acquire tangible fixed assets	10	(398,077)	(147,767)
Total Capital expenditure		(398,077)	(147,767)
Management of liquid resources			
(Increase) / decrease in short term deposits	11	(81,074)	61,416
Increase/(Decrease) in cash	23	520,301	294,252

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared under the historical cost convention as modified for the revaluation of current asset investments and in accordance with applicable UK law and accounting standards and the Statement of Recommended Practice, *Accounting and Reporting by Charities*, published in 2005 and on a going concern basis.

The comparative figures in the Statement of Financial Activities, Balance Sheet and Cash Flow Statement have been revised to comply with the Statement of Recommended Practice 2005.

b) Consolidated accounts

Consolidated accounts have been prepared for the charity and its trading subsidiary, Crisis at Christmas. The results of the subsidiary have been consolidated on a line by line basis.

The unconsolidated result for the charity would have been net incoming resources £855,602 (net incoming 2005 - £395,915). The charity has taken advantage of S230 Companies Act 1985 and has not prepared a separate statement of financial activities for the charity.

c) Incoming resources

All incoming resources are accounted for in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Voluntary income, bank interest and grant income is recognised on a receivable basis.

Legacies are recognised at the earlier of the date that the notification of distribution is received or that the legacy is received.

Income tax on covenants and gift aid declarations is accounted for on an accruals basis.

Gifts in kind are recognised as income when brought into use by the charity.

Gifts in kind and donated services and facilities have been included in income at an amount equivalent to that which the charity would have had to pay to purchase the donated items.

No amount has been included in the financial statements for services donated by volunteers.

d) Resources expended

Expenditure is accounted for on an accruals basis and allocated to the appropriate heading in the accounts.

Costs of generating funds comprise costs incurred in raising voluntary contributions (and do not include the cost of disseminating information in support of the charitable activities), the cost of sales from our trading company and investment management costs.

Grant commitments are recognised when contractual conditions are met by our partners and a constructive obligation exists.

Governance costs are associated with the governance arrangements of the charity which relate to the general running of the charity as opposed to those costs associated with fundraising or charitable activity. The costs include internal and external audit and costs associated with constitutional and statutory requirements such as the cost of trustees meetings and preparing statutory accounts. Included within this category are any costs associated with the strategic as opposed to day to day management of the charity's activities.

Support costs are general and overhead costs which are not specific to governance, costs of generating funds or direct charitable activities but which enable these activities to be undertaken. These costs include management, finance, IT, facilities, human resources, communications and volunteering support costs and are allocated across the expenditure cost captions. The basis of the allocation is based upon an analysis of the resources utilised by each of these activities and is disclosed in note 7. The principal underlying the basis of this allocation is consistent between the prior and the current year.

Irrecoverable VAT is charged as a cost in the Statement of Financial Activities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

e) Tangible fixed assets

Tangible fixed assets are stated at cost.

Office equipment, plant and machinery and vehicles are depreciated over four years on a straight line basis.

Leasehold improvements are depreciated over the period of the lease.

Freehold land and buildings are depreciated over fifty years from the date when they are ready for use.

Individual assets costing the organisation less than £500 are not capitalised but are written off to the Statement of Financial Activities.

f) Pension costs

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.

g) Fund accounting

I) Restricted

Restricted funds comprise amounts donated for specific objectives. They are expendable in furtherance of certain particular aspects of the objects of the charity.

II) Unrestricted

Unrestricted funds comprise amounts donated to the charity for general use. They are expendable at the discretion of the trustees, in furtherance of any aspects of the objects of the charity. There are two categories of unrestricted funds:

a) Designated

Designated funds comprise funds set aside out of unrestricted income by the trustees for the furtherance of particular aspects of the charity's objects, and are usually committed to direct charitable activities in the two years following their designation. The trustees may, at their discretion, reallocate these funds back to the general fund (see below). Discretionary reallocations between designated and general funds are treated as transfers in the notes to the accounts.

b) General

General funds represent the accumulated unrestricted and undesignated surpluses. The general funds are available at any time for use at the discretion of the trustees for furtherance of the charity's activities and objectives.

h) Current asset investments

Current asset investments are shown in the Balance Sheet at market value. All equity investments are listed on a recognised stock exchange. Realised and unrealised gains and losses are included in the Statement of Financial Activities.

All cash balances that cannot be withdrawn at any time, within twenty four hours notice and without penalty are treated as current investments.

i) Operating leases

Expenditure under operating leases is accounted for as incurred.

j) Foreign currencies

Transactions have been translated at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities are translated at the rate of exchange ruling at the Balance Sheet date.

Any differences on translation are written off to the Statement of Financial Activities.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2006

2 INCOMING RESOURCES

	2006 Unrestricted £	2006 Restricted £	2006 Total £	2005 Total £
a) Donations, legacies and similar income				
Individuals & legacies	2,731,842	585,618	3,317,460	3,405,890
Trusts	233,623	346,541	580,164	403,849
Corporates	1,239,372	194,578	1,433,950	1,356,046
Community groups	246,623	41,183	287,806	295,742
	<u>4,451,460</u>	<u>1,167,920</u>	<u>5,619,380</u>	<u>5,461,527</u>
b) Grants				
Office of the Deputy Prime Minister (ODPM)	-	414,708	414,708	51,358
The London Housing Foundation	-	-	-	10,000
Off the Streets and into Work (OSW)	-	-	-	37,500
The Big Lottery Fund	-	-	-	58,085
Newham College - Homeless Sector Pilot	-	-	-	32,164
Department of Health - Opportunities for Volunteering	-	179,917	179,917	129,309
Other grants	-	7,166	7,166	-
	<u>-</u>	<u>601,791</u>	<u>601,791</u>	<u>318,416</u>
c) Gifts in kind				
Gifts in kind for charitable purposes	-	400,802	400,802	330,106
Gifts in kind for fundraising purposes	-	16,247	16,247	23,336
	<u>-</u>	<u>417,049</u>	<u>417,049</u>	<u>353,442</u>
d) Donated services and facilities				
Analysis of major items				
Publicity and advertising	-	580,799	580,799	277,359
Legal costs	-	94,640	94,640	105,319
Buildings and facilities	-	331,715	331,715	355,500
Other	-	9,000	9,000	13,250
	<u>-</u>	<u>1,016,154</u>	<u>1,016,154</u>	<u>751,428</u>
<p>£3,750 (2005: £94,370) of gifts in kind and donated services and facilities were utilised in central services departments and are therefore included within support costs</p>				
e) Events				
Fundraising events	<u>353,157</u>	<u>499</u>	<u>353,656</u>	<u>271,280</u>
	<u>353,157</u>	<u>499</u>	<u>353,656</u>	<u>271,280</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2006

2 INCOMING RESOURCES (CONTINUED)

	2006 Unrestricted £	2006 Restricted £	2006 Total £	2005 Total £
f) Incoming resources from charitable activities				
Café income	79,508	-	79,508	53,498
Conference income	6,649	-	6,649	8,083
	<u>86,157</u>	<u>-</u>	<u>86,157</u>	<u>61,581</u>
g) Investment income				
Deposit interest	93,310	180,677	273,987	271,554
Investment income from quoted investments	8,530	-	8,530	10,088
	<u>101,840</u>	<u>180,677</u>	<u>282,517</u>	<u>281,642</u>

3 COMMERCIAL TRADING OPERATIONS

The following income and expenditure is included within the trading activities of Crisis at Christmas:

	2006 Total £	2005 Total £
Income		
Sponsorship income	111,380	78,994
Other income	10,704	17,181
	<u>122,084</u>	<u>96,175</u>
Expenditure	<u>(8,569)</u>	<u>(12,497)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

4. RESOURCES EXPENDED

	Grants payable (Note 5)	Staff costs (Note 6)	Other direct costs	Gifts in kind and donated services	Allocation of support costs (Note 7)	2006 Total	2005 Total
	£	£	£	£	£	£	£
Costs of generating funds							
Costs of generating voluntary income	-	519,358	1,189,018	650,368	271,683	2,630,427	2,018,544
Trading subsidiary expenditure	-	-	8,569	-	-	8,569	12,497
Investment management costs	-	-	10,904	-	-	10,904	9,953
	-	519,358	1,208,491	650,368	271,683	2,649,900	2,040,994
Charitable activities							
Crisis Open Christmas	-	151,089	309,234	719,975	133,559	1,313,857	1,420,323
Policy & Campaigning	-	319,322	113,155	-	125,478	557,955	478,472
Learning Zone	-	199,524	88,743	-	129,412	417,679	320,936
Crisis SmartMove	283,100	72,096	26,516	6,311	49,195	437,218	589,470
Urban Village	-	99,622	54,682	17,946	27,068	199,318	212,153
Skylight	-	335,424	612,920	34,852	446,711	1,429,907	1,295,788
Changing Lives	196,862	91,111	24,261	-	54,855	367,089	341,899
Opportunities for volunteers	129,536	-	1,852	-	16,386	147,774	144,891
Skylight Café	-	69,818	112,733	-	70,093	252,644	223,195
Fareshare Rollout	-	-	-	-	-	-	160,485
	609,498	1,338,006	1,344,096	779,084	1,052,757	5,123,441	5,187,612
Governance	-	-	23,069	-	69,044	92,113	114,395
Total	609,498	1,857,364	2,575,656	1,429,452	1,393,484	7,865,454	7,343,001

Total resources expended include the following amounts:-

	2006 Total	2005 Total
	£	£
Audit fees - year end accounts	5,470	5,200
Audit fees - grant audits	2,088	-
Depreciation	163,138	123,497
Loss on disposal of fixed assets	22,192	4,595
Operating leases - land and buildings	388,516	388,516
Operating leases - other	23,442	22,144

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

5. GRANTS PAYABLE	Grants to Institutions £	Grants to individuals £	2006 Total £	2005 Total £
Crisis SmartMove	283,100	-	283,100	436,977
Changing Lives	-	196,862	196,862	174,228
Opportunities for volunteers	129,536	-	129,536	125,459
	<u>412,636</u>	<u>196,862</u>	<u>609,498</u>	<u>736,664</u>

Crisis Smartmove is a UK-wide scheme which assists homeless and vulnerably housed people with housing advice, access to accommodation in the private rented sector, and support in tenancy sustainment and re-integration with mainstream society. SmartMove is delivered by regional partner agencies, and grants enable them to deliver the SmartMove service, grow their infrastructure and develop new services to help their clients build lifeskills and access employment and education opportunities. The main focus of these grants for the coming year is the accredited life skills programme, SmartSkills, and further innovations that will empower SmartMove tenants to move away from homelessness permanently.

Changing Lives provides financial awards to people who are or have been homeless so that they may achieve their vocational goals, fulfil their potential and become independent.

Under the Opportunities for Volunteering scheme Crisis UK receives funding from the Department of Health which it distributes as grants to homelessness organisations working with volunteers.

Breakdown of grants to Institutions	2006 Total £	2005 Total £
Crisis SmartMove		
Worcester Housing Benefit Advice	34,950	103,659
English Churches Housing Group	25,000	106,698
Calderdale Bond Scheme	60,000	53,401
Canterbury Housing Advice Centre	29,500	-
Threshold Centre Limited	39,650	-
Teesside Homeless Action Group	29,500	18,000
Wallich Clifford Community	29,500	18,000
Exeter Homeless Action Group	-	107,750
Hartlepool Citizens Advice Bureau	12,393	-
Derbyshire Housing Aid	-	18,000
Other	22,607	11,469
	<u>283,100</u>	<u>436,977</u>
Opportunities for Volunteering		
Ace of Clubs	13,875	16,959
Broadway	21,750	23,201
Derbyshire Housing Aid	11,175	13,658
Hertfordshire Young Homeless Group	18,000	21,250
North Devon Housing Association	21,300	26,557
Providence Row	19,500	23,834
Other	23,936	-
	<u>129,536</u>	<u>125,459</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

6 STAFF COSTS

	2006	2005
	Total	Total
	£	£
Wages and salaries	2,160,707	1,755,802
Social security costs	205,573	224,742
Pension costs	90,511	79,356
	<u>2,456,791</u>	<u>2,059,900</u>
Average number of staff in the year:	<u>76</u>	<u>58</u>
Employees receiving remuneration in excess of £60,000 in the year:	£60,000 - £69,999	<u>1</u>
		<u>2</u>

All employees earning more than £60,000 participated in the pension scheme.

Total staff costs of £2,456,791 are split in note 4 between costs directly attributable to activities and costs related to support costs which have been allocated accordingly.

7 ALLOCATION OF SUPPORT COSTS

The support costs have been allocated on the following bases:

	Cost	Basis of allocation
	£	
Management	161,139	Time spent & Project expenditure
Finance	127,051	Project expenditure
IT	142,330	Headcount
Facilities	469,105	Floor space
Human Resources	294,491	Headcount
Communications	96,377	Headcount
Volunteering support	102,991	Time spent
	<u>1,393,484</u>	

8 PENSIONS

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 £90,511 (2005: £79,356).

Contributions totalling £9,538 (2005: £7,333) were payable to the fund at the year end.

9 TRUSTEE REMUNERATION

Members of the Board of Trustees do not receive remuneration for their time and services. During the year, trustees expenses in the sum of £224 were reimbursed (2005: £nil)

Trustees' liability insurance of £3,392 was paid in the year (2005: £3,392).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

10 TANGIBLE FIXED ASSETS

Consolidated

	Freehold Land & Buildings	Leasehold Improvements	Office equipment	Plant & Machinery	Vehicles	Total
Cost	£	£	£	£	£	£
At 1 July 2005	-	448,102	617,392	-	25,845	1,091,339
Additions	19,623	302,214	64,214	12,026	-	398,077
Disposals	-	-	(309,179)	-	-	(309,179)
At 30 June 2006	<u>19,623</u>	<u>750,316</u>	<u>372,427</u>	<u>12,026</u>	<u>25,845</u>	<u>1,180,237</u>
Depreciation						
At 1 July 2005	-	89,172	520,181	-	25,845	635,198
Charge for year	-	94,449	65,683	3,006	-	163,138
Disposals	-	-	(286,987)	-	-	(286,987)
At 30 June 2006	<u>-</u>	<u>183,621</u>	<u>298,877</u>	<u>3,006</u>	<u>25,845</u>	<u>511,349</u>
Net Book Value at 30 June 2006	<u>19,623</u>	<u>566,695</u>	<u>73,550</u>	<u>9,020</u>	<u>-</u>	<u>668,888</u>
Net Book Value at 1 July 2005	<u>-</u>	<u>358,930</u>	<u>97,211</u>	<u>-</u>	<u>-</u>	<u>456,141</u>

Charity

	Freehold Land & Buildings	Leasehold Improvements	Office equipment	Plant & Machinery	Vehicles	Total
Cost	£	£	£	£	£	£
At 1 July 2005	-	448,102	308,213	-	25,845	782,160
Additions	19,623	302,214	64,214	12,026	-	398,077
Disposals	-	-	-	-	-	-
At 30 June 2006	<u>19,623</u>	<u>750,316</u>	<u>372,427</u>	<u>12,026</u>	<u>25,845</u>	<u>1,180,237</u>
Depreciation						
At 1 July 2005	-	89,172	233,194	-	25,845	348,211
Charge for year	-	94,449	65,683	3,006	-	163,138
Disposals	-	-	-	-	-	-
At 30 June 2006	<u>-</u>	<u>183,621</u>	<u>298,877</u>	<u>3,006</u>	<u>25,845</u>	<u>511,349</u>
Net Book Value at 30 June 2006	<u>19,623</u>	<u>566,695</u>	<u>73,550</u>	<u>9,020</u>	<u>-</u>	<u>668,888</u>
Net Book Value at 1 July 2005	<u>-</u>	<u>358,930</u>	<u>75,019</u>	<u>-</u>	<u>-</u>	<u>433,949</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

11 INVESTMENTS (Group and charity)

	2006	2005
	Total	Total
	£	£
Market Value at 1 July 2005	5,810,587	5,830,749
Cash held on deposit (withdrawals/additions in year)	81,074	(61,416)
Unrealised gain on revaluation at 30 June 2006	38,511	41,254
Market Value at 30 June 2006	<u>5,930,172</u>	<u>5,810,587</u>

All shares held were received as donations and accordingly, the historical cost of these investments in shares is £nil (2005: £nil)

Detail of investments held

Treasury deposit balances of £5,564,195 (2005: £5,483,121) are managed by the Royal Bank of Scotland under their Agency Treasury Service, (see note 23).

Investments in equities and bonds are valued and recorded at £365,976 (2005: £327,466) are quoted on the UK stock exchange. The following investments represented 5% or more of the share portfolio:

Anglo American Plc Ord US\$0.50 shares	5%	Smiths Group Plc ord 25p shares	7%
Barclays Plc Ord 25p shares	7%	Wolseley Plc ord 25p shares	6%
BG Group Plc Ord 10p shares	5%	2% Index linked Treasury Stock 2006	8%
BP Plc Ord US\$0.25 shares	5%	2 1/2% Index-linked Treasury Stock 2009	11%
GlaxoSmithKline Plc Ord 25p shares	9%		

12 DEBTORS

	Consolidated	Crisis UK	Consolidated	Crisis UK
	2006	2006	2005	2005
	£	£	£	£
Income tax recoverable	84,264	84,264	58,202	58,202
Amounts due from subsidiary undertaking	-	145,129	-	27,052
Sundry debtors	53,266	48,566	40,918	40,448
Prepayments and accrued income	222,382	222,382	288,729	288,729
	<u>359,912</u>	<u>500,341</u>	<u>387,849</u>	<u>414,431</u>

13 CREDITORS: Amounts falling due within one year

	Consolidated	Crisis UK	Consolidated	Crisis UK
	2006	2006	2005	2005
	£	£	£	£
Trade creditors	76,873	76,873	43,028	43,028
Tax and social security	76,791	76,791	-	-
Other creditors	43,122	41,228	41,879	39,927
Deferred income	89,508	89,508	134,529	134,529
Accruals	41,888	41,888	75,148	75,148
	<u>328,182</u>	<u>326,288</u>	<u>294,584</u>	<u>292,632</u>

Deferred income of £44,311 (2005: £89,332) relates to income received during the year for which the conditions for entitlement had not been met at the year end. Deferred income of £45,197 (2005: £90,393) relates to the allocation of a rent free period over a five year period to 2007.

14 CREDITORS: Amounts falling due after one year

	Consolidated	Crisis UK	Consolidated	Crisis UK
	2006	2006	2005	2005
	£	£	£	£
Deferred income	-	-	45,197	45,197

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2006

15 OBLIGATIONS UNDER OPERATING LEASES

	Consolidated 2006 £	Crisis UK 2006 £	Consolidated 2005 £	Crisis UK 2005 £
Amount payable in the next 12 months under non-cancellable operating leases for leases expiring:				
<i>Land and buildings:</i>				
In ten to fifteen years - Skylight	<u>433,713</u>	<u>433,713</u>	<u>433,713</u>	<u>433,713</u>
<i>Office equipment</i>				
In two to five years	<u>28,309</u>	<u>28,309</u>	<u>22,144</u>	<u>22,144</u>

16 CONSOLIDATED ACCUMULATED GENERAL FUND

	2006 Total £	2005 Total £
Fund brought forward		
Retained in charity	1,981,430	2,089,405
Retained in subsidiary undertaking	<u>(2,393)</u>	<u>(12,393)</u>
	1,979,035	2,077,012
Surplus/(deficit) for the year		
Retained by charity	259,040	332,025
Retained by subsidiary undertaking	<u>(19,307)</u>	<u>10,000</u>
	<u>239,733</u>	<u>342,025</u>
Transfer (to)/from Designated funds	(926,251)	(440,000)
Fund carried forward		
Retained by charity	1,314,217	1,981,430
Retained by subsidiary undertaking	<u>(21,700)</u>	<u>(2,393)</u>
	<u>1,292,517</u>	<u>1,979,035</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

17 UNRESTRICTED AND RESTRICTED FUNDS

	Brought Forward £	Utilised in year £	Income/Gains in year £	Transfers £	Carried Forward £
Designated funds					
Urban Village	100,000	(88,485)	-	-	11,515
Skylight Rollout	130,000	(27,724)	-	897,724	1,000,000
Fundraising Investment	500,000	(500,000)	-	350,000	350,000
Tangible Fixed Asset Reserve	-	-	-	294,736	294,736
	<u>730,000</u>	<u>(616,209)</u>	<u>-</u>	<u>1,542,460</u>	<u>1,656,251</u>
General funds	1,979,035	(4,412,626)	5,268,568	(1,542,460)	1,292,517
Total unrestricted funds	2,709,035	(5,028,835)	5,268,568	-	2,948,768
Restricted funds					
Costs of generating voluntary income	-	(650,368)	650,368	-	-
Open Christmas	-	(1,140,754)	1,140,754	-	-
Urban Village	4,117,774	(110,833)	267,123	-	4,274,064
Opportunities for Volunteers	-	(133,735)	179,917	-	46,182
Crisis Skylight (capital)	-	(38,571)	270,000	-	231,429
Crisis Skylight (revenue)	-	(115,204)	115,204	-	-
Crisis Skylight Rollout (capital)	-	-	102,907	-	102,907
Crisis Skylight Rollout (revenue)	-	(55,483)	55,483	-	-
Crisis Skylight Garden	-	(23,201)	25,000	-	1,799
Skylight Café (capital)	95,607	(11,500)	-	-	84,107
Skylight Café (training)	-	(5,000)	5,000	-	-
Crisis Smartmove	-	(161,524)	172,363	-	10,839
Learning Zone (including capital)	-	(149,331)	207,947	-	58,616
Changing Lives	-	(197,854)	197,854	-	-
Strategic Policy Unit	-	(1,000)	1,000	-	-
Other	-	(3,750)	3,750	-	-
	<u>4,213,381</u>	<u>(2,798,108)</u>	<u>3,394,670</u>	<u>-</u>	<u>4,809,943</u>
Total funds	<u>6,922,416</u>	<u>(7,826,943)</u>	<u>8,663,238</u>	<u>-</u>	<u>7,758,711</u>

Designated Funds:

(a) Urban Village

To provide funding for the development of a housing project which would integrate homeless people with those on low incomes.

(b) Skylight Rollout

Crisis runs a learning and skills centre in London. Over the next year work will take place to continue the rollout to other areas in the country. This fund specifically relates to the capital and revenue costs of opening Skylight Newcastle. (See note 24).

(c) Fundraising

In 2004 Crisis adopted a new four year strategic plan. Underpinning this for the 2006/7 financial year is increased investment in fundraising. The trustees have agreed to designate an amount equal to this planned additional investment.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

17 UNRESTRICTED AND RESTRICTED FUNDS (CONTINUED)

Restricted funds:

- (a) **Urban Village** During the year ended 30 June 2003, David Gilmour made a charitable donation of £3.6 million to the Urban Village project. This project will aim to create an integrated community where homeless people live alongside key workers in a thriving complex of around 400 flats. This amount plus the related interest remains in restricted funds at the year end,
- (b) **Opportunities for Volunteering:** Under the Opportunities for Volunteering scheme Crisis UK receives funding from the Department of Health which it distributes as grants to homelessness organisations working with volunteers.
- (c) **Crisis Skylight** During the year the ODPM (Office of the Deputy Prime Minister) agreed to fund the capital costs of the development of the basement at the Skylight Centre to provide further activities and facilities for homeless people. Costs are now being depreciated in accordance with the depreciation policy.
- (d) **Skylight Rollout** Crisis runs a learning and skills centre in London. Over the next year work will take place to continue the rollout to other areas in the country. This fund specifically relates to the capital and revenue costs of opening Skylight Newcastle. (See note 24).
- (e) **Skylight Garden** During the year Pret a Manger agreed to fund the development of a garden near the Crisis Skylight Centre in order for homeless people to develop gardening skills.
- (f) **Skylight Café** During 2004 the ODPM (Office of the Deputy Prime Minister) agreed to fund the capital costs of the construction of the Skylight Café. Costs are now being depreciated in accordance with the depreciation policy.
- (g) **SmartMove** During the year funding was received from the Tudor Trust and the National Rent Deposit Forum to meet the salary and costs of two new members of staff in Birmingham and Edinburgh for one year.
- (h) **Learning Zone** During the year the ODPM (Office of the Deputy Prime Minister) agreed to fund the capital costs of the development of the Learning Zone at the Skylight Centre to provide accredited literacy, numeracy and IT courses as well as ESOL (English for Speakers of Other Languages). Costs are now being depreciated in accordance with the depreciation policy.

Consolidated fund balances at 30 June 2006 are represented by :

	Unrestricted	Designated	Restricted	Total 2006	Total 2005
	£	£	£	£	£
Tangible fixed assets	-	294,736	374,152	668,888	456,141
Fixed asset investments	-	-	-	-	-
Current assets	1,620,699	1,361,515	4,435,791	7,418,005	6,806,056
Current liabilities	(328,182)	-	-	(328,182)	(294,584)
Creditors amounts falling due after one year	-	-	-	-	(45,197)
Net assets	1,292,517	1,656,251	4,809,943	7,758,711	6,922,416

Restricted funds relating to the Skylight Centre, the Skylight Café and the Learning Zone are held in the form of tangible fixed assets. £294,736 of designated funds are held in the form of tangible fixed assets. All other restricted and designated funds are held in cash or cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

18 CAPITAL COMMITMENTS

At the year end Crisis had capital commitments of £nil (2005: £588)

19 RELATED PARTIES

CLB Littlejohn Frazer prepare our payroll and Nicholas Light (trustee) is a salaried partner in this firm. The fees for the period were £2,739 (2005: £2,469).

Neil Churchill (trustee) is Chair of Cardboard Citizens Theatre Company. During the period, Crisis UK paid Cardboard Citizens Theatre Company £41,823 (2005: £65,667) for performing arts services.

Hugh Biddell (trustee) is an employee of The Royal Bank of Scotland which provides banking services to Crisis UK.

20 SUBSIDIARY COMPANY

Crisis UK has a wholly owned trading subsidiary, Crisis At Christmas, which is a company limited by guarantee and incorporated in England and Wales.

It manages the trading activities associated with the charity, largely the use of the Crisis logo and the sale of Christmas cards. The company gift aids any surplus net to the charity is wholly controlled by the charity's trustees. A summary of the results of Crisis at Christmas is shown below:

Profit and loss account		2006	2005
		£	£
Turnover	*1	122,084	96,175
Cost of sales		<u>(7,026)</u>	<u>(12,497)</u>
Gross profit		115,058	83,678
Administration costs	*2	<u>(32,235)</u>	<u>(7,398)</u>
Profit on ordinary activities		82,823	76,280
Corporation tax paid		(1,542)	-
Gift aid payment to Crisis UK		<u>(100,588)</u>	<u>(66,280)</u>
Retained in subsidiary		<u><u>(19,307)</u></u>	<u><u>10,000</u></u>

*1 Turnover includes £111,380 sponsorship

*2 Administration costs includes depreciation and loss on disposal of fixed assets. Administration costs also include a management charge from Crisis UK in the sum of £10,000.

Balance sheet		2006	2005
		£	£
Fixed assets		-	22,194
Current assets:			
Debtors		4,700	470
Cash		<u>120,622</u>	<u>3,948</u>
		125,322	4,418
Current liabilities:			
Intercompany creditors		(145,128)	(27,053)
Other creditors		<u>(1,894)</u>	<u>(1,952)</u>
		<u>(147,022)</u>	<u>(29,005)</u>
Net current assets / (liabilities)		<u>(21,700)</u>	<u>(24,587)</u>
Net assets		<u><u>(21,700)</u></u>	<u><u>(2,393)</u></u>
Represented by:			
Reserves		<u><u>(21,700)</u></u>	<u><u>(2,393)</u></u>

Crisis UK is prepared to provide continuing support to the trading subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2006

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

21 RECONCILIATION OF CHANGES IN RESOURCES TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2006 Total £	2005 Total £
Net incoming resources	797,784	369,256
Interest income	(282,517)	(281,642)
Depreciation	163,138	123,497
Loss on disposal of fixed assets	22,192	
(Decrease) in creditors	(11,599)	(8,750)
Decrease / (Increase) in debtors	27,937	(103,400)
Net cash flow from operating activities	<u>716,935</u>	<u>98,961</u>

22 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2006 Total £	2005 Total £
Increase in cash in the period	520,301	294,252
Increase / (decrease) in short term deposits	<u>81,074</u>	<u>(61,416)</u>
Net funds at 1 July 2005	601,375	232,836
Net funds at 30 June 2006	<u>6,090,741</u>	<u>5,857,905</u>
	<u>6,692,116</u>	<u>6,090,741</u>

23 ANALYSIS OF CHANGES IN CASH DURING THE YEAR

	At 1 July 2005 Total £	Cash Flows £	At 30 June 2006 Total £
Cash at bank and in hand	607,620	520,301	1,127,921
Amounts held on short term deposit	5,483,121	81,074	5,564,195
Net funds	<u>6,090,741</u>	<u>601,375</u>	<u>6,692,116</u>

24 POST BALANCE SHEET EVENTS

On 29 August 2006 Crisis UK completed on the purchase of a building in Newcastle, part of which is to be transformed into a second Skylight Activity Centre and social enterprise cafe. This building was purchased for £1,473,750 exclusive of VAT.

On the same date, a long leasehold on part of the building was sold for the sum of £336,701.