



Christians Against Poverty

Annual report and accounts 2018

Year ended: 31 December 2018 | Company no: 4655175 |

Charity no: 1097217 | Scotland charity no: SC038776 |

always hope.

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2018: The story in numbers

2,575

people have gone debt free in the UK.

99%

of debt clients would recommend CAP's service*

41%

of debt clients have a key support issue and need extra support**

1,741

people attended a CAP Job Club in the UK.

and

633

found work.

24,300

were helped by Debt Centres, Job Clubs, Fresh Start or Life Skills in the UK – (inclusive of those using more than one service).

828

people learned some practical new skills to live well on a low budget through CAP Life Skills.

414

people received help from Fresh Start.

with

125

self-set Fresh Start goals hit.

13,200

received help with their debts.

*Source: 2017 debt client survey

**Client report. Issues include mental ill health and physical health

Introduction from the Chairman

As Christians Against Poverty grows in its reach, so also its profile rises. And this year, as we've changed the lives of thousands of clients, we've also seen some unprecedented opportunities to share with others the work we're doing.

At the start of the year, we opened our doors to a team from the BBC as they filmed for the documentary *The Debt Saviours*. The programme aired in the autumn and was viewed by over 600,000 people. It centred on our care for clients and the centrality of our Christian identity. Perhaps best of all, many people who saw the documentary have since phoned up to ask if we could help them with their debts.

The London School of Economics released a report on CAP's impact which proved what we've long known to be true – that local churches and volunteers make a crucial difference in the holistic support we provide to every person, starting with the home visit and bringing in a wider support network to offer help in many practical and emotional ways. The report also calculated the benefit to society that CAP provides: £31.6million from Debt Centres, Job Clubs and Fresh Start groups giving a social return of 1:3.6. We now have proof that CAP offers an excellent service at great value for UK society!

We launched this Never just a number report at our first ever fringe event at the Party Conferences. Our External Affairs team has worked tirelessly this year to raise awareness of UK poverty and CAP's profile, and it was a wonderful moment for us when our patron the Archbishop of Canterbury hosted our Client Report launch in the House of Lords and 200 influential contacts from industry and government attended to hear about our most vulnerable clients.

Even as our national profile rose this year, we continue to keep sight of the enormous value of working on a local level, connecting with communities on the ground. This year we increased the regional focus on the way we oversee our frontline services, with the appointment of Region Leaders who take responsibility for the centres in a given geographical area. This approach recognises the differing needs and resources across the country. We particularly invested further in CAP's work in Scotland, and saw a 22% increase in the number of Scottish families with a CAP Plan since last year.¹

Thank you to all our staff, volunteers, church partners and supporters for all that you have given this year. We continue to be encouraged and humbled by your commitment to help the poorest and most vulnerable in society.



Roger Hattam, Chair of Trustees

Introduction from the Chief Executive

There's no doubt in my mind that seeing people's lives turned around is the most amazing part of our work. Over the last 20 years since I moved up to Bradford to join CAP, I have been privileged to see thousands of people step out of poverty. Right across the country, there are more meals on tables, more homes being heated in winter, more people finding faith, friendship and support in their local churches, because they called CAP.

So I'm proud to say that this year our debt work helped more people than ever before: 13,200 debt clients in total! This record-breaking number is all the more staggering because our new clients are increasingly vulnerable, as highlighted by our annual client report. It demonstrated that over half our clients say living with problem debt directly caused them depression or anxiety. What's more, 41% of our clients in 2018 had a key support issue (such as mental ill health or a learning disability) compared with 35% the previous year. Add to that the closures of other services in the social sector, and you begin to see why the situation is getting harder and needs are multiplying.

We're proud of our model of offering holistic help, but of course these changes present challenges to us, both at head office and for our frontline services. Our staff and volunteers have worked flat out to achieve so much with the resources we have. We've begun a strategic review to make sure we're prepared for the possibility that vulnerability and access needs keep on increasing. It's important that we can keep providing the top-quality service we're known for.

The knock-on effect of this is that we haven't seen the amazing levels of growth we're used to expecting in our services. We do have slightly more debt centres than at the end of last year, but Job Clubs and Fresh Start groups have decreased in number. We've sought to learn from this, reassessing how we run courses and what's realistic in terms of staff and resource requirements.

Nevertheless, we have seen growth and provision in some areas of the charity. CAP Life Skills has majorly taken off this year. Behind this achievement are many dedicated churches and volunteers, giving up their time and energy to bring the hope of a brighter future to others. We couldn't do it without them!

We have been so blessed to have Paula Stringer (formerly Head of Production at BBC Sport) join us as Executive Director. I truly believe that she brings the fresh approach we need. While I continue to be responsible for CAP UK in my role as CEO and also lead the international work of the charity, I want to fully support Paula to take the lead in this next phase of CAP.

A huge thank you to everyone who has made this year of changed lives possible: our church partners, our staff, volunteers and supporters. I am so grateful to have you as part of the CAP family as together we stamp out UK poverty.



Matt Barlow

¹ 549 families in Scotland had a CAP Plan in 2018, compared with 448 in 2017

Trustees' and Directors' Report

Who we are

UK poverty is real, and millions of people are living in the day-to-day hardship of unmanageable debt, hunger, isolation and fear. CAP exists to lift people out of the grip of poverty and to fight its causes.

We believe in bringing freedom, hope and good news to people. And we believe that the local church is integral to making this a reality.

How we help

Our core services tackle the root causes of poverty: Debt Centres, Job Clubs, Fresh Start and Life Skills. Additionally, we offer the preventative measure of financial education for all ages through CAP Money. We run all these services in partnership with local churches, who seek to help those in their own communities.

Aims and objectives

Everything we do is framed by the following charitable aims and objectives:

- a) The relief of poverty for persons in the United Kingdom and elsewhere who are in conditions of need, hardship or distress by reason of their social and or economic circumstances, by providing and promoting advice and other services.
- b) The advancement of education of the public in all matters relating to the management of their personal finances.
- c) The advancement of the Christian faith.
- d) Raising awareness of debt, poverty and its causes in the UK and inspiring churches and individuals to partner with us.

We have referred to the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and planning our activities, and are confident that CAP meets the public benefit requirements.

How we raised our money



- 65% Individuals | (£7.9m)
 - 17% Church donations | (£2.1m)
 - 5% Fairshare & resources | (£0.6m)
 - 7% Companies | (£0.9m)
 - 4% Charitable trusts | (£0.5m)
 - 1% Trading activities | (£0.1m)
 - 1% Legacies | (£0.1m)
-

How we spent our money



- 74% Charitable activities - direct costs | (£8.9m)
- 12% Raising funds - direct costs | (£1.5m)
- 13% Support costs | (£1.6m)
- <1% Other | (£0.1m)

Our services



CAP UK core services:

294 Debt Centres

135 Job Clubs

66 Fresh Start

123 Life Skills

Total: 618

Our strategy:

All we do centres on working with the local church to reach people and communities. Every church that partners with CAP to run one of our core services is a beacon in their neighbourhood. They are life-saving, family restoring, dignity-rebuilding, work-finding, habit-breaking and poverty-beating machines. Through them, in 2018 we brought help to poor, vulnerable and marginalised people 24,300 times. The next few pages explain the progress we have made towards the objectives set out in our last report, as well as our priorities for the next financial year.

Strategic report: our aims and achievements

Relieving poverty

LIFTING THE WEIGHT OF DEBT

Objective for 2018: Visit over 8,085 new clients for the first time, and help a further 2,850 to live a life free from the worrying burden that is debt and poverty.

Once again, this year we visited our highest ever number of clients with 9,069 first visits, which was significantly higher than our target, repeating the success of last year. In total 13,200 people received debt help in 2018, also a record number for us.

We continue to celebrate as thousands of clients are declared free from their debts. This year, 2,575 clients completed their journey with us and were declared debt free.

Opening 24 new debt centres meant that despite some closures we kept our total number more or less steady, with 294 centres by the end of the year. Although we did not see growth in network size, the record number of client visits shows that our impact has increased in terms of effectiveness.

With the BBC2 Debt Saviours documentary raising the profile of CAP's work to help people out of debt, it is no surprise that our Freephone number took a record 31,743 calls. Of these, 18,136 were people looking for debt help (we receive calls about a range of issues, including our other services) and this led to 10,870 first visits being booked in, where a debt coach goes to a client's house and helps them begin the journey out of debt.

In 2019, we will continue to provide our life changing debt help service and help clients become debt free to live a life free from the worrying burden of poverty.

HELPING PEOPLE INTO EMPLOYMENT

Objective for 2018: Help 3,927 people become work ready with 750 finding work.

This year saw a decrease in our number of job clubs due to closures once again. There were various reasons behind this reduction, in part the challenge of attracting clients. In response to this, we reassessed the requirements for running our services, finding that the existing requirements were not always sufficient, and increased them to stipulate at least two members of staff and a minimum of ten working hours per week.

Despite these challenges, interest from new partners continued, and we were able to open 34 new job clubs over the course of the year, meaning we ended the year with a total of 135. With these services, we helped 1,741 people move towards becoming work ready and celebrated club members finding 633 new jobs.

In 2019, we aim to increase the number of people we help gain skills to become work ready.

FREEDING PEOPLE FROM DEPENDENCIES

Objective for 2018: Help 960 people with 224 getting a fresh start for themselves and their families.

In May 2018, we rebranded CAP Release Groups as Fresh Start and relaunched the service, in light of extensive research that helped us better understand the target audience and needs of our church partners.

With the rebrand coming part-way through the year, we are yet to see it reach its full impact and potential. Despite this, we helped 414 people, an increase on the 356 of the previous year, and saw them achieve 125 self-set goals between them.

By the end of the year, we had 66 Fresh Start groups established and ready to help their communities break free from life-controlling habits.

In 2019, we aim to increase our number of Fresh Start groups so we can help more people get a fresh start for themselves and their families.

LIVING WELL ON A LOW INCOME

Objective for 2017: Help 878 people to learn new skills so that they can live well for less.

CAP Life Skills has gone from strength to strength this year. We opened 32 new groups, meaning that the total number of groups rose to 123. Though it's our newest service, it has fewer technical requirements than some of our others, making it more accessible for many churches to take on.

These groups helped a total of 828 people learn the skills needed to live well on a low income, which, though it is slightly short of our target, still represents over a hundred more lives changed than in the previous year.

In 2019, we will release an updated version of the Life Skills workbook and help more people to learn new skills so that they can live well for less.

Providing financial education

Objective for 2018: Run 1,200 courses around the UK, helping 5,400 people to budget and take control of their finances.

The CAP Money course continues to be the largest face-to-face provider of adult financial education in the UK. While not forming part of our 'core services' it is a great arrowhead and support initiative for the charity.

In 2018 almost 6,000 adults attended a CAP Money course run by their local church around the UK, exceeding our target and surpassing the 5,808 delegates in 2017. We trained 416 coaches and ran 1,427 courses in partnership with local churches, again going beyond the target we set ourselves for the year.

The CAP Money course is relatively inexpensive to run and provides the first contact that many churches have with us. For each it provides a simple way to connect with and meet the needs of people in their community.

In 2019, we aim to run 1,500 courses around the UK, helping 6,100 people to budget and take control of their finances and to train 375 new coaches.

Advancing the Christian faith through the local church

Objective for 2018: Continue to work with our church partners, equipping them to reach out to people in their towns and cities around the UK. We once again aim to provide a life-changing holiday for 1,000 people and their families.

We continued our successful programme of Discovery Breaks which provides our clients with a well-earned holiday, the chance to reconnect with their families and explore the Christian faith. We ran 13 of these breaks and took 841 adults and children away for a few days to different locations around the UK. As a result, 129 made a personal decision to begin a relationship with God.

Across the charity, we saw a total of 885 people who decided to begin a faith journey.

In 2019, we aim to continue to work with our church partners, equipping them to reach out to people in their towns and cities around the UK. We aim to provide a life-changing holiday for 950 people and their families.

Raising awareness of debt and poverty in the UK

Objective for 2018: Continue to raise awareness of debt and its associated causes around the UK. In doing so we want to inspire individuals, churches, companies and government both to support and work with us. We will continue to do this by engaging with them in person, through regular communications plus exhibiting at conferences and exhibitions.

As well as the practical help that we provide to people it is important that the general public, industry and government are also aware of the issues that affect our clients.

Being named Premier Christian Radio's charity of the year was an amazing opportunity that allowed us to raise awareness of poverty and reach many more individuals and churches in 2018. Through this we raised the funds to take 18,738 calls in our New Enquiries team, which people call when they first contact us for help. Premier Christian Radio has 1.2 million regular listeners who tune in every week, with whom we were able to share our message.

We delivered talks at 719 churches across the UK this year, with 93 trained speakers. We attended 13 festivals and events to connect with delegates, and also held 13 Fundraising Dinners, through which we spoke to 2,047 people about poverty.

Our External Affairs team continues to make great strides at the highest levels of the financial service industry, utilities sector and government. They made their presence felt at two party conferences and engaged with 135 industry bodies.

In 2019, we will continue to raise awareness of debt and its associated causes around the UK. In doing so we want to inspire individuals, churches, companies and government both to support and work with us. We will continue to do this by engaging with them in person, through regular communications plus exhibiting at conferences and exhibitions.

International development

Objective for 2018: Continue to support the work of CAP around the world in New Zealand, Canada and Australia.

CAP NEW ZEALAND

For CAP New Zealand, 2018 was their biggest year yet – more partnerships, more income, more people helped and more commitments to Christ than ever before. There was a significant focus on growth of the church partner network and as a result, 22 new churches partnered with CAP to open a CAP Centre (Debt Help or Group Service) and 55 new churches trained to run the CAP Money Course. Overall, there was a 10% increase on 2017 in the total number of people helped.

CAP CANADA

CAP Canada continued in the theme of 'strengthening foundations' throughout 2018. They achieved accreditation status which means they truly can represent any client that comes to them for debt help. Throughout 2018 CAP Canada continued to increase their income and are ready for some significant growth over the coming years.

CAP AUSTRALIA

CAP Money continues to thrive in Australia and 2018 ended with 218 active CAP Money churches. During the year CAP Australia helped 604 people through the services they offer and had 47 active CAP centres at the end of the year.

CAP AMERICA

During 2018, preparations were made to take Christians Against Poverty into the USA. CAP America, based in Chicago, Illinois, was formally launched in April 2019. CAP America is a corporation incorporated in the State of Virginia, of which CAP UK is its sole member. Its incorporation date was 16 July 2018. Matt Barlow is one of its three trustees, the other two of whom are US nationals. During 2018 CAP UK raised start up funds for CAP America of £47,521 and also pledged up to £140,000 of general funds to support the charity in its initial stages.

In 2019, we will continue to support the work of CAP around the world in New Zealand, Canada and Australia, and pioneer its work in the USA through CAP America.

Financial review: how we managed the money you gave us

Overview

In 2018 our income grew by 11% to a record £12.2m (2017: £11.1m) and expenditure (which included £0.5m of one-off items) totalled £12.0m (2017: £10.5m), resulting in a surplus of £0.3m (2017: £0.6m). An additional £0.4m of costs were incurred to complete our new CRM system which were suitable for capitalisation as intangible fixed assets.

Our main sources of income continue to be donations from individuals and churches which form £7.6m or 92% of our regular income including gift aid. When one-off gifts are added these sources of income increase to £10.1m or 82% of all income.

We invested in additional posts to increase the quality of support to our network of centres plus short-term additions in our fundraising team to adequately prepare us for the introduction of the new General Data Protection Regulations (GDPR) that came into force in May 2018. We also added investment in systems development and in support service teams to meet regulatory compliance requirements and appointed an Executive Director to support the leadership needs of a growing charity.

Income

Regular monthly income of £8.2m (2017: £7.9m) represents 67% (2017: 71%) of total income received and it is our funding strategy to maintain or increase the proportion of regular income received. In 2018 our one-off income grew by an amazing 25% to £4.0m (2017: £3.2m) which reduced the ratio of regular to one-off income, even though both types of income increased significantly. This was due to increased donations from companies and from charitable trusts. An increase in total income of £1.1m in one year is remarkable (2017: -£0.2m).

Life Changer giving from individuals is our most important source of regular income that provides financial stability to the charity. In 2018 Life Changer income increased by 6% to £5.7m (2017: £5.4m) including associated gift aid. At the end of 2018 there were 29,758 Life Changers, each giving an average of £14.25 per month excluding gift aid. One-off donations from individuals increased by 10% to £2.3m (2017: £2.1m) including gift aid.

Income from our partner churches and associated churches remained steady at £2.1m (2017: £2.1m). We received £0.9m (2017: £0.3m) of donations from companies, £0.6m (2017: £0.4m) from charitable trusts and £0.1m (2017: £0.1m) from legacies.

We received £0.6m (2017: £0.5m) in donations from creditors as fair share contributions, where a percentage of monies disbursed to our clients' creditors through a CAP debt management plan is paid back to the charity. 100% of payments made by clients through their CAP debt management plan goes towards paying off their debts. In 2018, funds disbursed to creditors on behalf of our clients for debt and priority payments totalled £9.8m.

Expenditure

Total expenditure increased by 14% to £12.0m (2017: 10.5m) partly due to planned investment of £0.5m in one-off costs including the completion of the new CRM system (£0.2m plus £0.4m of capitalised costs), the refurbishment of the basement of Jubilee Mill and installation of energy efficient LED lighting across the Jubilee campus £0.1m, an additional supporter phone team for GDPR compliance £0.1m and other smaller projects which included reviewing standard operating procedures for our debt operations and calculating our social return on investment.

Expenditure also increased compared to 2017 because we have been successful in the recruitment to a number of posts that had previously proved difficult to fill, such as technology roles (including system developers). The remainder is due to increases in employee numbers (including the appointment of an Executive Director) and the impact of annual pay rises. We spent £32k preparing for the launch of CAP America which we plan to take place during the first quarter of 2019, including legal costs in setting up the separate charity, trademark registration and visa application support.

FUNDRAISING

We would not be able to conduct our charitable activities without fundraising. Expenditure on raising funds represents 13% (2017: 11%) of total costs. This increase is due to continued investment in our new CRM system and preparation for GDPR that came into force during May 2018. We also trialled new fundraising campaigns such as Premier Radio Charity of the Year which helped to increase the number of Life Changers giving regularly to support our work.

Cash flow and investments

RESERVES POLICY AND MANAGEMENT

Each year the Trustees review our reserves policy and the level of required general free reserves to ensure that an appropriate level is held. We aim to maximise the funds we can spend to support our charitable aims, balanced against managing short-term financial risk and our obligations as a debt management company under FCA rules (CONC 10.2.5) to hold sufficient free reserves to meet our minimum prudential resources requirement of £68k.

Our total regular income represents 68% (2017: 73%) of total expenditure which provides a good level of financial stability to the charity. Our reserves policy is based on the one-off income target that makes up the remainder of our income. The Trustees have set a target level of reserves at three months of one-off income based on the following years' budget, which for 2019 is £1m.

The reserves at 31 December 2018 were £5.2m (2017: £4.9m) of which £0.2m (2017: £0.2m) are restricted in nature and £2.5m (2017: £2.3m) is only realisable by disposing of tangible fixed assets. Free (unrestricted) reserves at the end of 2018 are £2.3m (2017: £2.4m), which are £1.5m (2017: £1.5m) in excess of the minimum reserves set out in our reserves policy. We had planned to reduce our level of reserves in 2018 with the investment in our replacement CRM system, but our record level of income this year has enabled us to fund this investment with little impact on the free reserves level. We have committed £0.5m to build capacity and expertise in priority areas including debt operations in 2019.

The covenant on the charity's bank loans states that Net Assets must not fall below £2.5m. At the end of 2018 Net Assets were £5.0m.

The Trustees are confident that this level of reserves, combined with the continued drive to increase regular income, will enable the charity to continue with its current growth strategy.

Giving policy

One of CAP's core cultural values is generosity and since 2014 we have established an annual 'giving pot' to support other organisations that share our goals and values. The criteria for selecting which organisations to support are:

- CAP's own international work
- Other UK-based organisations that share our core values, namely helping the poor, through the church and evangelistically

At the beginning of 2018 we brought forward the balance of £17k to which we added a further £34k bringing the total to £51k. During the year we made donations to:

- £25k to CAP Australia
- £26k to CAP Canada

We will agree a total for the 2019 giving pot during the first quarter of 2019.

Investment powers and policy

The charity's investment policy is reviewed annually by the Finance, Audit & Risk committee. In 2018 the policy has been to continue to invest any surplus funds in fixed term deposits or 32 day notice account with the charity's bankers.

Principal risks and uncertainties

The charity maintains a register of all key risks as part of the risk management strategy which is regularly reviewed for effectiveness by the Board and the Finance, Audit & Risk Committee. The Committee also receives reports from our external auditors and reviews progress against any recommendations. The Board holds responsibility for ensuring the charity has robust systems of internal control and risk management in place.

This strategy has identified the following important potential risks and how they will be mitigated. They are not set out in any priority order.

Risk	Impact and Mitigation
Financial sustainability - failure to develop and implement a sustainable funding model.	As with any charity that is totally reliant on voluntary donations for its income, a large reduction in funding could have a serious impact on the charity's ability to carry out its charitable activities. We mitigate this through our constant drive to grow income through attracting new supporters. We have multiple sources of income and this level of diversification provides significant mitigation against financial risk.
Compliance - breach of regulatory or legislative requirements.	We are authorised and regulated by the Financial Conduct Authority and subject to an annual CASS audit (Client Money). We are continuing our programme of system development work to make our debt counselling IT system fully compliant with CASS rules. The progress of this programme is reviewed regularly by the Finance, Audit & Risk committee and we provide a written update to the FCA quarterly. We expect to complete this work in 2019 and have invested in and prioritised resources for this purpose.
Impact - not demonstrating sufficient impact in our work.	We continually measure outcomes for our clients and publish them regularly, including through our Annual Client Report (the latest of which has been published in May 2019). We conduct regular client surveys which show the ongoing impact of our services over time. In October 2018 our 'Never Just a Number' report was published which quantified and monetised the social impact of our work, based on twelve months of study and analysis by the London School of Economics.
Reputation - negative PR incident that leads to significant press coverage and damage to reputation.	As the influence and profile of CAP reaches more widely, there is increased media scrutiny. Inappropriate conduct or behaviour of our staff, volunteers and partners could damage the CAP brand. We operate a staff induction process that includes CAP culture and values and provide regular training and operating frameworks. Our Public Relations team has a response plan in place.
Safety, security and wellbeing of staff and volunteers - inadequate plan for health & wellbeing of staff and volunteers.	During 2018 we reviewed our approach to Health & Safety and commissioned an external audit. We undertook a programme of work to complete issues identified as a result of that audit. We have set up a Health & Safety board with 5 working groups focussing on all areas (including our head office staff, frontline staff, safeguarding, business continuity & disaster recovery) with a reporting structure back to the Board of Trustees during the year. We carried out emergency response training for all head office staff.
Safeguarding of vulnerable adults - inappropriate conduct of staff, volunteers or partners that is inconsistent with our values and safeguarding policies.	Our safeguarding and whistleblowing policies are regularly reviewed, with refresher training regularly conducted for all staff. We also have training in place for partner churches to ensure good safeguarding practice. We have commissioned an external safeguarding audit from an organisation that specialises in safeguarding in the faith sector.
Cyber security – IT systems compromised or data lost, ransomed or stolen through cyber-attack.	Our IT systems are regularly tested for external attacks and additional security & penetration testing is commissioned from an independent security consultant, using Cyber Essentials as a framework. We have increased staff awareness of IT security measures and carry out reviews and testing of our business continuity plan. Other mitigations include data anonymisation, cyber security insurance and major incident management process in place.

Structure, governance and management

The Board of Trustees

The Trustees, who are also Directors of Christians Against Poverty for the purposes of company law, meet four times a year to review strategy and operational or financial performance in conjunction with the charity's Founder, its Chief Executive Officer, its Executive Director and other members of the senior management team. These meetings are also attended by a staff representative and a centre representative, so their views can be taken into consideration through the decision-making process.

The Trustees have authority to appoint as trustee any person who, by virtue of personal or professional qualification, is able to make a contribution to the pursuit of the charity's objects or management. When recruiting new trustees the existing trustees will not only look at the person's qualifications, but also at their existing passion and support for the charity's vision and aims to ensure they can play a full part in managing the charity's growth. Prospective trustees are interviewed by the Chair and Chief Executive of the charity and will attend a board meeting to meet other trustees and senior management team prior to their official appointment. In this way, we can ensure that they are a good fit for the charity and that they are fully aware of their responsibilities as a trustee.

Trustees are appointed for three years, after which time their role is reviewed to ensure that they are still a good fit for the charity. They then have the opportunity to serve for a further three years or stand down.

Trustee term of duty

A trustee can serve for a maximum of three terms of three years each, after which time up to two trustees at any given time may serve as 'history carriers': trustees who can pass on their experience of the culture and ethos of the charity to newer board members. Further trustee training is carried out on an ongoing basis, making use of the Charity Commission website and other charity publications.

Indemnity

The charity purchased and maintained throughout the financial year Trustee Liability Insurance in respect of itself and its trustees.

Structure and management

The charity is constituted as a company limited by guarantee (Company number 4655175), formed on 3 February 2003, and is therefore governed by its Memorandum and Articles of Association dated 5 February 2007. The company took over the operations of Christians Against Poverty as constituted under a Declaration of Trust dated 29 August 1996, on 1 June 2003.

The day-to-day implementation of the strategic plan, together with the development of strategy, is led by the Chief Executive, Executive Director and senior management team, which consists of members of each area of the charity. Key Performance Indicators are used to measure and review performance against the strategic plan with monthly meetings ensuring that corrective action is taken where needed. Monthly management accounts are also used to ensure that financial targets are being met. If any significant matters of policy or key decision making arise during these meetings, these will be referred to the Trustees for approval.

Finance, Audit and Risk Committee

The Finance, Audit and Risk Committee is responsible for monitoring the integrity of the charity's financial reporting and internal controls. This includes reviewing the Annual Report and accounts, and the effectiveness of external audit services.

The committee also reviews the charity's risk management process, top strategic and operational risks, and adequacy of internal controls and mitigations.

The committee met four times in 2018.

Our fundraising practices

Every person who supports our work is important to us and we believe that giving to charity should be an amazing experience. We strive to maintain the highest standards in supporter relations, ensuring that each person is treated as an individual, with fairness and respect.

For this reason, CAP voluntarily subscribes to the Fundraising Regulator, which assumed responsibility for regulating all fundraising from July 2016. The regulator investigates and takes actions, where appropriate, on issues of public concern. During the year there were no complaints regarding CAP's fundraising practices.

All our fundraising activities are carried out by centrally employed staff, and we do not employ any external agencies to do this work on our behalf.

The monitoring and control of our fundraising activities is also important, and it is vital to ensure that our supporters have a great experience and that all supporters are treated fairly. For example, where someone is considered to be vulnerable, we remove them from phone calls and only send occasional mailings that do not ask for donations. We remove extremely vulnerable people from the database entirely, and it is our policy to respond quickly when notified that someone may fall into this category.

Ahead of the introduction of the General Data Protection Regulation (GDPR) in May, we carried out preparatory work to ensure any of our 32,000 supporters who wanted to continue to receive our communications had the chance to opt in to these options. We set up the Regulatory Phone team to contact our supporters and update their communication preferences before the GDPR roll out in May 2018.

Pay policy for senior staff

The Trustees consider that they and the senior management team comprise the key management personnel of the charity who are in charge of directing, controlling, running and operating the charity on a day-to-day basis. All Trustees give of their time freely and no Trustee received remuneration in the year. Details of Trustees' expenses and related party transactions are disclosed in notes 21 and 22 to the accounts.

In 2014 the charity embarked on a full review of its employee salary structure, including that of its Senior Management Team. As well as introducing a full job evaluation system and grading structure, salaries were externally benchmarked against charities of a similar size, location and service. Senior management salaries were set at the lower quartile of similar roles whilst salaries at the lower end of the grading structure were set at the median of similar roles, and this resulted in a more compressed salary structure where the highest salary was 4.82 times the lowest (excluding interns).

In 2018, salaries for the Chief Executive, Founder and Executive Director were set at £77,306 (2017: £75,347), while the salaries for other members of the senior management team were set at £53,453 (2017: £52,099).

Other than annual inflationary wage increases, we plan to revisit the grading structure and external benchmarking every five years. We brought this forward by one year to 2018 as a result of delays experienced in recruiting to some technical posts during last year.

We are currently reviewing all staff salaries to ensure they are fair when benchmarked against the external market, but also ensuring our salary bill remains affordable for the charity. We expect to complete and implement the new salary structure in May 2019. We remain committed to fairness for all, with some elements of control around our most senior salaries. Trustees set the salary for the Chief Executive, the founder and the Executive Director.

Employees

The work of Christians Against Poverty relies on the commitment and hard work of its valued staff, both those directly employed at head office and also those employed by our partner churches in our debt centres.

At the end of the year more than 1,200 people were directly involved in delivering the service of Christians Against Poverty, the part played by each one being vital to the charity's success. Regular communication with staff through monthly staff meetings, team meetings and podcasts ensure that they are kept informed of any decisions taken by the Management Board and our annual staff surveys consistently show a high level of job satisfaction.

Full training is given to each member of staff in their specific roles whilst further management training is available to all members of staff through our internship programme. We are committed to equality in recruiting, training, promotion and career development and continually seek to promote from within before seeking external candidates.

The charity is committed to supporting the employment of disabled people, helping existing staff, as well as anyone with additional support needs as part of the recruitment process. In addition, we are committed to the retention of employees that become disabled while in our employment. We do this through training, career development, general awareness and support.

Demand for the services we provide is increasing, and our staff deal with vulnerable and distressed clients, which can have an impact on their own health and wellbeing. We offer flexible working arrangements and a range of benefits to promote staff wellbeing, which include:

- A confidential, independent 24 hour advice line giving staff access to counselling and advice on tax, childcare and legal issues
- Assistance with travel season ticket loans, childcare vouchers, cycle to work schemes and pension planning

Volunteers

CAP values the work of its volunteers at head office in Bradford and across the UK. The welfare of those giving up their free time is important to us and we continue to ensure all policies and procedures are reviewed regularly. This provides the charity with clear boundaries and marks out for volunteers the extent of their remit. All these link into key areas of the Management and HR Strategy. There is a dedicated staff member who oversees their work and ensures the wellbeing of all our volunteers.

During the year, 24 volunteers have worked at CAP's head office in Bradford, performing various part-time administrative and ad-hoc roles and providing 2,611 hours of valuable support to us in total. The number of volunteers within our centre network is far more difficult to quantify but we acknowledge that without their invaluable contribution our clients would not receive the help and support that they do.

The Trustees, therefore, wish to acknowledge the enormous contribution made by employees and volunteers, both at head office and at the church centres, without whom we would not be able to transform lives across the nation.

Work in Scotland

We are required by the Office of the Scottish Charity Regulator to report separately upon the activities that Christians Against Poverty has undertaken in Scotland. Whilst we do not report our income/expenditure separately for our Scottish activities, statistically the work was as follows:

- 22 Debt Centres
- 17 Job Clubs
- 3 Fresh Start groups
- 9 Life Skills groups
- 1,256 adults helped (inclusive of individuals accessing more than one service)
- 19 CAP Money coaches trained to run courses

Regulatory

Debt counselling and debt management are regulated activities under the Financial Services and Markets Act 2000. The charity is authorised and regulated by the Financial Conduct Authority (FCA) to provide debt counselling and debt management services.

In addition to the above we also hold the Advice Quality Standard mark (AQS). Organisations that hold the standard have demonstrated that they are easily accessible, effectively managed, and employ staff with the skills and knowledge to meet the needs of their clients. As part of achieving the standard, we also satisfied the Money Advice Service (MAS) Quality Framework for the quality and consistency of our debt advice.

Related parties

John Kirkby is a Trustee of CAP Australia and CAP New Zealand and was a Trustee of CAP Canada until November 2018.

Matt Barlow is a Trustee of CAP America (from July 2018)

Ellie Gage is a Trustee of CAP Canada (from Nov 2018)

John Kirkby and Tim Morfin are Trustees of The Light Church which leases 86 Captain Street from CAP under a lease agreement, and also rents auditorium space at the Jubilee Centre.

John Kirkby and Tim Morfin are directors of CAP Life Ltd, a wholly owned subsidiary of CAP. In November 2018 the directors took the decision to wind up CAP Life Ltd via a Members Voluntary Liquidation ('MVL') and intend to enter the company into MVL during 2019.

Related party transactions are detailed in note 22 to the accounts.

Directors, senior staff and advisors

DIRECTORS (Trustees)

Roger Hattam (Chair)
Tim Morfin
Andrew Parker (Resigned 26 June 2018)
Matthew Frost
Lisa Pearce
Simon Gates
Joy Blundell
Chine McDonald
Jane Pleace

SECRETARY

Stephen Bonfield

LEADERSHIP TEAM

Matt Barlow (Chief Executive)
John Kirkby (Founder)
Paula Stringer (Executive Director)(from 3 September 2018)
Dan Lane (Fundraising & Marketing)
Angie Rusbridge (Finance & Compliance)
Simon Wilce (Operations)(to 31 December 2018)
Ellie Gage (People and Culture)
Jon Day (Technology & Transformation)

PRINCIPAL & REGISTERED OFFICE

Jubilee Mill
North Street
Bradford
West Yorkshire
BD1 4EW

AUDITOR

RSM UK Audit LLP
5th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

SOLICITORS

Hempsons
The Exchange
Station Parade
Harrogate
HG1 1TS

BANKERS

Lloyds Bank PLC
Hustlergate
Bradford
West Yorkshire
BD1 1NT

CHARITY NO. UK

1097217

CHARITY NO. SCOTLAND

SC038776

COMPANY NO.

4655175

Trustees' responsibilities in relation to the financial statements

The charity Trustees (who are also the directors of Christians Against Poverty for the purposes of company law) are responsible for preparing a Trustees' annual report, strategic report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- a) Select suitable accounting policies and then apply them consistently;
- b) Observe the methods and principles in the Charities SORP;
- c) Make judgements and estimates that are reasonable and prudent;
- d) State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- e) 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Statement as to disclosure to our auditor

In so far as the Trustees are aware at the time of approving our Trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the charity's auditor is unaware, and
- the Trustees, having made enquiries of fellow Trustees and the charity's auditor that they ought to have individually taken, have each taken all steps that he or she is obliged to take as a Trustee in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

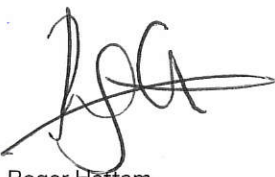
A proposal to re-appoint RSM UK Audit LLP as auditor of the charity will be put to the Annual General Meeting.

Strategic Report

In accordance with section 414C (11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the company has prepared a Strategic Report, which includes information that would have previously been included in the Trustees report. The Trustees and Directors report contains all information required in a Directors report by the Companies Act 2006. The Trustees authorise both the Strategic Report and the Trustees' report below.

Approval

This report was approved by the board of Trustees on 29/6/19 and signed on its behalf.



Roger Hattam
Chairman

Auditor's Report:

Independent Auditor's Report to the Trustees and members of Christians Against Poverty

OPINION

We have audited the financial statements of Christians Against Poverty (the 'charitable company') for the year ended 31 December 2018 which comprise Statement of Financial Activities, incorporating the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

BASIS FOR OPINION

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

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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 charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 MATTER 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 directors' report and the strategic report prepared for the purposes of company law and included within the trustees' annual report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report and the strategic report, included within the trustees' annual report, have been prepared in accordance with applicable legal requirements.

Auditor's Report (continued)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report and the strategic report, included within the trustees' annual report.

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

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the statement of trustees' responsibilities set out on page 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: frc.org.uk/auditorsresponsibilities

This description forms part of our Auditor's Report.

USE OF OUR REPORT

This report is made exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

VICTORIA CRAVEN (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
5th Floor, Central Square
29 Wellington Street
Leeds
LS1 4DL

Date: 4/7/19

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of financial activities

For the year ended 31 December 2018 (incorporating an income and expenditure account)

	Note	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total 2018 £'000	Unrestricted funds 2017 £'000	Restricted funds 2017 £'000	Total 2017 £'000
Income From							
Donations and legacies	2	11,093	486	11,579	9,905	515	10,420
Other trading activities	3	64	-	64	90	-	90
Investments		1	-	1	1	-	1
Charitable activities	4	604	-	604	555	-	555
Total income		11,762	486	12,248	10,551	515	11,066
EXPENDITURE ON							
Raising funds		1,523	-	1,523	1,138	-	1,138
Charitable activities		9,855	549	10,404	8,838	448	9,286
Other		44	-	44	52	-	52
Total expenditure	5	11,422	549	11,971	10,028	448	10,476
NET INCOME/(EXPENDITURE)		340	(63)	277	523	67	590
NET MOVEMENT IN FUNDS		340	(63)	277	523	67	590
RECONCILIATION OF FUNDS							
Total funds brought forward		4,680	221	4,901	4,157	154	4,311
Total funds carried forward		5,020	158	5,178	4,680	221	4,901

Balance Sheet as at 31 December 2018

	Note	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total 2018 £'000	Unrestricted funds 2017 £'000	Restricted funds 2017 £'000	Total 2017 £'000
Fixed Assets							
Intangible fixed assets	8	407	-	407	61	-	61
Tangible fixed assets	9	3,342	-	3,342	3,270	-	3,270
Investment	10	-	-	-	-	-	-
Total		3,749	-	3,749	3,331	-	3,331
Current Assets							
Debtors	11	905	8	913	1,051	19	1,070
Cash and cash equivalents		1,805	150	1,955	2,275	45	2,320
Total		2,710	158	2,868	3,326	64	3,390
Creditors: amounts falling due within one year	12	(636)	-	(636)	(816)	-	(816)
Net current assets		2,074	158	2,232	2,510	64	2,574
Total assets less current liabilities		5,823	158	5,981	5,841	64	5,905
Creditors: amounts falling due after one year	14	(803)	-	(803)	(1,004)	-	(1,004)
Net assets		5,020	158	5,178	4,837	64	4,901
Funds							
Restricted funds				158			221
Unrestricted funds				4,764			4,424
Revaluation reserve				256			256
Total Unrestricted funds				5,020			4,680
Total funds	19			5,178			4,901



Approved by the Board of Directors and Trustees and authorised
for issue on 29/6/19 and signed on its behalf.

Roger Hattam
Chair of Trustees and Director

Statement of cash flows as at 31 December 2018

	Total 2018 £'000	Total 2017 £'000
Cash flows from operating activities		
Net incoming resources	277	590
Add depreciation	132	127
Add amortisation	14	
(Profit)/loss on sale of assets	(6)	18
Less interest received	(1)	(1)
Add interest paid	44	52
Decrease/(increase) in debtors	156	(149)
(Decrease)/increase in creditors	(187)	162
Net cash flow provided by operating activities	429	799
Cash flows from investment activities		
Proceeds on sale of assets	8	1
Purchase of tangible fixed assets	(206)	(71)
Purchase of intangible fixed assets	(360)	(61)
Current asset investment	-	-
Interest received	1	1
Net cash flow used in investing activities	(557)	(130)
Cash flows from financing activities		
Cash inflows from new borrowing	-	-
Interest paid	(44)	(52)
Repayment of bank loans	(193)	(185)
Net cash flow used in financing activities	(237)	(237)
Change in cash and cash equivalents in the year	(365)	432
Cash and cash equivalents as at 31 December 2018	1,955	2,320
Cash and cash equivalents as at 31 December 2017	2,320	1,888

Notes to the financial statements Year ended 31 December 2018

1. Statement of accounting policies

CHARITY INFORMATION

Christians Against Poverty is a company limited by guarantee domiciled and incorporated in England and Wales. The registered office is Jubilee Mill, North Street, Bradford, BD1 4EW.

Christians Against Poverty meets the definition of a public benefit entity under FRS 102. The charity exists for the benefit of the public through the provision of services to members of the public suffering from problem debt, unemployment and life-controlling dependencies, which are detailed in the charity's principal activities.

ACCOUNTING CONVENTION

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Charities Statement of Recommended Practice, Accounting and Reporting by Charities ("SORP") FRS 102 and the requirements of the Companies Act 2006 and under the historical cost convention.

The financial statements are presented in sterling which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £'000, except where otherwise indicated.

The charity's principal activities are described in detail on page 7 along with the nature of the charity's operations. The company has adopted the following principal accounting policies, which should be read in conjunction with the financial statements set out on pages 22 to 24.

BASIS OF CONSOLIDATION

The financial statements show information about the charity as an individual entity and not about its group, as the charity has taken advantage of the exemption provided by section 405 of the Companies Act 2006 not to prepare consolidated financial statements. The Trustees consider that the charity's subsidiaries CAP Life Limited and CAP America should be excluded from consolidation on the basis that they are immaterial for the purpose of giving a true and fair view.

PREPARATION OF THE ACCOUNTS ON A GOING CONCERN BASIS

The Trustees (who are directors of Christians Against Poverty for the purposes of company law and the Trustees of Christians Against Poverty for the purposes of charity law) have reviewed the charity's financial position, taking into account the satisfactory levels of reserves and cash, the annual plan and the three-year financial plan, and its systems of financial and risk management. As a result of their review, the Trustees believe that the charity is well placed to manage operational and financial risks successfully despite the ongoing uncertain economic outlook. Accordingly, the Trustees have a reasonable expectation that there are no material uncertainties about the charity's ability to continue in operational existence for the foreseeable future.

The Trustees, therefore, continue to adopt the going concern basis of accounting in preparing the annual financial statements.

FUNDS HELD BY THE CHARITY

Unrestricted funds represent funds received that are available to the Trustees to apply for the general purposes of the charity as set out in the governing document. Unrestricted funds include a revaluation reserve representing the amount by which the property valuation exceeds its historical cost.

Restricted funds represent funds received for a specific purpose as defined by the donor.

INCOMING RESOURCES POLICIES

All incoming resources are included in the statement of financial activities when the charity is legally entitled to the income, receipt is probable and the amount can be quantified with reasonable accuracy. The following specific policies apply to the categories of income:

LEGACIES

Legacy income is recognised when the charity has been notified of entitlement, where receipt is probable and the amount of the legacy is quantifiable.

GIFTS OF FIXED ASSETS

Gifts of fixed assets are fully recognised as income in the year that the charity is legally entitled to the income, receipt is probable and the amount can be quantified with reasonable accuracy.

RESOURCES EXPENDED POLICIES

All expenditure of the charity 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. Irrecoverable VAT is attached to the specific expense incurred.

Costs of generating voluntary income consist of the direct costs of fundraising staff together with quantifiable direct costs. Other support costs are allocated on the basis of headcount.

Charitable activities consist of the direct costs of staff involved in the delivery of activities and services to the charity's beneficiaries. Direct costs are included where quantifiable and all other support costs are allocated on the basis of headcount.

Charitable activities consist of the direct costs of staff involved in the delivery of activities and services to the charity's beneficiaries. Direct costs are included where quantifiable and all other support costs are allocated on the basis of headcount.

INTANGIBLE FIXED ASSETS OTHER THAN GOODWILL

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following basis:

Software development	10 years on cost
----------------------	------------------

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited/charged to the statement of financial activities.

TANGIBLE FIXED ASSETS

Fixed assets are measured at cost, net of depreciation and any impairment losses. All fixed assets with a value in excess of £500 are capitalised.

Depreciation is calculated to write down the cost or valuation, less estimated residual values of all fixed assets over their expected useful lives. It is calculated at the following rates:

Freehold buildings	2% on cost
Freehold improvements	10% on cost
Freehold land	Not depreciated
Computer equipment	33 1/3% on cost
Furniture and fittings	25% on written down value
Office equipment	20% on cost
Plant and equipment	10% on cost

FIXED ASSET INVESTMENTS

The investment in the subsidiary is measured at cost less any accumulated impairment losses.

IMPAIRMENT OF FIXED ASSETS

At each reporting period end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

DEBTORS

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents 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.

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.

FINANCIAL INSTRUMENTS

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

TAXATION

The charity is exempt from tax on income and gains falling within sections 472-489 of the Corporation Tax Act 2011 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

PENSIONS

The charity operates a defined contribution pension scheme, Christians Against Poverty Stakeholder Pension Plan, and the pension charge represents the amounts payable by the charity to the fund in respect of the period.

TERMINATION BENEFITS

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

OPERATING LEASES

Rentals payable under operating leases are charged against income on a straight-line basis over the lease term.

JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The annual depreciation and amortisation charges for tangible and intangible assets are sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect the current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 8 for the carrying amount of the intangible fixed assets and note 9 for the carrying amount of the tangible fixed assets.

Where accounting estimates concerning legacy income recognised in prior years have been revised, the current year accounts have been adjusted to reflect the revised values expected. Accounting estimates have also been used concerning new legacy income to which the charity has become entitled.

2. Donations and legacies

	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total 2018 £'000	Unrestricted funds 2017 £'000	Restricted funds 2017 £'000	Total 2017 £'000
Regular supporters	4,798	15	4,813	4,460	35	4,495
Individual gifts	1,752	226	1,978	1,610	278	1,888
Churches	2,106	16	2,122	2,053	9	2,062
Companies	835	65	900	243	78	321
Charitable trusts	387	164	551	275	115	390
Legacies	57	-	57	123	-	123
Total	9,935	486	10,421	8,764	515	9,279
Gift Aid	1,158	-	1,158	1,141	-	1,141
Total donations and legacies	11,093	486	11,579	9,905	515	10,420

3. Other trading activities

	2018 £'000	2017 £'000
Fundraising events	32	51
CAP Creative	-	3
Rents received	32	36
Total	64	90

The amounts above are all unrestricted income.

4. Charitable activities

	2018 £'000	2017 £'000
Service Companies	580	529
CAP Money resources	22	24
Services resources	2	2
Total	604	555

The amounts above are all unrestricted income.

5. Total expenditure

	Direct costs 2018 £'000	Support costs 2018 £'000	Total costs 2018 £'000	Direct costs 2017 £'000	Support costs 2017 £'000	Total costs 2017 £'000
Expenditure on raising funds:						
Expenditure on raising donations and legacies	1,449	74	1,523	1,079	58	1,137
Expenditure on other trading activities	-	-	-	1	-	1
Total	1,449	74	1,523	1,080	58	1,138
Expenditure on charitable activities						
CAP Debt Centres	6,167	1,179	7,346	5,508	818	6,326
CAP Job Clubs	435	94	529	426	66	492
CAP Fresh Start	237	44	281	340	37	377
CAP Life Skills	444	94	538	450	38	488
Client welfare	382	52	434	300	37	337
CAP Money	116	7	123	225	21	246
International	276	7	283	227	5	232
Raising awareness	825	45	870	762	26	788
Total	8,882	1,522	10,404	8,238	1,048	9,286
Other costs	44	-	44	52	-	52
Total resources expended	10,375	1,596	11,971	9,370	1,106	10,476

Support costs and the basis of their allocation are as follows:

	Principal basis of allocation of activities	2018 £'000	2017 £'000
General management and support	Headcount	392	233
Financial management	Headcount	338	274
Human resources	Headcount	272	210
Supporter relations	Headcount	379	302
IT	Headcount	148	46
Governance	Headcount	67	41
Total		1,596	1,106

6. Employee emoluments

	2018 £'000	2017 £'000
Wages and salaries	7,181	6,555
Social security costs	626	563
Pension costs	523	469
Total	8,330	7,587

During the year there have been four redundancy payments totalling £11,557 (2017: £26,718).

The number of employees whose emoluments (salaries, wages and benefits in kind) fell within the following bands:

	2018 £'000	2017 £'000
£60,000 - £69,999	2	2
£70,000 - £79,999	2	1
£80,000 – £89,999	1	1

During the year pension contributions on behalf of these employees amounted to £27,003 (2017: £22,156).

The key management personnel of the charity comprises the Chief Executive Officer, Executive Director, Founder, Director of Fundraising & Marketing, Director of Finance & Compliance, Director of Operations, Director of People and Culture, and Director of Technology and Transformation. The total employee benefits of the key management personnel were £490,443 (2017: £535,229).

The average monthly headcount was 324 staff (2017: 301) and the average number of full-time equivalent employees (including casual and part-time staff) during the year was:

	2018	2017
Head office	284	261
Total	284	261

7. Net income for the year

Is stated after charging	2018 £'000	2017 £'000
Auditor's remuneration		
External audit fees	31	23
Internal audit fees	-	10
Advisory services	15	11
Depreciation	132	127
Amortisation	14	-
Operating lease rentals	29	7
Interest payable	44	52

8. Intangible fixed assets

	Asset under construction £'000	Software development £'000	Total £'000
Cost			
At 1 January 2018	61	-	61
Additions	360	-	360
Transfers	(421)	421	-
Disposals	-	-	-
At 31 December 2018	-	421	421
Amortisation			
Accumulated amortisation At 1 January 2018	-	-	-
Charge for the year	-	14	14
Disposals	-	-	-
At 31 December 2018	-	14	14
Net book values			
At 31 December 2018	-	407	407
At 31 December 2017	61	-	61

As part of our programme to replace our existing CRM system, development work started in the autumn of 2017 on the new system, which was deployed during the summer of 2018. We have capitalised eligible development staff costs and consultancy fees, which have been amortised from the date the system was deployed over the economic life of the system of 10 years.

9. Tangible fixed assets

	Freehold land and buildings £'000	Computer equipment £'000	Furniture and equipment £'000	Total £'000
Cost				
At 1 January 2018	3,352	568	113	4,033
Additions	102	84	20	206
Disposals	-	(1)	(45)	(46)
At 31 December 2018	3,454	651	88	4,193
Accumulated depreciation				
At 1 January 2018	219	477	67	763
Charge for the year	58	65	9	132
Disposals	-	-	(44)	(44)
At 31 December 2018	277	542	32	851
Net book values				
At 31 December 2018	3,177	109	56	3,342
At 31 December 2017	3,133	91	46	3,270

Included in the net carrying amount of freehold land and buildings is £2,719,020 (2017: £2,774,900) pledged as security against the charity's bank loans.

10. Investment

	2018 £	2017 £
Shares in group undertakings	100	100

The charity owns 100 £1 Ordinary shares, being 100% of the issued share capital, in CAP Life Limited whose principal activity is that of life insurance brokers. The aggregate amount of share capital and reserves of CAP Life Limited as at 31 December 2018, being the date of the last set of accounts, was £1,937 deficit (2017: £1,265 deficit) and the loss for the year then ended was £673 (2017: £1,944).

The charity is the sole member of CAP America. There are no financial statements completed for this entity at the year end, as the corporation was incorporated on 16 July 2018.

11. Debtors

	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total 2018 £'000	Total 2017 £'000
Income tax recoverable	460	-	460	139
Trade debtors	44	-	44	76
Accrued income	304	8	312	819
Prepayments	90	-	90	32
Other debtors	7	-	7	4
Total	905	8	913	1,070

Accrued income includes income that has been committed to CAP by various trusts that will be received in future years as follows:

	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total 2018 £'000	Total 2017 £'000
Receivable within one year	100	-	100	244
Receivable in more than one year	-	-	-	100
Total	100	-	100	344

12. Creditors - amounts falling due within one year

	Total 2018 £'000	Total 2017 £'000
Building fund loans	2	2
Bank loans	201	193
Other tax and social security	170	147
Accruals and deferred income	105	331
Trade creditors	130	143
Other creditors	28	-
Total	636	816

13. Deferred income

Deferred income comprises regular giving amounts processed and received before the collection date of 1 January 2018 and income received to cover the employee costs of CAP's Energy Coordinator for the period to 30 June 2018.

	Total £'000
At 1 January 2018	212
Released in the year	(212)
Deferred in the year	-
At 31 December 2018	-

14. Creditors - amounts falling due after more than one year

	Total 2018 £'000	Total 2017 £'000
Bank loans	803	1,004
Total	803	1,004

Loans outstanding at the year end amounted to £1,005,408 (2017: £1,198,518) and these are repayable as follows:

	Total 2018 £'000	Total 2017 £'000
Within one year	203	195
Between two and five years	803	853
After more than five years	-	151

On 11 July 2013 a loan for £1,469,000 was taken out with Lloyds Bank PLC. This loan is fully secured against the freehold properties known as Jubilee Mill, North Street, Bradford and The Jubilee Centre, Jermyn Street, Bradford. The loan is repayable over a period of ten years and interest is fixed at 3.86% for its duration. The balance of the loan at 31 December 2018 was £743,818 (2017: £889,386), which represents 32% of the balance sheet value of the properties.

In October 2015 a second loan was taken out for £404,000 with Lloyds Bank PLC for the purchase of a freehold property at 86 Captain Street, Bradford and the refinancing of the loan for the property at 33 Norman Terrace, Eccleshill. The loan is repayable over a period of eight years and interest is fixed at 4.20% for its duration. The balance of the loan at 31 December 2018 was £260,088 (2017: £307,632), which represents 71% of the balance sheet value of the properties. The loan is secured against the two properties.

15. Other financial commitments

Operating lease payments represent rentals payable by the charity for certain items of computer equipment and for office space in Belfast.

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	31 Dec 18 £'000	31 Dec 17 £'000
Operating leases which expire:		
Within one year	43	9
Between two and five years	128	16
After more than five years	69	15

16. Financial instruments

	31 Dec 18 £'000	31 Dec 17 £'000
Carrying amount of financial assets		
Debt instruments measured at amortised cost	363	899
Carrying amount of financial liabilities		
Measured at amortised cost	1,269	1,461

17. Movement of funds

Description of fund	Balance 1 Jan 2018 £'000	Incoming resources £'000	Resources expended £'000	Balance 31 Dec 2018 £'000	Balance 1 Jan 2017 £'000	Incoming resources £'000	Resources expended £'000	Balance 31 Dec 2017 £'000
General unrestricted funds	4,424	11,762	(11,422)	4,764	3,901	10,551	(10,028)	4,424
Restricted funds:								
Individual centres		29	(29)	-	-	44	(44)	-
Wales region					-	9	(9)	-
Scotland region		1	(1)	-				
Yorkshire region		-		-	-	21	(21)	-
Cumbria region		1	(1)	-				
North East region		1	(1)	-				
Republic of Ireland region				-	-	10	(10)	-
Northern Ireland expansion	74	21	(95)	-	10	64	-	74
CAP America		48	-	48				
Energy coordinator		22	(22)	-	-	11	(11)	-
Vulnerable clients project		13	(13)	-				
Client emergency aid	118	83	(91)	110	109	105	(96)	118
Insolvency bursary fund		37	(37)	-	-	117	(117)	-
Client 'Discovery Breaks'	10	73	(83)	-	35	33	(58)	10
CAP Money				-	-	22	(22)	-
CAP Job Clubs		1	(1)	-	-	11	(11)	-
CAP Life Skills	19	116	(135)	-	-	64	(45)	19
CAP Fresh Start		15	(15)	-	-	-	-	-
Staff benevolent fund		3	(3)	-	-	4	(4)	-
Social return on investment project		22	(22)	-				
Total restricted funds	221	486	(549)	158	154	515	(448)	221
Revaluation reserve	256	-	-	256	256	-	-	256
Total funds	4,901	12,248	(11,971)	5,178	4,311	11,066	(10,476)	4,901

The restricted fund for CAP America is made up of a number donations made towards to set up costs of starting CAP in the USA and will be spent during the following year.

Client emergency aid represents money given from the Christmas mailshot towards emergency food shops for clients who have no food in the house when we first visit them. This will be spent during the following year.

Client 'Discovery Breaks' are group breaks away for clients organised by CAP. The funds donated contribute towards the costs of running these breaks.

CAP Life Skills represents money given by a trust to fund the opening of new Life Skills services around the UK.

The restricted funds for individual centres is made up of a number of small gifts towards the centralised costs of servicing 35 different centres at an average of £822 per centre.

18. Capital commitments

The charity had no capital commitments at 31 December 2018 (2017: £165k).

19. Analysis of net assets between funds

	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total 2018 £'000	Unrestricted funds 2017 £'000	Restricted funds 2017 £'000	Total 2017 £'000
Intangible fixed assets	407	-	407	61	-	61
Tangible fixed assets	3,342	-	3,342	3,270	-	3,270
Cash at bank and in hand	1,805	150	1,955	2,275	45	2,320
Other net current assets	269	8	277	235	19	254
Creditors of more than one year	(803)	-	(803)	(1,004)	-	(1,004)
Total	5,020	158	5,178	4,837	64	4,901

20. Budgeting and debt management services

Monies paid in by clients to enable their utility and debt repayments to be made are held in a separate bank account from the charity's own funds and cannot be used by the charity to fund its operations. The balance in this separate account as at 31 December 2018 was £2,347,781 (2017: £2,517,239).

21. Transactions with Trustees

During the year no remuneration was paid to any of the Trustees (2017: £nil); one Trustee received travel expenses of £183 (2017: £370) from the charity. The charity paid a sum of £890 for Charity Trustee Insurance within its main insurance policy (2017: £743).

22. Related party transactions

During 2018 the charity donated £25,000 (2017: £30,000) to CAP Australia, a charity registered in Australia of which John Kirkby, is a Trustee.

On 2 December 2013, the Directors issued a 'Letter of Comfort' to CAP Australia, undertaking to financially support CAP Australia to the full extent of any liabilities incurred by them that are unable to be satisfied by the assets of CAP Australia. It was agreed that this would be up to a maximum of (AUD) \$350,000 (approx. £193,000) with preventative measures to be put in place once CAP Australia's liabilities exceed their assets by (AUD) \$250,000.

At December 2018 CAP Australia had net assets of (AUS) \$371,785 (2017: \$302,590).

During 2018 the charity donated £26,210 (2017: £nil) to CAP Canada, a charity registered in Canada, of which Ellie Gage is a Trustee. In December 2014, the Directors issued a 'Letter of Comfort' to CAP Canada similar to the one issued to CAP Australia a year earlier.

At December 2018 CAP Canada had net assets of (CAN) \$122,330 (2017: \$119,712).

At the end of the year there were debtor balances outstanding with our international entities as follows:

	Total 2018 £'000	Total 2017 £'000
CAP Canada	358	778
CAP New Zealand	Nil	5,512
CAP Australia	Nil	4,424

With the following amounts included in the sales day book during the year:

	Total 2018 £'000	Total 2017 £'000
CAP Canada	(142)	3,861
CAP New Zealand	31,828	32,246
CAP Australia	27,575	22,361

On 16 July 2018 CAP America was incorporated as a corporation in the USA. Matt Barlow is one of the three trustees and CAP UK is the company's sole member. CAP America is currently in the process of establishing its presence in the USA.

On 22 February 2016 The Light Church, a church of which John Kirkby and Tim Morfin are Trustees, entered into a lease agreement for 86 Captain Street. This is a three-year lease at an annual rent of £25,000, with The Light Church being responsible for all utility costs. Under a separate agreement the church continues to use the auditorium at The Jubilee Centre at an annual rent of £5,000. Amounts invoiced to The Light Church during the year totalled £31,750. There were no outstanding amounts at the balance sheet date.

At 31 December 2018, £2,751 (2017: £3,722) included in debtors was owed by CAP Life Limited, the charity's subsidiary undertaking. During that year CAP paid for professional fees amounting to £960 on behalf of the company, and also wrote off an amount of £1,931 owed by the company.

No other amounts were written off during the year in relation to related party transactions.

23. Pension commitments

The charity operates a defined contribution pension scheme, Christians Against Poverty Group Stakeholder Pension Plan, for all employees. 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 from unrestricted funds by Christians Against Poverty to the fund and in 2018 amounted to £523,303 (2017: £468,518). All contributions due have been fully paid and the balance outstanding at the year end was included in unrestricted liabilities.



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Registered Office: Jubilee Mill, North Street, Bradford, BD1 4EW. Charity Registered No: 1097217 (England & Wales), SC038776 (Scotland). Company Limited by Guarantee, Registered in England and Wales No. 4655175.
CAP is authorised and regulated by the Financial Conduct Authority.

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