



Trustees' Annual Report and Accounts

For the year ended 30 June 2018

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

Together
we will end
homelessness

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About Crisis

Crisis is the national charity for homeless people. We help people directly out of homelessness, and campaign for the changes needed to solve it altogether.

Through our services, we support people out of homelessness for good. We do this through education, training and support with housing, employment and health.

We carry out pioneering research into the causes and consequences of homelessness, and campaign for the changes needed to end it for everyone, for good.

Our five-year strategic plan goals

In 2018 we published *Everybody In: How to end homelessness in Great Britain*. This is the first plan of its kind, and provides a new context for Crisis' work. Our strategic priorities for 2018-23 clearly link our mission to end homelessness to making sure that the plan to end homelessness becomes a reality.

The strategic goals are designed to work together. They have the greatest possible impact on ending homelessness when combined.

1. Ensure that the policy changes needed to end homelessness are adopted.
2. Ensure that governments in England, Scotland and Wales adopt national plans for ending homelessness.
3. Demonstrate that homelessness can be ended in local areas.
4. End the homelessness of more people through our direct services.
5. End homelessness for more people who are excluded from help or have complex needs.

Our values

Our values are at the heart of everything we do as we continue in our mission to end homelessness.

Inspiration

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

Integrity through knowledge

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

Dignity

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

Fearlessness through independence

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

Adaptability

We are curious, creative and adaptable, willing to change what we do based on what works – and what does not.

Resolve to end homelessness

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

Trustees, senior management and advisers

Patron

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

Vice presidents

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

Chair of trustees

Steven Holliday [^]~

Trustees

Terrie Alafat [^]~
Martin Cheeseman #
Caroline Lee-Davey *
Emma Foulds *
Julia Goldsworthy
Ann Gee #
Richard Murley *
Geetha Rabindrakumar *
Peter Redfern ~
Damien Régent *
Jason Warriner #

* member of the Finance, Audit and Risk Committee

member of the Client Services Governance Committee

[^] member of the Nominations Committee

~ member of the Remuneration Committee

Company secretary

Keith Felton

Senior management team

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

Bankers

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

Senior statutory auditor

Joanna Pittman

Auditors

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

Address of charity and registered office

Crisis UK
66 Commercial Street
London E1 6LT
Telephone: 0300 636 1967
Fax: 0300 636 2012
Email: enquiries@crisis.org.uk
Website: www.crisis.org.uk

Company registration no: 4024938

Charity registration no: England and Wales 1082947; Scotland SC040094

Chair of Trustees' statement

Over the last five years, out of necessity we have grown our organisation and our ability to support people. At the same time we have enhanced our credibility and our reputation. We are determined that the next five years is about focusing all our efforts on lasting change, through supporting people out of homelessness for good and securing the policy changes needed.

Our new strategy for 2018-23 is all about maximising our impact and ensuring that all aspects of our work deliver real progress to the goals set out in the plan *Everybody In: How to end homelessness in Great Britain*.

In every Crisis Skylight, we will build on current success and expertise to truly end homelessness for as many people as we can. We will also adapt and develop our services to make sure we can truly support people who are facing multiple challenges and exclusion.

Through our campaigning and policy work we will focus on the areas that will have the greatest impact on ending homelessness. These include including developing housing solutions, improving the welfare system and addressing migrant homelessness. In each of these areas, our top priority will be creating reforms that prevent homelessness.

To achieve this strategy, collaboration is paramount. We will continue to work closely with our colleagues across the homelessness sector, and we will work with partners to show how homelessness can be effectively ended through pilot programmes in local areas. We will work with politicians from all parties to make sure governments in England, Scotland and Wales prioritise ending and preventing homelessness.

We are extremely grateful to the thousands of people who support Crisis every year, who generously give their time, money and voice to show that will we not accept homelessness in 21st century Britain. We will nurture and grow this support for ending homelessness, building on our 'supporter in the room' ethos to ensure supporters are at the heart of everything we say and do.

We also have an important responsibility to challenge the prevailing stereotypes of homelessness and show how eradicating and preventing homelessness is truly possible.

Internally, we will continue to develop our organisation in line with our values. We will enable staff to work in more flexible ways, emphasising multidisciplinary working within the organisation.

Above all, and crucial to our success, is that everything we do will always be informed by the experiences and insights of people with lived experience of homelessness.

By joining forces in every way we can, together we have the knowledge, solutions and power to end homelessness in Britain for good.



Steve Holliday
Chair of Trustees

Chief Executive's statement

In 21st century Britain, everybody should have a place to live. When we have a place to call our own, we have the best chance of being healthy, living a fulfilling life and feeling part of society.

236,000 people in Britain are without this most basic human need – a home. They are stuck in crowded and unsafe places, in hostels and night shelters, sleeping on people's sofas and kitchen floors, or in cars, night buses, tents or even out on the streets.

It doesn't need to be this way.

I am proud that our Skylight services have once again helped thousands of people on their journeys out of homelessness for good. By supporting people to find and sustain a home, to obtain employment or the skills and qualifications that will help them get and keep a job, and to build their personal health, wellbeing and networks of support, we are ensuring that they can move away from homelessness and move on with their lives.

We will continue to improve our services, to ensure we follow the very best evidence, so we know we are ending more people's homelessness, and to ensure our services are designed for the people who need our support the most. This goes right back to the heritage of Crisis; seeking to help the people who are most excluded.

At the end of our 50th anniversary year, we published *Everybody In: How to end homelessness in Great Britain*. This plan is the culmination of a year's work analysing evidence from at home and abroad to show how we can end homelessness in 10 years. For the first time ever, we have a comprehensive plan that shows how we can address the root causes of homelessness.

Other parts of the world are taking huge strides towards ending homelessness, and we have the ability to do the same here in Britain.

We know the solutions. Support for people to move into secure and decent housing, and specialised support for people with complex needs. Help for people to keep their homes when pressure from high rents and low incomes becomes too much. Preventing homelessness where it's predictable, particularly for people leaving hospital, prison and the care system.

Crucially, we know that it makes financial sense to implement these measures rather than continuing to spend on managing and maintaining homelessness.

It's our role to do as much as we can through our own services, and work with the sector and governments in England, Scotland and Wales to create change. Together we must persuade governments not to simply accept that homelessness happens, but to make sure that one day soon homelessness is a thing of the past.

Now we are armed with the solutions to end homelessness for good and we embark on our new strategy.

It's ambitious, but we must be. We cannot sit back and accept homelessness in 21st century Britain. Together, we will end it.



Jon Sparkes
Chief Executive

Strategic report How we work

The trustees present their report and the audited financial statements for the year ended 30th June 2018.

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

Crisis is the national charity for homeless people.

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

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

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

We mobilise a unique volunteer effort each Christmas to bring warmth, companionship and vital services to people at one of the hardest times of the year, and offer a starting point out of homelessness.

We know that homelessness is not inevitable. We know that together we can end it.

Impact in the year

This year, we have continued to prevent people from becoming homeless and to help Crisis members to improve their housing situation and secure stable accommodation.

Our impact data are broadly in line with those achieved in the prior year, despite an increase in charitable expenditure. This reflects a number of factors. Our services have evolved over the year, guided by input from Crisis members, as we move towards an approach whereby all members have a designated coach to support them with the areas they identify as a priority; these changes will take time to implement in full. Also, in line with our new strategic goals, we are working with more people who have multiple and complex needs, which often requires more intensive support.

Member involvement

We involve Crisis clients, known as members, in our work through a range of meaningful ways. This means people with lived experience of homelessness have a real say in how things happen at Crisis. Members play an active part in developing new ideas and putting them into practice.

This year, members have helped us to design services, recruit staff and develop our strategy for 2018-23. Member Ambassadors have shared their experiences of homelessness at events across the country, increasing awareness and understanding of the issue and Crisis' work. The Experts by Experience panel, formed of volunteers with lived experience of homelessness, played a significant role in the development of *Everybody In: How to end homelessness in Great Britain*.

IMPACT	2018	2017
Volunteers who helped Crisis across the year	11,704	11,100
Number of members volunteering	317	311

Housing

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

All 11 Crisis Skylights have Housing Coaches who directly help homeless people find and keep a stable home. Crisis' comprehensive pre-tenancy training course, Renting Ready, provides people with guidance on budgeting, DIY, finding flatmates and paying bills, in order to gain the skills needed to live well independently. This year we assisted 832 members to find housing and prevented 614 members from becoming homeless. Additionally, to this, 1,128 of our members said that their housing situation has improved since working with Crisis.

We also work with landlords to ensure a supply of places to live - both directly and through projects we support across Britain. This has also involved sitting on the Ministry for Housing, Communities and Local Government (MHCLG) advisory group for the Private Rented Sector and supporting local organisations to improve access to accommodation.

IMPACT	2018	2017
People housed by Crisis	832	764
Organisations supported to improve their housing offer to homeless people	442	153
People whose housing situation has been improved	1,128	1,086
People whose homelessness was prevented by Crisis	614	439

Employment

Having little or no work is a major cause and consequence of homelessness, which can have a devastating impact on a person's stability and overall wellbeing. Crisis' Employment Services help people look for and maintain work, and our Employment Coaches support people to find their own route towards a new job or career. Working in partnership with a range of organisations - including employers, training providers, colleges and other homeless organisations - enables us to source appropriate opportunities and jobs. This year we supported 784 members into work.

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

IMPACT	2018	2017
People supported into work	784	861

Education

A lack of skills and qualifications can make it harder for homeless people to rebuild their lives.

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

Gaining the knowledge, skills and qualifications needed to get back into work, in turn empowers people to feel confident and optimistic about their future. This year 1,432 members gained qualifications through Crisis, with a further 556 progressing into external education.

Arts

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

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

IMPACT	2018	2017
People who gained a qualification	1,432	1,577
People who progressed to external education	556	567

Health and wellbeing

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

We know that 6 out of 10 homeless people experience loneliness - often feeling ashamed or invisible and like they don't deserve to be helped. Our health and wellbeing coaches help people identify specific challenges and rebuild the self-esteem shattered by homelessness. As well as offering tailored, individual support, people can meet GPs, opticians and access specialist help with addiction or other complex health issues. This year, 2,556 members told us that their wellbeing had improved while they had been with Crisis and 2,131 members said that their relationships and networks had improved.

IMPACT	2018	2017
People reporting improved wellbeing	2,556	2,653
People reporting improved positive relationships and networks	2,131	2,159

Crisis at Christmas

Crisis at Christmas is just the beginning of helping people out of homelessness.

It's a huge volunteer effort, with 15 centres across Britain offering food, clothing, advice and support with health, housing, employment and benefits. For many, Crisis at Christmas offers a chance to relax, regain confidence and plan for the future in a supportive environment, away from the immediate hardships of homelessness. Among the 4,194 guests who came to Crisis at Christmas 2017, we held 804 advice sessions, 683 health checks and provided 1,753 items of clothing.

But we don't stop there. At our Christmas centres, we introduce people to our year-round training, education and support with housing, employment and health. This long-term support helps people to rebuild their lives and leave homelessness behind for good.

It takes 10,000 volunteers to run Crisis at Christmas - cooking and serving food, driving vehicles, cutting hair, providing healthcare, giving advice on housing and lots more. Volunteers with direct experience of Crisis' year-round services are on hand to talk to all guests about how Crisis can help them out of homelessness in the year ahead.

Campaigning

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

In November 2017, we successfully campaigned to secure £20 million in the Autumn Budget for Help to Rent projects to support homeless people, vulnerable tenants and their landlords.

In April 2018, the Homelessness Reduction Act came into force after a long campaign led by Crisis together with other charities and organisations. It's the biggest change to England's homelessness laws in four decades and as a result, thousands more single homeless people in England will be entitled to help. Councils now have a legal duty to intervene early to prevent people from becoming homeless in the first place.

In June 2018, we launched *Everybody In: How to end homelessness in Great Britain*. This national plan to end homelessness – the first of its kind – shows the solutions that can end homelessness in Britain, including how long it will take and how much it will cost.

Alongside the publication of the plan, we launched the next phase of our Everybody In campaign to build public and political support for ending homelessness in Britain. Thousands have supported the campaign so far. We're working with governments in England, Scotland and Wales to make sure all governments to produce an action plan that will get everybody who is homeless into a safe and stable home within 10 years.

We have also worked to change the structural issues that affect homeless people, including setting up the Centre for Homelessness Impact and chairing the Scottish Government's Homelessness and Rough Sleeping Action Group.

Fundraising

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

Our 2017 Christmas appeal raised more than ever before, and we are exploring ways to further build on this success for the future.

We have continued to prioritise, develop and embed our 'Supporter in the Room' policy. This means that at all times we would be proud to have a donor, volunteer, campaigner or any other supporter in the room with us, seeing what we do and hearing what we say. Over the last year, we have set out our Supporter in the Room pledges which we strive to deliver.

With the new data protection legislation that came into force in May 2018, we updated our privacy policy and reviewed our communications policies. We will introduce a communications preference centre later in 2018 to allow supporters to better choose what they receive from us.

We involve Crisis members wherever we can, including speaking at special events, sharing stories in appeals and taking part in events like the Crisis Square Mile Run series.

Social Enterprise

Our enterprises help to raise Crisis' profile with new audiences and diversify Crisis' income streams, as well as create opportunities for homeless people in our training programmes.

This year we opened two new shops, in Camberwell and Croydon, growing our retail network to six shops in total. We plan to open two more shops in London next year. As well as raising vital funds, our shops offer training and employment opportunities for homeless people who want to work in the retail industry.

Our three training cafes are within the Skylight centres in London, Newcastle and Oxford. Our training programmes enable homeless people to build their confidence whilst obtaining the skills and experience to move into employment, typically in the hospitality industry.

Structure, governance and management

Structure

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

Trustees

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

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

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

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

Trustee sub-committees

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

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

- ensure Crisis' services for members are delivered safely and professionally and to provide this assurance to the Board
- act as a forum for scrutiny and review of governance (including incident and safeguarding management) across Crisis.

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

- setting the remuneration of the chief executive
- receiving recommendations on the remuneration of the senior management team and authorising as appropriate
- scrutinising and authorising changes to the organisation's remuneration structure.

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

- making recommendations to the Board on the extension of a trustee's term of office
- recruitment of and recommendation to the Board of new trustees.

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

Related parties and relationships with other organisations

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

Senior management team

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

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

Remuneration policy for key management personnel

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

Crisis is committed to the following principles in determining pay for all of its employees: be consistent,

equitable and open in how employees are rewarded and recognised; apply the same approach to pay and reward for all employees, except where there is a clear case for differentiation; benchmark pay against the upper quartile of the relevant market; take account of internal relativities as well as the external market; and provide an overall package of rewards and recognition that is good within the charitable sector.

The remuneration of members of the senior management team is determined by the Remuneration Committee. The committee gives due consideration to the above framework.

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

Staff and volunteers

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

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

Policy for employment of disabled persons

Crisis welcomes applications for employment from all prospective employees regardless of disabilities. Crisis is committed to developing practices that not only meet the requirements of equalities legislation but which actively promote equality of opportunity and maximise the abilities, skills and experience of all employees. This includes ensuring that employees are managed in an inclusive way, taking into account individual differences and giving employees the confidence to disclose a disability

should they so wish. If an employee discloses that they have a disability, we will engage in a discussion with them to determine what they need to be successful in their role and seek to make reasonable adjustments to facilitate this. These could include training, specialist technology or equipment, for example. In deciding what is reasonable, the practicalities and resources available to Crisis UK should be taken into account.

Employee information

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

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

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

Public benefit statement

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

The beneficiaries of the charity are members of the public who are in need because of homelessness and associated issues. Through its activities, Crisis seeks an end to homelessness by delivering life-changing services and campaigning for change. The Trustees have described in this report the charitable public benefit of our activities. The Trustees regularly review Crisis' progress against its aims and objectives and confirm that they have complied with the duty in section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission.

Fundraising

At Crisis we have set out to ensure we always listen to our supporters and put them at the heart of our work. In recent years, we have instigated a Supporter in the Room policy, whereby in every meeting across Crisis we behave as though there is a supporter present. This is designed to ensure that we treat supporters with the respect and dignity they deserve. In the year to June 2018 we built on this concept, setting out our Supporter in the Room pledges which we strive to deliver.

As well as placing supporters at the heart of our culture, we have worked closely with our partners and suppliers to ensure they display the same ethos. We engage with these organisations at all levels of the organisation to ensure they understand who we are and how we treat our supporters. We regularly monitor the performance of our telephone agencies and provide feedback to ensure performance is both maintained and improved.

In the year ended June 2018, we communicated with millions of people across Great Britain and received 107 complaints in respect of these communications. Whilst this represents less than 0.001%, it still represents 107 people who had an unsatisfactory experience and we will work to reduce this number going forward.

In advance of the introduction of new data protection legislation in May 2018, we updated our privacy policy and reviewed our communications policies. We will introduce a preference centre later in 2018 to allow supporters to choose what they receive from us.

Crisis aims to comply with the Fundraising Regulator's voluntary regulation scheme and to ensure that our suppliers and agents do the same. By meeting the high standards, we set for ourselves, we will meet the Regulator's expectations and the standards that our supporters rightly deserve. In addition, we are committed to ensuring that no vulnerable person feels subject to unreasonable intrusion of privacy or persistent or undue pressure to donate. We have ratified our vulnerable person's policy and, as noted above, work closely with both marketing and telephone agencies to ensure that we always act appropriately with every supporter and especially with vulnerable people.

Financial review

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

In last year's report, we stated that we expected that we would report an increased deficit for the financial year ending June 2018. In fact, we have recorded a surplus of £1.2 million for the year, despite an increase in charitable expenditure of 9%. Total expenditure increased by 12% to £39.7 million from £35.6 million and income increased by 16% to £40.9 million from £35.2 million, driven by high levels of support from individual donors.

The percentage of our expenditure spent on charitable activities increased marginally to 63%.

The year under review was the final year of a five-year strategic plan that commenced in July 2013. During this time, we have added five more Skylight centres to bring the total to eleven, as planned. We have increased expenditure to £39.7 million, as noted above, which compares with £31.7 million originally anticipated and increased income to £40.9 million, compared to £34.0 million. Over the five years, annual expenditure on our charitable activities has increased by nearly 60%. Total staff numbers have grown significantly more than originally expected, as we have increased our resources across the charity to address the rising levels and increasing complexity of homelessness. Reserves at the end of the plan were higher than the level anticipated five years ago, due to the growth of the charity's operations and the resultant impact on the required level of reserves (see below).

The increase in charitable expenditure reflected a general increase in our activities, in particular across the eleven Skylight centres where we work directly with homeless people. In addition, following the successful passage of the Homeless Reduction Act last year, we have increased our expenditure on campaigning and influencing, in part to support the implementation of the Act and also to develop a major piece of collaborative and research-based work, 'Everybody In: How to end homelessness in Great Britain', which outlines the solutions that can end homelessness. During the year we established the Centre for Homelessness Impact in conjunction with Glasgow Homelessness Network, to build an independent evidence base of what works to end homelessness. It is planned that the Centre, which has philanthropic funding, will become an independent entity in the next twelve months.

We have also continued to invest in fundraising, in part to support our activities in the year under review but primarily to ensure that we have a sound base from which to grow to support our ambitions for the next five years. Whilst the fact that Crisis receives little statutory income enables us to take an independent position when working with and campaigning for homeless people, this does mean that we need to invest significant sums to generate the voluntary income on which we rely. Our expenditure on raising funds, including from retail activities, increased by £1.2 million over the previous year, generating an increase in income of £5.7 million. The largest category was donations from individuals but Crisis continues to benefit from the financial support of a broad spread of supporters, including not only a large number of individuals but also companies, trusts, the Big Lottery Fund and others.

As a result of the surplus for the year and planned transfers to and from designated funds, Crisis' general reserves have increased to £9.7 million. Restricted funds increased by £0.1 million and designated funds reduced by £2.6 million, largely as no new Skylights opened during the year and none are currently planned.

Reserves policy

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

Crisis holds restricted funds in accordance with donors' requirements. In addition, several years ago Crisis established designated reserves for planned future requirements, in particular the opening and initial operations of new centres, in accordance with the charity's strategic plans.

The new developments reserve was designated by the trustees to be used for the establishment of new Skylights and represents the estimated capital and operating costs for the first three years of planned new centres, net of projected income relating specifically to these projects. Under the strategic plan for the five years to June 2023, it is not anticipated that we will establish more centres; accordingly, the new developments reserve is expected to reduce to nil by June 2019. The tangible fixed asset reserve represents the net book value of tangible fixed assets in use by the charity (excluding those items which are included within restricted reserves). During the year, funds of £2.8 million were transferred from the designated new development reserve and funds of £0.2 million were transferred to the tangible fixed asset reserve. Aggregate designated reserves were £5.3 million at 30 June 2018.

The trustees consider on an annual basis the minimum level of free reserves, i.e. excluding restricted and designated reserves, required to support the charity's operations. Relevant factors include projected financial performance including cash flow requirements, the findings from Crisis' risk management processes and an assessment of the risks to the charity's income streams. As noted above, we anticipate an increased financial deficit in the financial year ending June 2019 and this has been taken into account in assessing the required level of reserves.

Following this review, the trustees have determined that the minimum required level of free reserves is £9.1 million at 30 June 2018. The actual level of free reserves at this date was £9.7 million. The requirement and underlying factors are considered annually and the minimum reserves requirement is, therefore, expected to change over time.

Plans for future periods

Over the past 18 months, we have been developing our next five-year strategic plan, which commenced in July 2018. We have worked with all staff across all locations on a number of occasions; we have consulted with our partners in the homelessness sector and others; most importantly, we have consulted homeless people themselves. We have established five ambitious goals, presented at the beginning of this report, supported by seven essential cross-cutting themes.

In developing this plan, we have used a range of financial models. Our plans have been revised as we balanced our ambition with our reasonable but ambitious expectations of income generation, ensuring that the risks are appropriate and that our projected reserves levels are in line with those we consider necessary to safeguard the charity's operations.

The new strategic plan envisages Crisis meeting its reserves requirement each year over the five years to June 2023, notwithstanding year-on-year increases in our charitable expenditure and the continuing investment in fundraising activity required to support this growth. For the financial year ending June 2019, we are anticipating a small financial deficit.

Investment management

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

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

There was an unrealised appreciation on investment holdings of £38,000 during the year, in addition to investment distributions. Investments are held in the anticipation that the total return from the investment portfolio will prove satisfactory over a ten-year timescale.

Socially responsible investment

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

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

This policy is reviewed regularly by the trustees.

Risk management

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

Systems include:

- a long-term strategic plan, annual business plan and annual budget, all of which are approved by the trustees;
- regular consideration by the senior management team and trustees of financial results, variance from

budgets, non-financial performance indicators and benchmarking reviews;

- in depth review of financial performance and risk by the Finance, Audit & Risk Committee, including review of growth planning;
- continuing development of a performance measurement framework to ensure we further improve our understanding of our work and its impact;
- scaled authority levels and segregation of duties; and
- identification and management of risks.

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

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

The most significant risks facing Crisis for the year ahead have been identified as:

- A high profile operational issue which damages Crisis' reputation, which could include a major incident at or around a Crisis at Christmas centre
- The failure of our website, specifically the online donation functionality, at a key time during the Christmas fundraising campaign

Two risks highlighted last year, regarding compliance with data protection and fundraising regulation and an increase in the charity's recurring expenditure have been reduced. We have undertaken a comprehensive programme in respect of the new data protection regulation, including recruiting our first data protection officer. Also, we have completed the development of our next five year strategic plan, including careful consideration of financial projections.

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

Statement of responsibilities of the trustees

The trustees (who are also directors of Crisis UK for the purposes of company law) are responsible for preparing the trustees' annual report including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards and statements of recommended practice have been followed, subject to any material departures

disclosed and explained in the financial statements

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation

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

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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

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

Auditors

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

The trustees' annual report, which includes the strategic report, has been approved by the trustees on [27 September 2018] and signed on their behalf by

Steve Holliday
Chair of Trustees

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

Opinion

We have audited the financial statements of Crisis (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 30 June 2018 which comprise the consolidated statement of financial activities, the group and parent charitable company balance sheets, the consolidated statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 30 June 2018 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulation 2006 (as amended)

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the 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 group's or the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, including the strategic report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' annual report, including the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements
- the trustees' annual report, including the strategic report, has been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

In preparing the financial statements, the trustees are responsible for

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Use of our report

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

Joanna Pittman
(Senior Statutory Auditor)

Date

For and on behalf of Sayer Vincent LLP
Statutory Auditors Invicta House, 108-
114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as
an auditor in terms of section 1212 of
the Companies Act 2006

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

For the year ended 30 June 2018

	Note	Unrestricted £000	Restricted £000	2018 Total £000	2017 Total £000
Income from:					
Donations and legacies	3	30,185	2,257	32,442	28,028
Charitable activities	4	558	5,503	6,061	5,364
Other trading activities	5	2,004	185	2,189	1,597
Investments	6	61	-	61	71
Other		144	17	161	158
Total income		32,952	7,962	40,914	35,218
Expenditure on:					
Charitable activities					
Christmas		1,020	1,124	2,144	2,161
Campaigning and influencing		2,523	628	3,151	2,131
Education, health and wellbeing		10,353	5,117	15,470	13,992
Housing		1,231	632	1,863	1,594
Employment		937	175	1,112	1,082
Volunteering		125	-	125	126
Social enterprise		1,059	34	1,093	976
		17,249	7,710	24,959	22,062
Raising funds	7	13,404	109	13,512	12,705
Retail costs	7	1,245	-	1,245	818
Total expenditure		31,898	7,817	39,715	35,585
Net income / (expenditure) before net gains on investments		1,054	145	1,199	(367)
Net gains on investments	15	38	-	38	86
Net income / (expenditure) for the year and net movement in funds	9	1,091	145	1,237	(281)
Reconciliation of funds:					
Total funds brought forward		13,825	1,571	15,396	15,676
Total funds carried forward		14,917	1,716	16,633	15,396

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

Balance sheets

As at June 2018

		The group		The charity	
	Note	2018 £000	2017 £000	2018 £000	2017 £000
Fixed assets:					
Tangible assets	14	4,792	4,601	4,792	4,601
Investments	15	793	754	793	754
		5,585	5,355	5,585	5,355
Current assets:					
Stock		4	4	4	4
Debtors	18	2,100	2,232	2,097	2,251
Cash at bank and in hand		11,128	9,610	11,121	9,620
		13,232	11,846	13,222	11,875
Liabilities:					
Creditors: amounts falling due within one year	19	(2,184)	(1,806)	(2,174)	(1,834)
Net current assets		11,048	10,040	11,048	10,041
Total net assets		16,633	15,396	16,633	15,396
Funds:					
Restricted income funds	22	1,716	1,571	1,716	1,571
Unrestricted income funds:					
Designated funds		5,256	7,844	5,256	7,844
General funds		9,661	5,981	9,661	5,981
Total unrestricted funds		14,917	13,825	14,917	13,825
Total funds		16,633	15,396	16,633	15,396

Approved by the trustees on 27th September 2018 and signed on their behalf by

Steve Holliday
Chair of Trustees

Richard Murley
Trustee

Consolidated statement of cash flows

For the year ended 30 June 2018

	Note	2018		2017	
		£000	£000	£000	£000
Cash flows from operating activities	23				
Net cash provided by operating activities			2,274		1,476
Cash flows from investing activities:					
Dividends, interest and rents from investments		61		71	
Purchase of fixed assets		(817)		(2,299)	
Proceeds from sale of investments		-		14	
Net cash used in investing activities			(756)		(2,214)
Change in the year			1,518		(738)
Cash at the beginning of the year			9,610		10,347
Cash at the end of the year			11,128		9,610

Notes to the financial statements

For the year ended 30 June 2018

1. Accounting policies

a. Statutory information

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

b. Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Companies Act 2006. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

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

c. Public benefit entity

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

d. Going concern

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

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

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

e. Income

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

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

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

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

f. Donations of gifts, services and facilities

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

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

g. Interest receivable

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

h. Fund accounting

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

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

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

i. Expenditure and irrecoverable VAT

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

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

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

j. Grants payable

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

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

k. Allocation of support costs

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

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

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

	Basis of allocation
• Management	Time spent and headcount
• Finance & Data Protection	Headcount
• IT	Headcount
• Facilities	Floor space and headcount
• HR, Learning & Development	Headcount
• Innovation & Enterprise	Headcount
• New Developments	Headcount

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

l. Operating leases

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

m. Tangible fixed assets

Items of equipment are capitalised where the purchase price exceeds £1,000. Depreciation costs are allocated to activities on the basis of the use of the related assets in those activities. Assets are reviewed for impairment if circumstances indicate their carrying value may exceed their net realisable value and value in use.

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

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

n. Listed investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Any change in fair value will be recognised in the statement of financial activities. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading "Net gains/(losses) on investments" in the statement of financial activities. The charity does not acquire put options, derivatives or other complex financial instruments.

Investments in subsidiaries

Investments in subsidiaries are at cost.

o. Stocks

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

p. Debtors

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

q. Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Cash balances exclude any funds held on behalf of service users.

r. 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.

s. Financial instruments

With the exception of the listed investments described above, the charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

t. Pensions

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

2. Detailed comparatives for the statement of financial activities

	Unrestricted £000	Restricted £000	2017 Total £000
Income from:			
Donations and legacies	25,480	2,548	28,028
Charitable activities	523	4,841	5,364
Other trading activities	1,500	97	1,597
Investments	71	-	71
Other	130	28	158
Total income	27,704	7,514	35,218
Expenditure on:			
Charitable activities	14,773	7,289	22,062
Raising funds	13,409	114	13,523
Total expenditure	28,182	7,403	35,585
Net income before gains on investments	(478)	111	(367)
Net gains on investments	86	-	86
Net income for the year and net movement in funds	(392)	111	(281)
Total funds brought forward	13,738	1,939	15,677
Total funds carried forward	13,346	2,050	15,396

3. Income from donations and legacies

	Unrestricted £000	Restricted £000	2018 Total £000	2017 Total £000
Individuals	26,962	2,065	29,027	24,577
Legacies	1,119	14	1,133	1,060
Trust	374	-	374	429
Corporates	1,045	-	1,045	1,088
Community groups	685	76	761	760
Donated services and facilities	-	102	102	114
	30,185	2,257	32,442	28,028

The charity has been notified of legacies with an estimated value of £693,000 (2017: £631,000) which have not been recognised as income at 30 June 2018 because no confirmation of impending distribution or notification of estate accounts being finalised has been received.

4. Income from charitable activities

	Unrestricted £000	Restricted £000	2018 Total £000	2017 Total £000
Christmas	-	1,258	1,258	1,503
Campaigning and influencing	25	740	765	315
Education, health and wellbeing	-	2,649	2,649	2,208
Housing	-	666	666	490
Employment	-	165	165	304
Social enterprise	533	15	548	544
Changing Lives	-	10	10	-
Total income from charitable activities	558	5,503	6,061	5,364

Income from charitable activities includes gifts in kind and donated services of £949,000 (2017: £1,159,000)

5. Income from other trading activities

	Unrestricted £000	Restricted £000	2018 Total £000	2017 Total £000
Events	615	185	800	688
Rental income	79	-	79	99
Retail income	1,277	-	1,277	654
Commercial trading operations	33	-	33	156
	2,004	185	2,189	1,597

6. Income from investments

	Unrestricted £000	Restricted £000	2018 Total £000	2017 Total £000
Bank interest	32	-	32	46
Quoted investment income	29	-	29	25
	61	-	61	71

7. Analysis of expenditure

	Grants payable (Note 8) £000	Staff costs (Note 10) £000	Other direct costs £000	Gifts in kind and donated services £000	Allocation of support and governance costs £000	2018 Total £000	2017 Total £000
Christmas	-	543	737	763	102	2,145	2,161
Campaigning and influencing	-	1,202	1,729	-	220	3,151	2,131
Education, health and wellbeing	230	8,822	3,346	179	2,893	15,470	13,992
Housing	150	1,142	334	-	237	1,863	1,594
Employment	94	710	147	-	161	1,112	1,082
Volunteering	-	93	15	-	17	125	126
Social enterprise	-	539	351	-	203	1,093	976
Cost of raising funds	-	1,986	11,027	109	389	13,511	12,705
Retail costs	-	451	676	-	118	1,245	818
	474	15,488	18,362	1,051	4,340	39,715	35,585
Support costs	-	3,841	499	-	(4,340)	-	-
Total expenditure 2018	474	19,329	18,861	1,051	-	39,715	-
Total expenditure 2017	266	16,651	17,398	836	-	-	35,585

Of the total expenditure, £31,898,000 was unrestricted (2017: £28,182,000) and £7,817,00 was restricted (2017: £7,403,000).

Other direct costs include fundraising costs, premises costs as well as other costs not classed as either staff nor grants payable.

	Management £000	Finance & Data Protection £000	IT £000	Facilities £000	Human Resources and Learning Development £000	New Developments £000	Innovation & Enterprise £000	2018 Total £000
Cost of generating funds	39	44	134	29	87	25	32	390
Retail	11	13	41	9	26	8	10	118
Christmas	10	12	35	8	23	7	8	103
Campaigning and influencing	21	25	76	17	49	14	18	220
Education, health and wellbeing	281	328	996	218	643	188	238	2,892
Employment	16	18	55	12	36	10	13	160
Volunteering	2	2	6	1	4	1	1	17
Social enterprise	20	23	70	15	45	13	17	203
Housing	23	27	82	18	53	15	19	237
	423	492	1,495	327	966	281	356	4,340

8. Grant making

	Grants to institutions £000	Grants to individuals £000	2018 £000	2017 £000
Sharing Solutions Programme	150	-	150	141
Crisis Changing Lives	-	94	94	85
Tackling Multiple Disadvantage Programme	133	-	133	-
Other	97	-	97	40
	380	94	474	266

The Private Rented Sector Sharing Solutions Programme is a programme of investment in supporting pilot schemes to deliver decent and sustainable shared accommodation in the private rented sector. Crisis identified and disseminated good practice among the pilot organisations to improve access to shared housing more widely. Grants were made to six organisations with an average grant of £25,000.

Crisis Changing Lives is a grants programme providing financial awards to people who are or have been homeless so that they may achieve their vocational goals, fulfil their potential and become independent. Grant applications can be made by individuals who are supported by a coach working at a Crisis Skylight centre to access training, buy tools for work or set up a business where a robust business plan is presented. Grants were made to 62 members with an average grant of £1,500.

Tackling Multiple Disadvantage is a project partnership targeting some of the most socially and economically excluded people in east, north and west London giving them skills, confidence and motivation to engage with the labour market and make an active contribution to the economy and society as a whole. Grants are made to three partners Thames Reach, City and Hackney Mind and St Mungo's. The average grant was £44,000. This programme is part of Big Lottery's Building Better Opportunities programme, funded by the European Social fund.

9. Net income for the year

This is stated after charging / (crediting):

	2018 £000	2017 £000
Depreciation	624	473
Loss or profit on disposal of fixed assets	-	(1)
Operating lease rentals:		
Property	1,858	1,485
Auditors' remuneration (excluding VAT):		
Audit	18	17
Other services	20	4

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

Staff costs were as follows:

	2018	2017
	£000	£000
Salaries and wages	16,306	14,202
Redundancy and termination costs	101	2
Social security costs	1,591	1,375
Pension costs	1,331	1,072
	19,329	16,651

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

	2018	2017
	No.	No.
£60,000 - £69,999	3	1
£70,000 - £79,999	3	4
£80,000 - £89,999	2	1
£110,000 - £119,999	1	1

The total employee benefits including pension contributions of the key management personnel were £708,000 (2017: £703,000).

The charity trustees were not paid nor received any other benefits from employment with the charity in the year (2017: £nil). No charity trustee received payment for professional or other services supplied to the charity (2017: £nil).

Trustees' expenses represents the payment of travel and subsistence costs totalling £131 (2017: £458) relating to attendance at meetings of the trustees. The numbers of trustees incurring expenses during the year was 1 (2017: 2).

11. Staff numbers

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

	2018	2017
	No.	No.
Raising funds	53	45
Retail	15	11
Christmas	13	15
Campaigning and influencing	33	27
Education, health and wellbeing	347	320
Housing	28	21
Employment	19	19
Volunteering	2	2
Social Enterprise	24	15
Support	55	47
Management	8	8
	597	530

Volunteer Contribution:

Crisis is extremely fortunate to receive the generous support of our volunteers.

	2018	2017
Average number of volunteers	11,704	11,600

12. Related party transactions

Keith Felton, a member of the Crisis UK senior management team, is a trustee of Arts at the Old Fire Station (AOFS) who are a sub-tenant of Crisis UK in Oxford. No rental costs were charged as the costs are covered by a grant from Oxford City Council. Crisis provides services to AOFS on a full cost recovery basis. Crisis paid AOFS £22,616 (2017 : £19,088) for various services in the year.

Jon Sparkes, CEO of Crisis UK is a trustee of South Yorkshire Housing Association. Crisis received a fee of £1,000 (2017: Enil) payable to non executive directors. Crisis is also a grant recipient from SYHA of £40,736 (2017: 26,214) on the Building Better Opportunities programme funded by the European Social fund.

Rebecca Pritchard, a member of the Crisis UK senior management team, is a trustee of Evolve Housing and Support, which in the previous financial year received a catering service paid by Crisis of £542 but none in 2017/18.

Matt Downie, a member of the Crisis senior management team is a trustee for the Sheila McKechnie Foundation, which has received a fee of £3,000 (2017: £2,500) from Crisis UK to sponsor the annual their annual housing and homelessness campaigning award.

Terrie Alafat, a trustee of the Crisis UK, is the Chief Executive for the Chartered Institute of Housing (CIH). Crisis co-sponsored the CIH Housing annual review for £8,400 (2017 : £7,000). Crisis has been sponsoring the annual housing review for a number of years prior to Terrie Alafat joining CIH. Crisis paid £2,093 (2017: £492) for training/conference attendance. Crisis received donated consultancy services from CIH as part of a research project for which no fee was charged.

13. Taxation

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

Corporation tax charge at 20% (2017: 20%) for Crisis at Christmas Limited is £nil (2017: £nil).

14. Tangible fixed interests

The group and charity

	Freehold property £000	Leasehold improvements £000	Office equipment £000	Total £000
Cost				
At the start of the year	2,313	4,494	1,175	7,982
Additions in year	3	435	379	817
Disposals in year	-	-	(54)	(54)
At the end of the year	2,316	4,929	1,500	8,745
Depreciation				
At the start of the year	1,153	1,572	658	3,383
Charge for the year	52	374	198	624
Eliminated on disposal	-	-	(54)	(54)
At the end of the year	1,205	1,946	802	3,953
Net book value at the end of the year	1,111	2,983	698	4,792
At the start of the year	1,160	2,922	517	4,601

All of the above assets are used for charitable purposes.

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

The freehold land and building in Newcastle was purchased using a grant from the Department for Communities and Local Government (via the Council of the City of Newcastle Upon Tyne). A 15 year legal charge was placed on the building in August 2006. At 30 June 2018, the legal charge on the building was £1,040,000 (2017: £1,300,000).

15. Listed investments

The group and charity	2018	2017
	£000	£000
Fair value at the start of the year	754	682
Disposal proceeds	-	(14)
Net gain / (loss) on change in fair value	39	86
Fair value at the end of the year	793	754
Investments comprise:		
	2018	2017
	£000	£000
UK common investment funds	793	754
	793	754

At the year end, the value of fixed asset investments held in a common investment fund amounted to £791,000 (2017: £754,000). The fund at 30th June 2018 was invested in UK and foreign equities (74.7%), infrastructure and property (20.1%) and the balance in cash and fixed interest (5.2%). The historical cost of this investment was £569,000. All shares held were received as donations and, accordingly, the historical cost of these investments in shares is £nil (2017: £nil).

16. Subsidiary undertaking

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

	2018 £000	2017 £000
Turnover	33	156
Cost of sales	-	-
Gross profit	33	156
Administrative expenses	(3)	-
Management charge due to parent undertaking	(19)	(14)
Profit / (loss) for the financial year	11	142

The aggregate of the assets, liabilities and funds was:

Assets	13	31
Liabilities	(13)	(31)
Funds	-	-

17. Parent charity

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

	2018 £000	2017 £000
Gross income	40,918	35,156
Result for the year	1,203	(436)

18. Debtors

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Income tax (gift aid) recoverable	414	756	414	756
Sundry debtors	443	321	440	340
Prepayments and accrued income	1,243	1,155	1,243	1,155
	2,100	2,232	2,097	2,251

19. Creditors: amounts falling due within one year

	Group		Charity	
	2018 £000	2017 £000	2018 £000	2017 £000
Trade creditors	909	666	899	674
Taxation and social security	442	392	442	392
Other creditors	292	326	292	326
Accruals	541	422	539	422
Amounts due to subsidiary undertakings	-	-	2	20
	2,184	1,806	2,174	1,834

20. Pension scheme

The pension cost charge represents contributions payable by the charity to the fund and amounted to £1,331,000 (2017: £1,072,000).

21a. Analysis of group net assets between funds

	General unrestricted £000	Designated funds £000	Restricted funds £000	2018 total funds £000
Tangible fixed assets	-	3,956	836	4,792
Fixed asset investment	793	-	-	793
Current assets	11,052	1,300	880	13,232
Current liabilities	(2,184)	-	-	(2,184)
Net assets at the end of the year	9,661	5,256	1,716	16,633

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

	General unrestricted £000	Designated funds £000	Restricted funds £000	Total funds £000
Tangible fixed assets	-	3,743	858	4,601
Fixed asset investment	754	-	-	754
Current assets	7,033	4,100	713	11,846
Current liabilities	(1,806)	-	-	(1,806)
Net assets at the end of the year	5,981	7,843	1,571	15,396

22a. Movement in funds

	At the start of the year	Incoming resources & gains	Outgoing resources & losses	Transfers	At the end of the year
	£000	£000	£000	£000	£000
Restricted funds:					
Cost of generating funds	-	109	(109)	-	-
Crisis at Christmas	-	1,124	(1,124)	-	-
Education, health and wellbeing					
Crisis Skylight Newcastle (capital)	858	-	(22)	-	836
London Crisis Skylight (revenue)	2	1,844	(1,846)	-	-
Big Lottery Fund - ESF Building Better Opportunities Learning Zone	61	417	(451)	-	27
Big Lottery - London Skylight	-	402	(241)	-	161
Big Lottery - Oxford Skylight	65	143	(196)	-	12
Big Lottery - Oxford Skylight	47	110	(157)	-	-
Big Lottery - Birmingham Skylight	32	133	(127)	-	37
Big Lottery - Merseyside Skylight	19	129	(148)	-	-
Big Lottery - Edinburgh Skylight	43	-	(43)	-	-
Big Lottery - Coventry & Warwickshire	127	-	(127)	-	-
Skylight Newcastle	-	235	(210)	-	25
Skylight Birmingham	-	90	(90)	-	-
Skylight Oxford	-	240	(240)	-	-
Skylight Edinburgh	-	247	(247)	-	-
Skylight Merseyside	-	7	(7)	-	-
Skylight South Yorkshire	-	244	(203)	-	41
Skylight Coventry & Warwickshire	-	103	(61)	-	42
Skylight Croydon	-	372	(372)	-	-
Skylight Brent	41	296	(284)	-	56
Skylight South Wales	-	45	(45)	-	-
Campaigning and Influencing					
Research	-	44	(44)	-	-
Policy	230	246	(242)	-	235
Centre for Homelessness Impact	-	450	(342)	-	108
Housing					
PRS Access Scheme	-	40	(40)	-	-
PRS (Scotland)	-	54	(54)	-	-
Other Housing	44	628	(538)	-	134
Skylight Café (revenue)	-	34	(34)	-	-
Employment opportunities	-	165	(165)	-	-
Changing Lives	-	10	(10)	-	-
Total restricted funds	1,571	7,962	(7,817)	-	1,716
Unrestricted funds:					
Designated funds:					
New developments	4,100	-	-	(2,800)	1,300
Tangible fixed asset reserve	3,744	-	-	212	3,956
Total designated funds	7,844	-	-	(2,588)	5,256
General funds	5,981	32,990	(31,898)	2,588	9,661
Total unrestricted funds	13,825	32,990	(31,898)	-	14,917
Total funds	15,396	40,952	(39,715)	-	16,633

22b. Movement in funds (prior year)

	At the start of the year	Incoming resources & gains	Outgoing resources & losses	Transfers	At the end of the year
	£000	£000	£000	£000	£000
Restricted funds:					
Cost of generating funds	-	114	(114)	-	-
Crisis at Christmas	-	1,270	(1,270)	-	-
Education, health and wellbeing					
Crisis Skylight Newcastle (capital)	900	-	(42)	-	858
London Crisis Skylight (revenue)	-	1,422	(1,359)	-	63
Learning Zone	110	175	(285)	-	-
Big Lottery - London Skylight	46	126	(105)	-	67
Big Lottery - Oxford Skylight	38	130	(121)	-	47
Big Lottery - Birmingham Skylight	31	125	(124)	-	32
Big Lottery - Merseyside Skylight	-	94	(75)	-	19
Big Lottery - Edinburgh Skylight	-	171	(128)	-	43
Big Lottery - Coventry & Warwickshire	-	206	(79)	-	127
Skylight Newcastle	-	122	(122)	-	-
Skylight Birmingham	-	77	(77)	-	-
Skylight Oxford	-	202	(202)	-	-
Skylight Edinburgh	-	171	(171)	-	-
Skylight Merseyside	-	7	(7)	-	-
Skylight South Yorkshire	-	253	(253)	-	-
Skylight Coventry & Warwickshire	-	101	(101)	-	-
Skylight Croydon	480	672	(672)	(480)	-
Skylight Brent	81	361	(401)	-	41
Skylight South Wales	-	8	(8)	-	-
Campaigning and Influencing					
Research	-	50	(50)	-	-
Policy	199	247	(216)	-	230
Housing					
PRS Access Scheme	-	30	(30)	-	-
PRS(Scotland)	-	79	(79)	-	-
Housing First	-	125	(125)	-	-
Other Housing	42	778	(776)	-	44
Skylight Café (capital)					
Skylight Café (revenue)	15	1	(16)	-	-
Employment opportunities	-	39	(39)	-	-
Changing Lives	-	16	(16)	-	-
Pre - employment programme	-	78	(78)	-	-
Total restricted funds	1,939	7,514	(7,403)	(480)	1,571
Unrestricted funds:					
Designated funds:					
New developments	6,100	-	-	(2,000)	4,100
Tangible fixed asset reserve	1,861	-	-	1,883	3,744
Total designated funds	7,961	-	-	(117)	7,843
General funds	5,776	27,790	(28,182)	599	5,981
Total unrestricted funds	13,737	27,790	(28,182)	481	13,825
Total funds	15,676	35,305	(35,585)	-	15,396

Purposes of restricted funds

Crisis Skylight Newcastle (capital): In previous years the Department for Communities and Local Government (via Newcastle City Council) agreed to fund the capital costs of the development of a Skylight Centre in Newcastle to provide further activities and facilities for homeless people. Costs are now being depreciated in accordance with the depreciation policy. A legal charge was placed on the building (wNote 14) hence the continuing restriction.

Big Lottery Fund - ESF Building Better Opportunities: The Tackling Multiple Disadvantage project is funded by European Social Fund to support homeless people with complex or multiple needs into training or employment in London. Homeless people with needs relating to mental health, substance misuse or a history of offending can now access free, personalised support to improve their skills, resilience and job prospects. The TMD partnership of Crisis, Thames Reach, St Mungo's and Mind in the City, Hackney & Waltham Forest will engage and support 600 people by the end of 2019.

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

Big Lottery Skylight funds: The Big Lottery funds costs within various Crisis Skylights. The balances at the year-end represent unspent funds to be expended in the following year.

Other Skylight funds: These funds are specific funds received towards areas of our work within our Skylights; the balance carried forward represents unspent funds at the year-end to be expended in the following year.

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

Other Housing: The Oak Foundation agreed to fund our work on the Housing Reduction Act. The project commenced in February 2018 and the balance represents unspent funds at the year end.

Purposes of designated funds

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

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

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

	2018	2017
	£000	£000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)	1,237	(281)
Depreciation charges	624	473
(Gains)/losses on investments	(38)	(86)
Dividends, interest and rent from investments	(61)	(71)
(Profit)/loss on the disposal of fixed assets	-	1
(Increase)/decrease in stocks	-	1
(Increase)/decrease in debtors	132	1,305
Increase/(decrease) in creditors	380	135
Net cash provided by / (used in) operating activities	2,274	1,476

24. Operating lease commitments

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

	Property	
	2018	2017
	£000	£000
Less than one year	1,858	1,485
One to five years	5,698	5,479
Over five years	3,236	3,174
	10,792	10,138

25. Capital commitments

At the balance sheet date, the group had committed £285,000 (2017: £41,000) towards capital technological projects.

26. Legal status of the charity

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

Crisis Head Office

66 Commercial Street

London E1 6LT

Tel: 0300 636 1967

Fax: 0300 636 2012

enquiries@crisis.org.uk

www.crisis.org.uk

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