

Company Registration Number: 08916805
Charity Registration Number: 1164509

BUILDING COMMUNITIES TRUSTEE LIMITED
(A company limited by guarantee
and not having a share capital)

GROUP REPORT OF THE TRUSTEES &
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Azets Audit Services
Chartered Accountants & Statutory Auditors
Ty Derw
Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB

BUILDING COMMUNITIES TRUSTEE LIMITED

Contents

Protectors Report	1
Group Report of the Trustees including Strategic Report	2 - 11
Report of the Independent Auditors	12 - 15
Statement of Financial Activities	16 - 17
Balance Sheet	18 - 19
Statement of Cash Flows	20
Notes to Financial Statements	21 - 41

**BUILDING COMMUNITIES TRUSTEE LIMITED
PROTECTOR'S REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

INVEST LOCAL TRUST (ILT)

2021 ANNUAL STATEMENT BY THE PROTECTOR

ILT is a UK registered charity with one Corporate Trustee controlling its affairs. The Trustee is Building Communities Trustee Limited (BCT), which is in turn controlled by a board of directors who meet quarterly, and by its Chief Executive to whom the board delegates the day-to-day running of Invest Local Trust.

The Trust Deed defines the role of the Protector as ..."to ensure the integrity of the administration of the Charity and the propriety of its procedures".

The role does not include decision-making at any level, although the deed does grant specific powers of approval in certain specified situations. I have not had to exercise any of those powers during the last 12 months.

During the year I have attended Board and sub-committee meetings and met individually with each of the Trustees and the Invest Local officers who support the 13 communities that have been awarded grants. This has given me greater insight into the processes and procedures, along with the internal controls, to ensure that funds are used in accordance with the Trust Deed and in accordance with best practises of charity governance.

It has been a pleasure for me to see the expertise, commitment and dedication of the BCT Trustees and staff to bring sustainable, community-driven development to these 11 Welsh communities.

I am impressed with the integrity of administration and propriety of procedures and have no areas of concern arising in the last year.

Scott McGregor
Protector - Invest Local Trust
November 2021

**BUILDING COMMUNITIES TRUSTEE LIMITED
GROUP REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

The Trustees are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its linked charity for the year ending 30 September 2021 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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 2019).

OUR PURPOSE AND ACTIVITIES

The Charity was established in 2014 through agreement between its Trustees and the Big Lottery Fund. It started operating in mid-2015 and received the endowment, which forms the vast majority of its resources, in January 2016.

The Objects of the Charity are the:

- promotion of social inclusion (as defined in this clause);
- prevention or relief of poverty;
- promotion of urban or rural regeneration of areas of social and economic deprivation;
- development of the capacity and skills of members of socially and economically or socially disadvantaged communities in such a way that they are better able to identify and help meet their own needs and to participate more fully in society;
- advancement and encouragement of amateur sport for the purposes of healthy recreation; and
- provision of facilities for recreation and other leisure pursuits in the interests of social welfare in order to improve the conditions of life of members of the public

In each case for the benefit of the public.

'The promotion of social inclusion' means preventing people becoming socially excluded, relieving the needs of those people who are socially excluded and assisting them to integrate into society.

Background to the Charity

In setting up the Charity, the Trustees and the Big Lottery Fund had regard to the evidence that Wales has a high percentage of the population living in poverty and that a place based funding approach can be effective in tackling multiple, interlinked problems and bringing services and support to people who would not otherwise be able to reach them.

The evidence suggested that in the most disadvantaged communities there is often community spirit and a wealth of potential, but it is often hampered by a sense of disenfranchisement and lack of confidence. This can manifest itself in a number of ways, including a lack of fundraising and project delivery skills, mistrust of the statutory or public sector and low morale. As a result even where money has been targeted to help it has not always made the difference that was hoped.

**BUILDING COMMUNITIES TRUSTEE LIMITED
GROUP REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

There are approaches to providing help, however, which have done better: flexible, long-term and locally determined approaches, which support local people and committed agencies to make a difference, over the longer term. The intention of the Charity is to build on the successes and experience of these initiatives and have the freedom to continue to learn and improve on their methods and approaches.

Outcomes

In distributing the endowment, Building Communities Trustee Ltd (BCT) aims to achieve the following outcomes in each of its areas of benefit:

Short term outcomes

1. Communities gain increased capacity to improve their quality of life and sense of wellbeing, by developing local solutions through improved citizen engagement.
2. Local third sector 'anchor' organisations are able to take a lead role in local regeneration and developing community resilience.
3. The Third Sector is better equipped to develop and deliver anti-poverty initiatives and use learning and expertise to inform the policy debate on poverty.

Longer term outcomes

1. The impact of poverty on individuals and the communities in which they live has been reduced and they are more resilient to the impacts of poverty and social disadvantage.
2. Local leadership to drive forward the engagement of target communities in local regeneration and resilience has been established and mainstreamed.

Core principles of our work

The key activities and principles which underpin BCT's work are:

- It provides long term support over ten years to a small number of communities (currently 13).
- It supports those communities to assess and act on their self-identified needs and priorities based on local consultation.
- It provides development support as determined by and tailored for the communities to maximize the benefits of direct funding.
- It improves the communities' capacity to develop local solutions through improved citizen engagement and action.
- BCT distributes funding through agreed community development plans with each community with an emphasis on co-production and co-design principles. These funds come in two stages: a start-up fund labelled "Getting Going" whose primary purpose is to raise awareness of the programme and support local consultation; and a development phase called "Driving Change" which funds the plans of the local communities to address their identified priorities.
- We will seek to maintain good relationships with local stakeholders, including local authorities and housing associations, to ensure complementarity and avoid contrary or duplicate actions.
- In addition we support the chosen communities to share their learning and experiences, building a larger network of communities that have been involved in similar programmes.
- The programme is informed by long term and on-going evaluation.

BUILDING COMMUNITIES TRUSTEE LIMITED
GROUP REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Funding policies

Funds are released in line with the principles set out above. The criteria are highly flexible with the key determining factor being that the applications have been agreed by the local community decision making forum. The other key criterion used is the degree to which the activities supported generate long term benefits. All funding awarded is additionally verified for compliance with the charity's objectives (see above) and thus far we have found no conflict between those objectives and locally derived priorities.

For the Getting Going phase only small amounts of funding are released (up to £20,000, normally spread over several smaller funding applications) which helps establish the programme.

For the Driving Change phase BCT funds plans submitted by local community steering groups which are expected to usually contain a number of linked projects. Those plans are developed through a co-productive model which allows Trustees to work alongside local Steering Groups in the development of the plans and assure themselves that plans are consistent with our charitable and policy requirements as they are developed.

A final Board agreement of plans is still required for compliance purposes but in reality any major concerns that Trustees have will have been identified and discussed during the development of the plan.

Risk Management

The Trustees have undertaken a thorough risk analysis of the issues facing the organisation and their risk framework is reviewed regularly by both sub groups and the full Board.

The principal risks relate to the nature of the programme and its delivery and to the management of the investment. There have been significant changes to these in the last year relating to both the programme and BCT's funding.

The predominant programme related risks have been all thrown into sharp relief because of Covid. These concerns are that:

- a) The programme's sense of purpose is significantly diverted because of the impacts of Covid. These impacts are likely to be threefold:
 - i. The wider social impacts of the virus and the subsequent economic downturn have caused many Invest Local areas to focus on emergency support to people saving severe hardship (exacerbated by further austerity)
 - ii. The patterns of community action and mutual support that were in place or developing in many areas are severely disrupted by ongoing health concerns and restrictive regulations.
 - iii. The financial impacts of Covid lead to longer term financial problems for both community organisations and public bodies, leading to more pressure on Invest Local to fill gaps rather than develop community assets.
- b) Previous risks around the limitations of community engagement process remain, and indeed are, exacerbated by the difficulty in carrying out face to face community activities.

BUILDING COMMUNITIES TRUSTEE LIMITED
GROUP REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Additional principal risks are:

- The question as to whether the programme approach is sufficiently innovative to drive innovation remains very real.
- Beyond the programme BCT's greater role in influencing and advocacy carries reputational and relational risks and partnership working needs managing with care: our work to build stronger networks and alliances with like-minded organisations serves to both draw in more expertise and credibility to the work, and reduce the perception that the organisation speaks with insufficient authority.
- The financial risks around the investment have, however, reduced by the decision to sell off underperforming fixed interest products and refocus investment in equities with a proven track record of exceeding market benchmarks, secure in the knowledge that the total required programme funding has already been secured by the performance of the endowment.

The impact of Covid on the programme – effectively slowing its delivery down by up to a year does throw up the financial risk of potential requiring funding for organisational running costs beyond the current budgeted period. The endowment as it has currently performed will provide sufficient funding for at least a year's extension (and probably two), but it does reduce the degree of financial flexibility the organisation enjoys.

Public benefit

The trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing their aims and objectives and in planning future activities. In particular, the trustees have considered how planned activities will contribute to the aims and objectives they have set.

ACHIEVEMENTS AND PERFORMANCE

The past year has been the fifth where the Charity has been fully established and working at full capacity.

In terms of funding, all 13 communities have now had agreement to Driving Change plans. These provide more funding and are based on plans drawn up by local communities based on the consultation they have undertaken. Three of the plans cover one year, seven covers two years, one covers three, and two have plans for five years, which take them to the end of their spending under the programme in 2025-26.

The Charity has also continued to raise its public profile, engaging in more detailed discussions about the future options for community action in Wales and taking up a representative role for organisations undertaking community based work across Wales publishing two key policy documents around community assets and communities' relationships with the public sector. We have also made links to like-minded organisations in England around discussions on a Community Wealth Fund. Furthermore, we collated community responses to the Covid-19 pandemic and subsequent lockdowns and used them to make representations to Government at local and national (i.e. Welsh) levels.

BUILDING COMMUNITIES TRUSTEE LIMITED
GROUP REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

The programme evaluator has supported both BCT and the local communities throughout the year. This has included detailed work on the processes used within Invest Local across the entire programme. The evaluator has now almost completed a review of Invest Local areas' responses to Covid. However, the pandemic has continued to delay wider in-depth study on the impacts of the programme: by September 2021 many indoor wellbeing related activities undertaken by a wide range of groups and individuals were still yet to recommence after lockdown. Our initial hopes that some form of normality would resume after Easter 2021 have largely proved premature and Easter 2022 is more likely.

The dominant feature of the year has remained Covid. The impacts of Covid, associated lockdown and other restrictions and what it has meant for health, incomes and community action has been ever present throughout the year. Invest Local areas have almost all continued to carry out short-term emergency response with both food projects and initiatives supporting wellbeing among people suffering the impacts of isolation. One Invest Local area was also the location for a pilot Welsh Government programme supporting residents facing the impacts of lockdown which ensured more systematic support for residents was available: the Invest Local group and staff in the area have played a key role in its delivery. The lifting of some restrictions has allowed some progress on the delivery of construction work, and progress on developing physical community assets has been made in four areas, with another six taking initial steps with work involving multi use community buildings but in other areas has included sports facilities and green spaces. Two areas have also been part of a bid for EU funding around the "Skyline initiative" to allow communities to manage woodland and it is hoped delivery of that will start in 2021-22.

However, a wide range of indoor wellbeing and mutual support activities for all ages remains largely on hold until a mix of falling Covid cases, better weather and increased confidence kicks in, probably in spring 2022.

FINANCIAL REVIEW

Overview

Building Communities Trustees Limited total income for the year was £NIL (2020: £NIL). Expenditure for the year was £144 (2020: £179), restricted reserves at the year end were £9,408, of which £NIL was invested in fixed assets. Reserves excluding fixed assets were £9,408.

Invest Local Trust was established by the Big Lottery fund with a national lottery grant of £16,510,000, of which £16,100,000 was invested. Invest Local Trust's work is currently entirely reliant on this endowment and the investment returns from it.

Invest Local Trust received income from this investment of £397,895 (2020: £441,056).

Total expenditure for Invest Local Trust was £1,828,432 (2020: £1,505,517) and restricted reserves at the year end were £13,038,007 (2020: £14,439,655).

Total expenditure for both charities in the year was £1,828,576 (2020: £1,505,696), of which £1,334,162 (2020: £1,024,137) was direct funding to areas, £239,917 (2020: £226,506) on delivery to the areas and £168,971 (2020: £166,276) on shared learning, evaluation and advocacy.

The direct funding to the communities can be further analysed as -£6,532 for the Getting Going phase (2020: £31,041 of which £20,000 was for Covid 19 emergency funding) and £1,340,694 for the Driving Change phase (2020: £993,096).

BUILDING COMMUNITIES TRUSTEE LIMITED
GROUP REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Investment policy and performance

CCLA is Invest Local Trust's investment manager. The Trust currently has a cautious attitude to risk. There is a limited tolerance of volatility in pursuit of returns greater than those available on cash. The intention is for the portfolio to be spent down over a 12 year period. The appropriate liquidity and cash flows is required to support a 12 year spend down with a portfolio structured to provide a total return over time greater than that available on cash deposits.

Performance benchmark

The benchmark for performance comparisons will be the Bank of England's Official Rate + 1%.

Asset Allocation Restrictions

Specific asset allocation restrictions will be applied to the Fund as follows:

- For cash or near cash assets, the minimum allocation is 18 months forward cash requirement for the programme as provided to CCLA from time to time by Invest Local Trust. Near cash can include any fixed interest instruments maturing within two years. There is no maximum cash or near cash allocation.
- For fixed interest, the maximum asset allocation is the entire fund, less the cash requirement noted above. There is no minimum fixed interest asset allocation.
- Real assets will be accessed through the COIF Ethical Investment Fund, for which the intended maximum asset allocation was, until July 2020, 40% of the total net asset value. There is no minimum asset allocation to real assets.
- The Trustees reviewed this position in the first half of 2020 and in the light of the substantial earnings already secured through the equity investment and the prevailing volatility of the stock market a decision was taken to reduce equity holdings by around a half. This has effectively "locked in" gains previously made and ensures that the Trust can fully fund its commitments with significantly reduced risks to future income flows.
- A further review in the summer of 2021 concluded that the fixed income investments were generating insufficient returns to significantly exceed management costs. As a result the majority will be liquidated and held as cash with a small percentage being reinvested in equities. Accordingly a new Investment Mandate is current being negotiated which will focus solely on equity investments, with BCT holding substantial cash reserves to pay for its programme and running costs.

Within the cash/near cash and fixed interest asset classes the following restrictions will apply:

For cash and near cash:

- Cash held as part of the investment strategy is to be placed in a deposit fund rated AAA (or equivalent) by one of Fitch Ratings, Moody's Investors Service or Standard & Poor's (hereafter referred to as "a recognised rating agency").

For fixed interest:

- The minimum security credit rating is BBB- or equivalent by a recognised rating agency at the date of purchase.
- The securities issued by a single issuer (other than securities issued or guaranteed by the UK Government where there is no limit) should not be more than 5% of the total net asset value at the date of purchase for securities rated A- and above (or equivalent) by a recognised rating agency.
- For securities issued by a single issuer with a rating BBB+ and below (or equivalent) by a recognised rating agency, exposure should not be more than 1% of the total net asset value at the date of purchase.

**BUILDING COMMUNITIES TRUSTEE LIMITED
GROUP REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

Funding Commitments

A funding obligation between Invest Local Trust and a Fundholder organisation is triggered when a funding offer letter is sent to the Fundholder to notify them that a specific amount of funding has been endorsed for a stated period. We record these funding commitments as creditors.

Reserves policy

Building Communities Trustee Limited had net restricted reserves of £9,408 at 30 September 2021, of which £NIL is invested in fixed assets.

Invest Local Trust held total funds of £13,038,007: this is an expendable endowment to be spent by January 2028. To achieve this we have an indicative 7 year budget to ensure that there is funding to cover Invest Local Trust's day to day costs and long term objectives.

PLANS FOR THE FUTURE

BCT is very likely to emerge from the pandemic on a sound footing as an organisation but the external challenges that the charity's partners and grantees face are substantial and still unfolding.

Our top priority over the next year will be supporting the 13 communities to both reopen the programme to a full range of activities and to rethink and review their work in the light of Covid. Furthermore we will also need to support them to think about life beyond the Invest Local programme and how their community action can be supported to be as sustainable as possible after the programme's end.

We also intend to move onto phase two of the evaluation of the Invest Local programme as Covid restrictions allow; this will involve a much closer examination of the impact the programme has at community level. In-depth evaluations of the priority work chosen by local groups will provide a clearer view of its effectiveness and this work, which is likely to take place over five years is hoped to start in spring 2022 as health regulations allow.

We will also seek to enhance opportunities and capacity of Invest Local areas to network and learn from their peers given the significantly enhanced opportunities that have emerged using virtual meetings since March 2020. However in doing this we will also investigate our options for tackling the clear "digital divide" driven by divergent levels of access to hardware and skills and confidence in using it that has become increasingly clear in most communities.

BCT will also seek to strengthen learning across wider community initiatives in Wales and our role in the emerging *Community Movement Cymru* will build bridges across different geographies and types of community initiative. The movement will also seek to provide for a louder community voice in policy making and to pursue a number of key policy asks at national Welsh level to assist community action.

Finally we will examine the potential to distribute additional funding to communities, bearing in mind the performance of our endowment. In doing this we will be mindful as to what types of financial interventions will deliver greatest impact and/or provide for most valuable learning around effective community action.

**BUILDING COMMUNITIES TRUSTEE LIMITED
GROUP REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Building Communities Trustee is a company limited by guarantee governed by its Memorandum and Articles of Association dated 28 February 2014. It is registered as a charity with the Charity Commission. It is the corporate trustee of Invest Local Trust which is an unincorporated linked charity.

Appointment of trustees

The founding Trustees were appointed by the Lottery on establishment of the charity.

Those Trustees served for 18 months before being due for reappointment; other Trustees served for a year before being due for reappointment.

Trustees shall be subject to a system of retirement by rotation, as follows:

- save for the First Trustees, who shall serve for an initial term of 18 months, each Trustee shall serve for an initial term of one year;
- on expiry of a Trustee's initial term, that Trustee shall be eligible for re-appointment for a further term of three years;
- following the expiry of a further term of three years, a Trustee shall be eligible for re-appointment for further successive terms of three years; but
- no Trustee shall, for at least one year following the expiry of a three year term, be eligible for re-appointment unless:
 - (i) seventy five percent (75%) of the Trustees present at a meeting of the Trustees at which such re-appointment is discussed are of the opinion that re-appointment of such Trustee for a further term of three years would be in the best interests of the Charity and therefore agree such re-appointment; or
 - (ii) failing to re-appoint such Trustee for a further term of three years would result in there being insufficient Trustees to form a quorum.

The Charity is allowed a maximum of 11 and minimum of four trustees. On 30 September 2021 there were 9 Trustees, who included two founding Trustees.

Organisation

The board of trustees, administers the charity. The board normally meets quarterly and there are two sub-committees covering finance, investment and general purpose and programme support which also meet quarterly. A Chief Executive has been appointed by the Trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the trustees, for operational matters.

Key management personnel remuneration

The trustees consider the board of trustees, the Chief Executive and the Finance Manager as comprising the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day to day basis. No trustee received remuneration in the year. Details of trustee expenses and related party transactions are disclosed in notes 10 and 23.

Key management remuneration is set using the same policy that is used for all employee remuneration. The annual cost of living increase is reviewed yearly by the board of trustees to ensure that any increase is affordable.

BUILDING COMMUNITIES TRUSTEE LIMITED
GROUP REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

REFERENCE AND ADMINISTRATIVE DETAILS

Charity name	Building Communities Trustee Limited
Charity registration number	1164509 <i>Linked charities</i> 1164509-1 – Invest Local Trust T/A Building Community Trust & BCT
Company registration number	08916805
Registered office	Brittania House Caerphilly Business Park Caerphilly CF83 3GG
Trustees	Graham Benfield (Founding Trustee) - Chair Carol Green (Founding Trustee) - Vice Chair & Chair Programme sub-committee Joanne Oak - Chair Finance and General Purposes Committee Professor Kent Matthews Dewi Llwyd Evans Derith Powell Lindsey Williams – Resigned 1 October 2021 Martin Blakebrough David Dallimore Dr Eva Elliott
Chief Executive	Mr C Johnes
Key management personnel	Mr C Johnes - Chief Executive Mrs M Williams - Finance Manager
Independent auditors	Azets Audit Services Chartered Accountants & Statutory Auditors Ty Derw, Lime Tree Court, Cardiff Gate Business Park Cardiff, CF23 8AB
Bankers	Unity Trust Bank Brindleyplace 9 Brindley Place Birmingham, B1 2HB
Solicitors	Geldards 4 Capital Quarter Tyndall Street Cardiff CF10 4BZ
Investment Managers	CCLA Investment Management Ltd COIF Charity Funds 80 Cheapside, London, EC2V 6DZ

**BUILDING COMMUNITIES TRUSTEE LIMITED
GROUP REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

RESPONSIBILITIES OF THE TRUSTEES

The trustees (who are also directors of Building Communities Trustee Limited for the purposes of company law) are responsible for preparing the Trustees' Report (incorporating the strategic report and directors' report) and the financial statements in accordance with 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).

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 income and expenditure, of the charitable 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for maintaining proper accounting records which 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 the 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; and
- 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.

By Order of the Board the trustees approve the Strategic Report and the Trustees Report



Graham Benfield
Chair

Date 21.12.21...

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF BUILDING COMMUNITIES TRUSTEE LIMITED**

Opinion

We have audited the financial statements of Building Communities Trustee Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 30 September 2021 which comprise the consolidated Statement of Financial Activities, the consolidated and parent Balance Sheet, the consolidated Statement of Cash Flows and notes to the financial statements, including 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 parent charitable company's affairs as at 31 September 2021, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF BUILDING COMMUNITIES TRUSTEE LIMITED**

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' report (incorporating the strategic report and directors report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors report including the trustees report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' 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 trustees' responsibilities statement, 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 groups and 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 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 auditor under [the Companies Act 2006 and report in accordance with this Act.

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.

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF BUILDING COMMUNITIES TRUSTEE LIMITED**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement 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. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the entity through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF BUILDING COMMUNITIES TRUSTEE LIMITED**

Use of our report

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



Sarah Case FCA DChA

Senior Statutory Auditor

For and on behalf of

Azets Audit Services

Chartered Accountants and Statutory Auditors

Ty Derw

Lime Tree Court

Cardiff Gate Business Park

Cardiff

CF23 8AB

Date 06-01-2022

Azets Audit Services is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

BUILDING COMMUNITIES TRUSTEE LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 SEPTEMBER 2021
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Total funds 2020 £
Income and endowments from:					
Charitable activities	3	-	3,501	3,501	3,501
Investments	4	-	397,895	397,895	441,056
Other income	5	-	14	14	471
Total income and endowments		-	401,410	401,410	445,028
Expenditure on:					
Raising funds	6	-	48,118	48,118	54,680
Charitable activities	7	-	1,780,458	1,780,458	1,451,016
Total expenditure		-	1,828,576	1,828,576	1,505,696
<i>Net gains on investments</i>	13	-	25,374	25,374	51,446
Net expenditure	9	-	(1,401,792)	(1,401,792)	(1,009,222)
Reconciliation of Funds					
Total funds brought forward	19	-	14,449,207	14,449,207	15,458,429
Total funds carried forward	19,20	-	13,047,415	13,047,415	14,449,207

The Statement of Financial Activities includes all gains and losses recognised in the year.
All incoming resources expended derive from continuing activities

The notes on pages 21 to 41 form part of the financial statements

BUILDING COMMUNITIES TRUSTEE LIMITED
STATEMENT OF FINANCIAL ACTIVITIES - PARENT CHARITY ONLY
FOR THE YEAR ENDED 30 SEPTEMBER 2021
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Total Funds 2020 £
Income and endowments from:					
Charitable activities	3	-	-	-	-
Investments	4	-	-	-	-
Other income	5	-	-	-	-
Total income and endowments		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditure on:					
Charitable activities	7	-	144	144	179
Total expenditure		<u>-</u>	<u>144</u>	<u>144</u>	<u>179</u>
Net movement in funds	9	-	(144)	(144)	(179)
Reconciliation of Funds					
Total funds brought forward	19	-	9,552	9,552	9,731
Total funds carried forward	19,20	<u>-</u>	<u>9,408</u>	<u>9,408</u>	<u>9,552</u>

The Statement of Financial Activities includes all gains and losses recognised in the year.
All incoming resources expended derive from continuing activities

The notes on pages 21 to 41 form part of the financial statements

BUILDING COMMUNITIES TRUSTEE LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2021

		2021		2020	
	Note	£	£	£	£
Fixed assets:					
Tangible assets	12		2,997		6,435
Investments	13		14,071,163		15,418,275
			14,074,160		15,424,710
Current assets:					
Debtors	15	24,027		9,241	
Cash at bank and in hand		279,438		283,604	
		303,465		292,845	
Liabilities:					
Creditors: Amounts falling due within one year	16	(807,296)		(1,268,348)	
Net current (liabilities)/assets			(503,831)		(975,503)
Total assets less current liabilities			13,570,329		14,449,207
Creditors: Amounts falling due after more than one year	17		(522,914)		-
Net assets	20		13,047,415		14,449,207
The funds of the charity:					
Restricted income funds	19		13,047,415		14,449,207
Total charity funds	20		13,047,415		14,449,207

These financial statements were approved by the Board of Directors/Trustees on 15/12/21



Graham Benfield
Chair

The notes on pages 21 to 41 form part of the financial statements

BUILDING COMMUNITIES TRUSTEE LIMITED
BALANCE SHEET – PARENT CHARITY ONLY
AS AT 30 SEPTEMBER 2021

		2021		2020
	Note	£	£	£
Current assets:				
Cash at bank and in hand		9,408		9,552
		<u>9,408</u>		<u>9,552</u>
 Net current assets			9,408	9,552
 Net assets	20		<u>9,408</u>	<u>9,552</u>
 The funds of the charity:				
Restricted income funds	19		<u>9,408</u>	<u>9,552</u>
Total charity funds	20		<u>9,408</u>	<u>9,552</u>

These financial statements were approved by the Board of Directors/Trustees on 15/12/21.



Graham Benfield
Chair

The notes on pages 21 to 41 form part of the financial statements

BUILDING COMMUNITIES TRUSTEE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

<u>Group</u>	Note	2021 £	2020 £
Net cash (used in) operating activities	26	<u>(1,774,547)</u>	<u>(1,326,958)</u>
<i>Cash flows from investing activities:</i>			
Dividends, interest and rents from investments		397,895	441,056
Proceeds from sale of investments		7,372,670	6,387,862
Purchase of property, plant and equipment		-	(7,068)
Purchase of investments		-	(942,253)
Net cash provided by investing activities		<u>7,770,565</u>	<u>5,879,597</u>
 Change in cash and cash equivalents in the reporting period		 5,996,018	 4,552,639
 Cash and cash equivalents at the beginning of the reporting period		 5,329,723	 777,085
 Cash and cash equivalents at the end of the reporting period	26	 <u>11,325,741</u>	 <u>5,329,724</u>

The notes on pages 21 to 41 form part of the financial statements

**BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the charity's financial statements.

Basis of Preparation

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006 and "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 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

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

No separate cash flow statement has been presented for the charity itself as the charity has taken advantage of the exemptions in paragraph 1.12 of FRS 102.

Rounding

Figures contained in the financial statements have been rounded to the nearest pound.

Basis of consolidation

The financial statements represent the consolidated financial position of the group. This comprises Building Communities Trustee Limited and Invest Local Trust. Invest Local Trust is a linked unincorporated charity of Building Communities Trustee Limited. Building Communities Trustee Limited is the corporate trustee of Invest Local Trust.

The financial statements are consolidated on a line-by-line basis and cover the consolidated financial position and transactions. All intra group transactions are eliminated on consolidation

Presentation of the accounts on a going concern basis

The parent charity reported a net outflow of £144 for the year. The group reported a net outflow of £1,401,792 for the year. The charity has no free reserves, however, from the Trust Deed between the charity and the Big Lottery, a proportion of the restricted funds will be used towards administrative costs whilst the charity is in existence. The trustees are of the view that that on this basis the charity is a going concern and there are no material uncertainties about the charity's ability to continue as a going concern.

Income

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

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. ACCOUNTING POLICIES

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. This is normally upon notification by our investment advisor of the dividend yield of the investment portfolio.

Income from 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. Capital grants are released to the SOFA in the year of receipt. Fixed assets relating to capital grants are capitalised, and depreciation charged is offset against the grant income, in a restricted fund.

It is not the policy of the charity to show incoming resources net of expenditure.

Expenditure

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

- Raising Funds is the cost of the management fees for the investment portfolio
- Expenditure on charitable activities includes all costs relating to the furtherance of the charity's objectives as stated in the Trustees report.

Expenditure includes any VAT which can not be fully recovered and is reported as part of the expenditure to which it relates.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

Support costs include central functions and have been allocated to activity cost category on a basis consistent with the use of resources.

Allocation and apportionment of costs

All costs are allocated between the expenditure categories on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis.

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. ACCOUNTING POLICIES

Gains and losses on investments

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening market value (or purchase date if later). Realised and unrealised gains are not separated in the Statement of Financial Activities.

Funds distributed

Funds distributed are payments made to third parties in the furtherance of the charitable objects of the charity. The funds are recognised where the trustees have agreed to pay the fund and the recipient has a reasonable expectation that they will receive the fund, provided they comply with the terms of the agreement.

Funds offered subject to terms and conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Costs of Generating Funds

Costs of Generating Funds are the investment management fees charged by CCLA for managing the investment portfolio.

Taxation

As registered charities, Building Communities Trustee Ltd and Invest Local Trust are entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010, sections 521-536 of the Income Tax Act 2007 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only.

Fixed assets

Fixed assets are initially recorded at cost. All assets costing more than £1,000 are capitalised and valued at fair value.

Depreciation is calculated so as to write off the cost of an asset, less its estimate residual value over the useful economic life of the asset as follows:

IT Equipment	- 3 years
Fixtures and Fittings	- 3 years
Leasehold Improvements	- 3 years

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. Gains and losses arising on the disposal of investments and the revaluation to fair value are charged or credited to the statement of financial activities in the year.

The main form of financial risk faced by the charity is the volatility in equity markets and investment markets due to wider economic conditions.

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. ACCOUNTING POLICIES

Impairment of fixed assets

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

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

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

The charity has investments which are initially recognised at transaction value and the subsequently value at fair value.

**BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

1. ACCOUNTING POLICIES

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

Derecognition of financial assets

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

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled

Funds

Unrestricted funds are available for use at the trustees' discretion for any purpose within the objects of the charity.

Restricted funds have been received with stipulation from the donor as to the purpose for which they may be used.

Designated funds are unrestricted funds earmarked by the management committee for particular purposes.

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. ACCOUNTING POLICIES

Transfers from restricted to unrestricted funds are made when the expending of the funds has fulfilled the terms of the restriction.

Operating Lease

The charity classifies the lease of a property as operating leases; Rental charges are charged on a straight line basis over the term of the lease.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities incorporating the income and expenditure account.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds	Restricted funds	Total 2021	Total 2020
<u>Group</u>	£	£	£	£
Grant income WCVA	-	3,501	3,501	3,501
	-	3,501	3,501	3,501

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

4. INCOME FROM INVESTMENTS

	Unrestricted funds	Restricted funds	Total 2021	Total 2020
<u>Group</u>	£	£	£	£
Interest earned on cash and cash instruments	-	652	652	3,160
Fixed interest from bonds	-	296,167	296,167	356,757
Dividends from equities	-	101,076	101,076	81,139
	-	397,895	397,895	441,056

5. INCOME FROM OTHER SOURCES

	Unrestricted funds	Restricted funds	Total 2021	Total 2020
<u>Group</u>	£	£	£	£
ILT acting as Fundholder Fee	-	14	14	471
	-	14	14	471

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted funds	Restricted funds	Total 2021	Total 2020
<u>Group</u>	£	£	£	£
Investment management fees	-	48,118	48,118	54,680
	-	48,118	48,118	54,680

There were no investment management fees for the charity.

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

7. EXPENDITURE ON CHARITABLE ACTIVITIES

<u>Group</u>	Funds distributed £	Programme support £	Learning & evaluation £	Governance £	Total 2021 £	Total 2020 £
Direct costs						
Funds distributed	1,334,162	-	-	-	1,334,162	1,024,137
Local programme promotion	-	-	-	-	-	120
Trustee costs	-	-	-	1,250	1,250	2,952
Protector	-	-	-	8,000	8,000	3,548
Evaluation and research	-	-	28,733	-	28,733	30,440
Shared learning & Advocacy	-	-	14,350	-	14,350	35,901
Salaries	-	156,100	85,738	19,994	261,832	232,881
Recruitment	-	-	-	-	-	1,754
Expenses	-	6,404	-	-	6,404	13,441
Support costs						
Rent and rates	-	7,364	3,794	-	11,158	10,111
Insurance	-	965	497	-	1,462	1,406
Printing, postage and stationery	-	645	332	-	977	1,882
Marketing and translation	-	3,784	1,949	-	5,733	3,654
Website	-	4,818	2,482	-	7,300	1,512
Telephones	-	4,721	2,432	-	7,153	10,473
IT	-	13,689	7,052	-	20,741	13,538
Repairs and renewals	-	1,126	580	-	1,706	3
Sundries	-	1,184	610	-	1,794	1,753
Training	-	1,363	702	-	2,065	780
Bank charges	-	235	121	-	356	368
Salaries	-	31,266	16,378	1,985	49,629	48,917
Recruitment	-	-	-	-	-	919
Legal fees	-	3,983	2,052	-	6,035	1,086
Audit	-	-	-	6,180	6,180	6,060
Depreciation	-	2,269	1,169	-	3,438	3,380
	1,334,162	239,916	168,971	37,409	1,780,458	1,451,016

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

7. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

	Programme support £	Learning & evaluation £	Total 2021 £	Total 2020 £
<u>Charity</u>				
Support costs				
Bank charges	95	49	144	144
Legal fees	-	-	-	35
	95	49	144	179

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

7. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

Fundholder	Fundholder	Funds distributed	Funds committed last year	Funds returned	Funds committed this year	Total 2021	Total 2020
		£	£	£	£	£	£
Caerau	Lynfi Valley Credit Union	134,750	(134,750)	-	-	-	17,363
	Invest Local Trust	14	(303)	-	-	(289)	(17,661)
Cefn Golau	Coalfields Regeneration Trust (Wales)	179,987	(36,653)	(5,018)	548,505	686,821	64,548
	Invest Local Trust	633	(32,470)	-	31,837	-	-
Glyn	CVSC	152,909	(37,765)	-	-	115,144	(243)
Hubberston and Hakin	Pembrokeshire Association of Voluntary Services	173,127	(76,512)	-	-	96,615	(2,879)
	Invest Local Trust	-	-	-	-	-	4,182
Llwynhendy	Menter Cwm Gwendraith Cyf	59,758	(59,758)	-	-	-	103,767
	Cartrefi Cymunedol Gwynedd	63,607	(63,607)	-	-	-	117,607
Maesgeirchen	Interlink (RCT)	28,744	(201,941)	-	173,197	-	-
Penywaun	White Rose Information and Resource Centre Ltd	-	(55,247)	-	55,247	-	-
Pillgwenlly	Pillgwenlly Millennium Trust Ltd	-	-	-	-	-	11,700
	Invest Local Trust	-	-	-	-	-	6,000
Plas Madoc	Pobl	144,560	(144,560)	-	-	-	250,715
	AVOW	115,607	(65,364)	-	351,783	402,026	-
Trowbridge and St Mellons	C3SC	-	-	-	-	-	-
Ynysowen	ACE	184,065	(184,065)	-	-	-	(153)
	Trinity Childcare and Family Centre Ltd	38,311	(141,797)	(1,514)	138,844	33,844	233,230
		<u>1,276,072</u>	<u>(1,234,792)</u>	<u>(6,532)</u>	<u>1,299,413</u>	<u>1,334,161</u>	<u>1,024,137</u>

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

7. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

Funds Distributed

	Total committed to date 2021 £	Total committed to date 2020
Invest local area		
Caerau	585,702	585,991
Cefn Golau	966,487	279,666
Clase	351,006	351,006
Glyn	216,644	101,500
Hubberston and Hakin	491,901	395,285
Llwynhendy	138,385	138,385
Maesgeirchen	386,886	386,886
Penywaun	290,106	290,106
Phillipstown	207,700	207,700
Pillgwenlly	288,065	288,064
Plas Madoc	908,220	506,194
Trowbridge and St Mellons	245,530	245,530
Ynysowen	323,784	290,297
	<u>5,400,416</u>	<u>4,066,610</u>

Governance costs

<u>Group</u>	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Trustees' expenses	-	462	462	2,567
Costs of meetings	-	788	788	385
Protector's fees	-	8,000	8,000	3,548
Staff costs	-	21,979	21,979	21,537
Audit fees	-	6,180	6,180	6,060
	<u>-</u>	<u>37,409</u>	<u>37,409</u>	<u>34,097</u>

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

8. AUDITORS REMUNERATION

Fees for examination of the accounts

<u>Group</u>	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Auditors fee	-	6,180	6,180	6,060
	<u>-</u>	<u>6,180</u>	<u>6,180</u>	<u>6,060</u>

9. NET EXPENDITURE FOR THE YEAR

This is stated after charging:

<u>Group</u>	2021 £	2020 £
Operating leases	-	9,485
Depreciation	3,438	3,381
Auditors remuneration: Audit fees	<u>6,180</u>	<u>6,060</u>

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

10. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL

	2021	2020
<u>Group</u>	£	£
Wages & salaries	266,101	241,913
Social security costs	21,798	19,114
Pension costs	23,562	20,771
	<u>311,461</u>	<u>281,798</u>

7 trustees (2020: 7) received £462 in expenses (2020: £2,567) during the year.

No trustee received any remuneration during the current or prior year.

No employee had employee benefits in excess of £60,000 (2020: none).

Key Management Personnel

The key management personnel of the group during the year were the Chief Executive and the Finance Manager. The total employment benefits including employer pension contributions of the key management personnel were £106,433 (2020: £105,815).

Charity

No trustees received reimbursement of expenses during the current and previous year.

No trustee received any remuneration during the current or prior year.

The charity had no employees, as all employees are employed by Invest Local Trust the subsidiary charity.

Key Management Personnel

The key management personnel of the charity during the year were the Chief Executive and the Finance Manager who are employed by Invest Local Trust.

The total employment benefits including employer pension contributions of the key management personnel were employed through Invest Local Trust.

11. STAFF NUMBERS

The average monthly number of staff employed during the year was as follows:

	Total 2021	Total 2020
<u>Group</u>	No	No
Office staff	<u>9</u>	<u>9</u>
	<u>9</u>	<u>9</u>

All employee time was involved in providing either support to the governance of the charity or support to charitable activities. There were no employees in the parent charity from February 2016.

Sickness absence data

The level of staff sickness was 56 days out of 1262 last financial year. Of these 56, 8 were bereavement days following loss of close relatives. In addition 3 staff reported catching Covid 19 during the year with 2 others taking off periods of sick leave with very similar symptoms but tests proving negative

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

12. FIXED ASSETS

Group	Fixtures & fittings £	Leasehold improvements £	IT Equipment £	Total £
Cost				
At 1 October 2020	1,490	1,560	35,652	38,702
Disposals	-	(1,560)	(11,666)	(13,226)
At 30 September 2021	<u>1,490</u>	<u>-</u>	<u>23,986</u>	<u>25,476</u>
Depreciation				
At 1 October 2020	1,490	1,560	29,217	32,267
Charge for year	-	-	3,438	3,438
Disposals	-	(1,560)	(11,666)	(13,226)
At 30 September 2021	<u>1,490</u>	<u>-</u>	<u>20,989</u>	<u>22,479</u>
Net book value				
30 September 2021	<u>-</u>	<u>-</u>	<u>2,997</u>	<u>2,997</u>
30 September 2020	<u>-</u>	<u>-</u>	<u>6,435</u>	<u>6,435</u>
Charity				
Cost				
At 1 October 2020	1,490	1,560	12,666	15,716
Disposals	-	(1,560)	(11,666)	(13,226)
At 30 September 2021	<u>1,490</u>	<u>-</u>	<u>1,000</u>	<u>2,490</u>
Depreciation				
At 1 October 2020	1,490	1,560	12,666	15,716
Disposals	-	(1,560)	(11,666)	(13,226)
At 30 September 2021	<u>1,490</u>	<u>-</u>	<u>1,000</u>	<u>2,490</u>
Net book value				
30 September 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
30 September 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

13. FIXED ASSETS INVESTMENTS

<u>Group</u>	2021 £	2020 £
Market value 1 October 2020	10,372,157	15,766,320
Investment additions	-	942,253
Investment disposals	(7,372,670)	(6,387,862)
Net gain on revaluation	25,374	51,446
Fair value at 30 September 2021	3,024,861	10,372,157
 Cash held on deposit at 30 September 2021	 11,046,302	 5,046,118
Total investments	14,071,163	15,418,275

Net cash released from investments was £1,540,000 (2020: £940,000).

	£	£
Investments by type		
Equity	3,024,861	2,715,367
Fixed interest	-	7,656,790
Cash	11,046,302	5,046,118
	14,071,163	15,418,275

All investments are held in £ sterling.

All assets are carried at fair value. The basis of fair value for quoted investments is equivalent to market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transition value). Full details of the Trustee investment policy is detailed in the Trustees Report.

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

14. LINKED CHARITY

The charity is the corporate Trustee of Invest Local Trust, charity number 1164509-1 – registered 23 November 2015, trust deed dated 30 March 2015. The objects of the charity are:

- Promotion of social inclusion (as defined in this clause);
- Prevention or relief of poverty;
- Promotion of urban or rural regeneration of areas of social and economic deprivation;
- Development of the capacity and skills of members of socially and economically or socially disadvantaged communities in such a way that they are better able to identify and help meet their own needs and to participate more fully in society;
- Advancement and encouragement of amateur sport for the purposes of healthy recreation; and:
- Provision of facilities for recreation and other leisure pursuits in the interests of social welfare in order to improve the conditions of life of members of the public in each case for the benefit of the public. "the promotion of social inclusion" means preventing people becoming socially excluded, relieving the needs of those people who are socially excluded and assisting them to integrate into society.

A summary of the results are shown below:

	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Total funds 2020 £
Income and endowments from:				
Charitable activities	-	3,501	3,501	3,501
Investments	-	397,895	397,895	441,056
Other	-	14	14	471
Total income and endowments	-	401,410	401,410	445,028
Expenditure on:				
Raising funds	-	48,118	48,118	54,680
Charitable activities	-	1,780,314	1,780,314	1,450,837
Total expenditure	-	1,828,432	1,828,432	1,505,517
Net gains on investments	-	25,374	25,374	51,446
Net income/(expenditure)	-	(1,401,648)	(1,401,648)	(1,009,043)
Reconciliation of Funds				
Total funds brought forward	-	14,439,655	14,439,655	15,448,698
Total funds carried forward	-	13,038,007	13,038,007	14,439,655
Balance Sheet			2021	2020
			£	£
Fixed assets			2,997	6,435
Investments			14,071,163	15,418,275
Debtors			24,027	9,241
Cash at bank			270,030	274,052
Liabilities			(1,330,210)	(1,268,348)
			13,038,007	14,439,655
Restricted reserves			13,038,007	14,439,655

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

15. DEBTORS

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Prepayments	2,369	2,949	-	-
Accrued income	21,658	6,292	-	-
	<u>24,027</u>	<u>9,241</u>	<u>-</u>	<u>-</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Trade creditors	9,491	4,976	-	-
Social security and other taxation	6,551	6,260	-	-
Accruals	14,754	22,320	-	-
Funding Commitments	776,500	1,234,792	-	-
	<u>807,296</u>	<u>1,268,348</u>	<u>-</u>	<u>-</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Funding Commitments	522,914	-	-	-
	<u>522,914</u>	<u>-</u>	<u>-</u>	<u>-</u>

18. FINANCIAL INSTRUMENTS

	2021 £	2020 £
<u>Group</u>		
Carrying amount of financial assets		
Investments measured at fair value	14,071,163	15,418,275
<u>Charity</u>		
Carrying amount of financial assets		
Investments measured at fair value	-	-

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

19. RESTRICTED FUNDS

	At 1 October 2020	Income	Expenditure	Gains/ (losses)	At 30 September 2021
Group	£	£	£	£	£
Big Lottery fund	10,314,223	-	(1,776,943)	-	8,537,280
Other Income	-	3,515	(3,515)	-	-
Investment income	4,134,984	397,895	(48,118)	25,374	4,510,135
	<u>14,449,207</u>	<u>401,410</u>	<u>(1,828,576)</u>	<u>25,374</u>	<u>13,047,415</u>

Charity

Big Lottery fund	9,552	-	(144)	-	9,408
	<u>9,552</u>	<u>-</u>	<u>(144)</u>	<u>-</u>	<u>9,408</u>

Previous year

	At 1 October 2019	Income	Expenditure	Gains/ (losses)	At 30 September 2020
Group	£	£	£	£	£
Big Lottery fund	11,761,267	-	(1,447,044)	-	10,314,223
Other Income	-	3,972	(3,972)	-	-
Investment income	3,697,162	441,056	(54,680)	51,446	4,134,984
	<u>15,458,429</u>	<u>445,028</u>	<u>(1,505,696)</u>	<u>51,446</u>	<u>14,449,207</u>

Charity

Big Lottery fund	9,731	-	(179)	-	9,552
	<u>9,731</u>	<u>-</u>	<u>(179)</u>	<u>-</u>	<u>9,552</u>

Restricted funds were received specifically to carry out the objects of both charities.

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

<u>Group</u>	Unrestricted £	Restricted £	Total £
Fixed assets	-	2,997	2,997
Investments	-	14,071,163	14,071,163
Current assets	-	303,465	303,465
Current liabilities	-	(807,296)	(807,296)
Long term liabilities	-	(522,914)	(522,914)
	-	<u>13,047,415</u>	<u>13,047,415</u>
<u>Charity</u>			
Current assets	-	9,408	9,408
	-	<u>9,408</u>	<u>9,408</u>
<u>Previous year</u>			
<u>Group</u>	Unrestricted £	Restricted £	Total £
Fixed assets	-	6,435	6,435
Investments	-	15,418,275	15,418,275
Current assets	-	292,845	292,845
Current liabilities	-	(1,268,348)	(1,268,348)
	-	<u>14,449,207</u>	<u>14,449,207</u>
<u>Charity</u>			
Current assets	-	9,552	9,552
	-	<u>9,552</u>	<u>9,552</u>

21. OPERATING LEASES

<u>Group</u>	Total 2021 £	Total 2020 £
Due less than one year	-	3,162
	<u>-</u>	<u>3,162</u>

22. COMPANY STATUS

The organisation is a company limited by guarantee and does not have any share capital.

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

23. RELATED PARTY TRANSACTIONS

At 30 September 2021 £462 was owed to trustees for expenses (2020: £414).

24. PENSION COSTS

We offer staff the opportunity to contribute to a private pension of the employee's choice. The charity's contribution is based on 10% of the employee's basic salary with the minimum contribution from the employee being 3% (gross). During the year the company paid contributions for 8 employees (2020: 9). In May 2020 all eligible employees were auto enrolled into the charity's auto enrolment pension with the People's Pension. It is for the individual employees to decide which of the pensions offered by the charity is most suitable for them.

Contributions paid into a defined contribution pension scheme during the period were £23,562 (2020: £20,771).

25. INVEST LOCAL TRUST PROTECTOR

Protector fees of £8,000 were payable (2020: £3,548).

26. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

<u>Group</u>	<u>Note</u>	2021 £	2020 £
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)		(1,401,792)	(1,009,222)
<i>Adjustments for:</i>			
Depreciation		3,438	3,380
(Gains)/losses on revalued fixed assets		(25,374)	(51,446)
Dividends, interest and rents from investments		(397,895)	(441,056)
(Increase)/decrease in debtors		(14,786)	47,225
Increase/(decrease) in creditors		61,862	124,161
Net cash (used in) operating activities		<u>(1,774,547)</u>	<u>(1,326,958)</u>
Analysis of Cash and Cash Equivalents			
Cash in hand		279,438	283,604
Cash held in dealing account	13	<u>11,046,302</u>	<u>5,046,118</u>
Total Cash and Cash Equivalents		<u>11,325,740</u>	<u>5,329,722</u>

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

27. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

Group	Unrestricted funds £	Restricted funds £	Total funds 2020 £
Income and endowments from:			
Charitable activities	-	3,501	3,501
Investments	-	441,056	441,056
Other income	-	471	471
Total income and endowments	-	445,028	445,028
Expenditure on:			
Raising funds	-	54,680	54,680
Charitable activities	-	1,451,016	1,451,016
Total expenditure	-	1,505,696	1,505,696
Net gains on investments	-	51,446	51,446
Net expenditure	-	(1,009,222)	(1,009,222)
Reconciliation of Funds			
Total funds brought forward	-	15,458,429	15,458,429
Total funds carried forward	-	14,449,207	14,449,207
 Charity			
Income and endowments from:			
Charitable activities	-	-	-
Investments	-	-	-
Other income	-	-	-
Total income and endowments	-	-	-
Expenditure on:	-		
Charitable activities	-	179	179
Total expenditure	-	179	179
Net movement in funds	-	(179)	(179)
Reconciliation of Funds			
Total funds brought forward	-	9,731	9,731
Total funds carried forward	-	9,552	9,552

