

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 2023

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

BUILDING COMMUNITIES TRUSTEE LIMITED

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**BUILDING COMMUNITIES TRUSTEE LIMITED
PROTECTOR'S REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

INVEST LOCAL TRUST (ILT)

2023 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 twelve 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 thirteen 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 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 2023

BUILDING COMMUNITIES TRUSTEE LIMITED
GROUP REPORT OF THE TRUSTEES INCLUDING STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 2023 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.

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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.

There is also evidence that active community measures can significantly mitigate the impact of poverty and social disadvantage, suggesting that community action can serve to reduce as well as mitigate the impacts of poverty.

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

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

- It provides long term support to a small number of communities through two funding programmes: Invest Local launched in 2015 and the Community Anchor development programme launched in June this year (i.e. 2023).
- It supports those communities to assess and act on their self-identified needs and priorities.
- 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 plans with each community with an emphasis on co-production and co-design principles.
- We seek to maintain good relationships with other local stakeholders, including other voluntary organisations working in the area, local authorities, and housing associations, to ensure complementarity and avoid contrary or duplicate actions.
- In addition, we support the chosen communities and organisations to share their learning and experiences, building a larger network of communities that have been involved in similar programmes.

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- The programme is informed by long-term and on-going evaluation. The first formal evaluation report from Invest Local was published in February 2020; the next is due in winter of 2023. The Community Anchor Development Programme will have a four-year evaluation starting in spring 2024
- BCT also works to amplify the voice of community organisations and use their experiences to impact on Welsh Government policies in relation to local poverty mitigation and community action.

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 Driving Change phase of Invest Local, 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.

The Community Anchor Development Programme will award one off grants of £150,000 to organisations identified as "community anchors" in areas suffering socio-economic deprivation to help them address long term challenges. Decisions on which bidders to fund are also made by Trustees based on information provided by staff. This programme has resulted in BCT developing systems for more orthodox competitive funding bids.

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 subgroups and the full Board.

The principal risks relate to the nature of the Invest Local programme and its delivery and legacy and to the management of the investment.

These have been:

- The substantial disruption to all elements of the programme from initially Covid and then the cost-of-living crisis. This has slowed down many other elements of work and we are virtually certain will require the programme to extend beyond 2027 to allow all areas to spend out their £1m grants. To manage this, we have allocated sufficient budget to allow staff support to be in place until 2029.
- The management of the endowment. Significant changes were made to the management of the endowment; earlier this year the charity shifted the portfolio to make a substantial investment into new fixed income products which bring more predictable returns than equities. Our predicted portfolio returns are now, however, higher than they were a year ago and this has allowed to both fund the new Community Anchor Development Programme and retain a sizeable contingency fund.

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- **Staff retention.** We have faced some limited staff turnover this year but are now looking ahead to the risks associated with losing staff due to the charity's inevitable closedown as a "spend out" endowment. The organisation is putting in place personal development programmes to equip staff for life beyond BCT and are carrying out a benchmarking exercise to ensure salaries are competitive with the upper ends of market benchmarks.
- **Ensuring that Invest Local in particular leaves behind a sustainable legacy.** This is a risk both for the 13 communities in which the programme operates and in terms of the longer-term learning. For the former, BCT has put in place a substantial budget for training, mentoring and development to support that and are developing a clear plan to taper support out from areas rather than leave a "cliff edge" where BCT leaves with the funding. For the latter, while the second evaluation report is about to be published there is much learning to still draw from the programme (including another formal report due in 2027). Equally as important as learning will be its comprehensible dissemination, and BCT is finalising a communications strategy alongside its existing five-year strategy and has doubled the communication budget to give us the best chance of doing this.

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 seventh where the Charity has been fully established and working at full capacity.

In terms of funding, all 13 communities within the Invest Local programme have now had agreement to Driving Change plans to fund work agreed by local communities based on the consultation they have undertaken.

Although a small number of areas have long-term plans which take them to the end of their spending under the programme in 2025-26, for most areas their plans expired during Covid and only two areas have replaced with new ones since the pandemic.

Many Invest Local areas have made slower progress than expected over the last year for a range of reasons: these have included prioritising cost of living responses, the difficulties getting larger capital projects off the ground and challenges re-engaging volunteers after Covid. However, on the flip side, a number of communities are developing large scale asset acquisition projects which could entrench sustained community action within their localities for the foreseeable future.

The dominant feature of the first half of the year (i.e. winter 2022-23) remained the cost-of-living crisis. This led to a prioritisation of short-term initiatives including "warm spaces", an extension of emergency food projects and greater access to advice services. The impacts of the crisis lessened from the spring onwards but are returning now. This means that Invest Local areas have almost all continued to carry out short-term emergency response work with both food projects and initiatives supporting wellbeing among people suffering the impacts of firstly isolation and then plummeting real incomes.

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After two years of preparation BCT launched the Community Anchor Development Programme in June. Based on extensive learning from Invest Local about the importance of local community assets the programme aims to support around 10 community anchor organisations to strengthen their work with a mix of funding, professional support and peer learning over a four-year period. The programme will be evaluated to ensure all relevant learning is drawn out and disseminated.

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. We have also retained our links to like-minded organisations in England around discussions on a Community Wealth Fund. We have also encouraged communities to share local responses to the Cost-of-Living Crisis and run events in tandem with local authorities and others to promote local cross sectoral work, as well as a major event showcasing the community response to the cost-of-living crisis in the Senedd in May.

The programme evaluator has supported both BCT and the Invest Local communities throughout the year. This has included detailed work on the processes used within Invest Local across the entire programme. The evaluator also completed a review of Invest Local areas' responses to Covid.

FINANCIAL REVIEW

Overview

Building Communities Trustees Limited total income for the year was £1 (2022: £NIL). Expenditure for the year was £178 (2022: £179), restricted reserves at the year-end were £9,051, of which £NIL was invested in fixed assets. Reserves excluding fixed assets were £9,051.

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 £268,651 (2020: £52,504). The increase in the investment income is due to the rising interest rates during the year.

Total expenditure for Invest Local Trust was £2,048,724 (2022: £1,070,149) and restricted reserves at the year-end were £10,172,125 (2022: £11,709,719).

Total expenditure for both charities in the year was £2,048,902 (2022: £1,070,328), of which £1,469,602 (2022: £614,895) was direct funding to areas, £267,986 (2022: £237,180) on delivery to the areas and £268,682 (2022: £179,406) on shared learning, evaluation and policy and advocacy.

All areas are now in the Driving Change Phase with no Getting Going funding sitting with Fundholders.

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 which, due to the delays caused by Covid, has been extended to 14 years. The appropriate liquidity and cash flows is required to support a 14-year spend down with a portfolio structured to provide a total return over time greater than that available on cash deposits.

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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, the trustees took the decision 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.

During July 2021, after advice from CCLA, the trustees took the decision to sell the remaining portfolio of bonds. All of the cash held in the portfolio was transferred to the Charity Deposit Fund account. This account is held outside of the portfolio and is managed by Invest Local Trust, therefore reducing the fees paid to CCLA.

A further decision was taken by the trustees to transfer the equities to accumulated dividend equities. This had an instant impact on the budget as with accumulated equities no cash dividends are received. The income will only be realised on the sale of the shares. This decision was taken as there is no requirement for additional cashflow in the short term.

Since that decision, the high inflation rates and the ongoing conflict in Ukraine have seen interest rates increase at levels not seen since 2008. With higher interest rates available for cash holdings, the trustees took the decision to reduce risk further and sold £2,932,128 of the equities and transferred this money into a fixed deposit accumulated fund.

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 £9,051 at 30 September 2023, of which £NIL is invested in fixed assets.

Invest Local Trust held total funds of £10,172,125: this is an expendable endowment to be spent by March 2029. To achieve this, we have an indicative 6-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 remains in a financially sound position despite some recent losses in the value of the endowment but the external challenges that the charity’s partners and grantees face are substantial and still unfolding, and the development of a new programme makes our work more complex.

Our top priority over the next year will be supporting the 13 Invest Local communities to develop longer term strategies for their work thinking, especially of sustainability and to support the roll out of the new Community Anchor programme.

All of this will take place in environments where many members of local communities are under substantial financial and mental health pressure, seriously affecting the work of the organisation we support.

We will also prioritise advocacy work trying to secure new streams of funding for community action from new, the wave of dormant assets in Wales and ensuring that community voices are heard by Welsh Government during this debate.

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We will also seek to enhance opportunities and capacity of Invest Local areas, and Community Anchor programme participants to network and learn from their peers. Some of this will remain online given the significantly enhanced opportunities that have merged using virtual meetings since March 2020, and some will be face-to-face.

BCT will also seek to strengthen learning across wider community initiatives in Wales and using our role as a national organisation to build bridges across different geographies and types of community initiative.

Trustees are also aware that while BCT's funding will take the organisation to 2029, the charity has a finite future. With this in mind it is already starting preparation for closing down the organisation in a managed and responsible way and will ensure as it does so all legal responsibilities to funders, beneficiaries, staff and the regulator are met.

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 14 and minimum of four trustees. On 30 September 2022 there were 10 Trustees, which included one founding Trustee (one Trustee has resigned since 30 September).

A further recruitment process for new Trustees will be undertaken in the winter of 2023-24 (the new ones were recruited last winter).

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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 6 and 22.

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 and sufficient to retain staff. In October 2023 the Trustees removed the non-consolidated flat rate payment of £2,000 a head and applied an 8% increase on the consolidated pay.

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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	Britannia House Caerphilly Business Park Caerphilly CF83 3GG
Trustees	David Dallimore - Chair Dr Eva Elliot - Chair Programme sub-committee Joanne Oak - Chair Finance and General Purposes Committee Professor Kent Matthews Dewi Llwyd Evans – Resigned 26 October 2023 Hannah Thorn – Appointed 03 January 2023 Casy Edwards -Appointed 03 January 2023 William Jenkins – Appointed 03 January 2023 Martin Blakebrough Graham Benfield Carol Green – Resigned 25 August 2023
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 Brindley Place 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 2023**

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



David Dallimore
Chair

Date 19/12/23

**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 2023 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 2023, 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 work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

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.



John Howard

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 16-1-2024

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 2023
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Total funds 2022 £
Income and endowments from:					
Charitable activities	3	-	7,100	7,100	3,501
Investments	4	-	268,652	268,652	52,504
Other income	5	-	92	92	389
Total income and endowments		<u>-</u>	<u>275,844</u>	<u>275,844</u>	<u>56,394</u>
Expenditure on:					
Charitable activities	6	-	2,048,902	2,048,902	1,070,328
Total expenditure		<u>-</u>	<u>2,048,902</u>	<u>2,048,902</u>	<u>1,070,328</u>
<i>Net (losses)/gains on investments</i>	12	-	224,295	224,295	(303,542)
Net expenditure	8	-	(1,548,763)	(1,548,763)	(1,317,476)
Reconciliation of Funds					
Total funds brought forward	18	-	11,729,939	11,729,939	13,047,415
Total funds carried forward	18,19	<u>-</u>	<u>10,181,176</u>	<u>10,181,176</u>	<u>11,729,939</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
STATEMENT OF FINANCIAL ACTIVITIES - PARENT CHARITY ONLY
FOR THE YEAR ENDED 30 SEPTEMBER 2023
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted funds £	Restricted funds £	Total funds 2023 £	Total Funds 2022 £
Income and endowments from:					
Charitable activities	3	-	-	-	-
Investments	4	-	1	1	-
Other income	5	-	-	-	-
Total income and endowments		<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Expenditure on:					
Charitable activities	6	-	179	179	179
Total expenditure		<u>-</u>	<u>179</u>	<u>179</u>	<u>179</u>
Net movement in funds	8	-	(178)	(178)	(179)
Reconciliation of Funds					
Total funds brought forward	18	-	9,229	9,229	9,408
Total funds carried forward	18,19	<u>-</u>	<u>9,051</u>	<u>9,051</u>	<u>9,229</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 2023

		2023		2022	
	Note	£	£	£	£
Fixed assets:					
Tangible assets	11		4,386		5,004
Investments	12		<u>11,164,227</u>		<u>12,342,629</u>
			11,168,613		12,347,633
Current assets:					
Debtors	14	30,302		14,093	
Cash at bank and in hand		<u>742,972</u>		<u>651,452</u>	
		773,274		665,545	
Liabilities:					
Creditors: Amounts falling due within one year	15	<u>(1,285,148)</u>		<u>(871,961)</u>	
Net current (liabilities)/assets			<u>(511,874)</u>		<u>(206,416)</u>
Total assets less current liabilities			10,656,739		12,141,217
Creditors: Amounts falling due after more than one year	16		<u>(475,563)</u>		<u>(411,278)</u>
Net assets	19		<u>10,181,176</u>		<u>11,729,939</u>
The funds of the charity:					
Restricted income funds	18		<u>10,181,176</u>		<u>11,729,939</u>
Total charity funds	19		<u>10,181,176</u>		<u>11,729,939</u>

These financial statements were approved by the Board of Directors/Trustees on 15/12/23



David Dallimore
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 2023

		2023		2022	
	Note	£	£	£	£
Current assets:					
Cash at bank and in hand		<u>9,051</u>		<u>9,229</u>	
		<u>9,051</u>		<u>9,229</u>	
Net current assets			9,051		9,229
Net assets	19		<u>9,051</u>		<u>9,229</u>
The funds of the charity:					
Restricted income funds	18		<u>9,051</u>		<u>9,229</u>
Total charity funds	19		<u>9,051</u>		<u>9,229</u>

These financial statements were approved by the Board of Directors/Trustees on 15/12/23



David Dallimore
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 2023

<u>Group</u>	Note	2023 £	2022 £
Net cash (used in) operating activities	25	<u>(1,578,249)</u>	<u>1,100,789</u>
<i>Cash flows from investing activities:</i>			
Dividends, interest and rents from investments		268,652	52,504
Proceeds from sale of investments		2,932,128	-
Purchase of property, plant and equipment		(1,580)	(4,693)
Purchase of investments		<u>(2,932,128)</u>	<u>(2,000,000)</u>
Net cash provided by investing activities		<u>267,072</u>	<u>(1,952,189)</u>
 Change in cash and cash equivalents in the reporting period		 (1,311,177)	 (3,052,978)
 Cash and cash equivalents at the beginning of the reporting period		 8,272,762	 11,325,740
 Cash and cash equivalents at the end of the reporting period	25	 <u>6,961,585</u>	 <u>8,272,762</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 2023**

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 £179 for the year. The group reported a net outflow of £1,317,476 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 2023

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 2023**

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 2023**

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 2023**

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 2023

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 2023	Total 2022
<u>Group</u>	£	£	£	£
Grant income WCVA	-	3,501	3,501	3,501
Social Care Wales	-	3,599	3,599	-
	<u>-</u>	<u>7,100</u>	<u>7,100</u>	<u>3,501</u>

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

4. INCOME FROM INVESTMENTS

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
<u>Group</u>				
Interest earned on cash and cash instruments	-	268,652	268,652	47,910
Dividends from equities	-	-	-	4,594
	<u>-</u>	<u>268,652</u>	<u>268,652</u>	<u>52,504</u>
	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
<u>Charity</u>				
Interest earned on cash and cash instruments	-	1	1	-
	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>

5. INCOME FROM OTHER SOURCES

	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
<u>Group</u>				
Insurance claim	-	-	-	389
Event income	-	92	92	-
	<u>-</u>	<u>92</u>	<u>92</u>	<u>389</u>

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

6. EXPENDITURE ON CHARITABLE ACTIVITIES

<u>Group</u>	Funds distributed £	Programme support £	Learning & evaluation £	Governance £	Total 2023 £	Total 2022 £
Direct costs	1,469,602	-	-	-	1,469,602	614,895
Funds distributed	-	-	-	-	-	370
Community anchor development	-	847	-	-	847	2,193
Trustee costs	-	-	-	2,861	2,861	8,000
Protector	-	-	-	8,000	8,000	37,169
Evaluation and research	-	-	68,101	-	68,101	8,967
Shared learning & Advocacy	-	-	33,908	-	33,908	268,331
Salaries	-	179,676	116,521	22,237	318,434	4,569
Recruitment	-	-	1,941	-	1,941	19,109
Expenses	-	19,880	-	-	19,880	-
Support costs	-	-	-	-	-	-
Rent and rates	-	5,605	4,229	-	9,834	5,808
Insurance	-	1,013	764	-	1,777	1,712
Printing, postage and stationery	-	832	628	-	1,460	1,568
Marketing and translation	-	1,433	1,081	-	2,514	1,086
Website	-	276	208	-	484	3,663
Telephones	-	3,021	2,279	-	5,300	3,540
IT	-	214	6,147	-	8,296	12,546
Repairs and renewals	-	197	149	-	346	1,512
Sundries	-	961	725	-	1,686	2,293
Training	-	4,524	3,413	-	7,937	4,526
Bank charges	-	208	157	-	365	360
Salaries	-	31,926	23,799	2,322	58,047	47,588
Recruitment	-	-	-	-	-	2,013
Legal fees	-	8,185	3,687	-	11,872	9,500
Audit	-	-	-	7,212	7,212	6,324
Depreciation	-	1,253	945	-	2,198	2,686
	1,469,602	261,986	268,682	42,632	2,042,902	1,070,328

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

7. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

<u>Charity</u>	Programme support £	Learning & evaluation £	Governance	Total 2023 £	Total 2022 £
Support costs					
Bank charges	-	82	62	144	144
Legal fees	-	20	15	35	35
	-	102	77	179	179

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

7. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

Fundholder	Fundholder	Funds distributed £	Funds committed last year £	Funds returned £	Funds committed this year £	Total 2023 £	Total 2022 £
Invest Local Area							
Caerau	Lynfi Valley Credit Union	-	-	-	-	-	(26,630)
	Invest Local Trust	1,093	-	-	-	1,093	-
	BAVO	36,750	-	-	-	36,750	97,293
Cefn Golau	Coalfields Regeneration Trust (Wales)	88,655	(456,155)	-	367,500	-	-
Clase	SCVS	-	-	-	-	-	49,398
	Invest Local Trust	44,279	(31,837)	-	31,837	44,279	-
Glyn	CVSC	88,629	(223,153)	-	134,524	-	222,243
Hubberston and Hakin	Pembrokeshire Association of Voluntary Services	92,505	-	-	314,400	406,905	98,170
	Menter Cwm Gwendraith Cyf	202,650	-	-	-	202,650	4,000
Llwynhendy	Adra (Cartrefi Cymunedol Gwynedd)	81,319	(162,639)	-	81,319	(1)	185,340
Maesgeirchen	Interlink (RCT)	15,750	(102,454)	-	102,454	15,750	1
Penywaun	White Rose Information and Resource Centre Ltd	-	-	-	-	-	(1,693)
Phillipstown	Invest Local Trust	40,000	-	-	-	40,000	-
	Pobl	15,750	-	-	-	15,750	-
Pillgwenlly	AVOW	78,174	(273,609)	-	195,435	-	(13,223)
Pias Madoc	ACE	224,598	-	(40,889)	506,967	690,676	-
Trowbridge and St Mellons	Trinity Childcare and Family Centre Ltd	15,750	-	-	-	15,750	-
Ynysowen		1,025,902	(1,249,847)	(40,889)	1,734,436	1,469,602	614,895

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

6 EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

Funds Distributed

	Total committed to date 2023 £	Total committed to date 2022
Invest local area		
Caerau	694,207	656,365
Cefn Golau	966,487	966,487
Clase	444,682	400,404
Glyn	438,886	499,019
Hubberston and Hakin	996,975	590,070
Llwynhendy	345,035	142,385
Maesgeirchen	572,225	572,225
Penywaun	305,856	290,106
Phillipstown	246,006	206,006
Pillgwenlly	303,815	288,065
Plas Madoc	894,997	894,997
Trowbridge and St Mellons	936,206	245,530
Ynysowen	339,534	323,784
	<u>7,484,911</u>	<u>6,075,443</u>

Governance costs

<u>Group</u>	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Trustees' expenses	-	832	832	338
Costs of meetings	-	820	820	204
Trustees training	-	-	-	1,650
Trustee recruitment	-	901	901	-
IT costs	-	308	308	-
Protector's fees	-	8,000	8,000	8,000
Staff costs	-	24,559	24,559	22,331
Audit fees	-	7,212	7,212	6,324
	<u>-</u>	<u>42,632</u>	<u>42,632</u>	<u>38,847</u>

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

7. AUDITORS REMUNERATION

Fees for examination of the accounts

<u>Group</u>	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £
Auditors fee	-	7,212	7,212	6,324
	-	7,212	7,212	6,324

8. NET EXPENDITURE FOR THE YEAR

This is stated after charging:

<u>Group</u>	2023 £	2022 £
Operating leases	9,834	5,808
Depreciation	2,198	2,686
Auditors remuneration: Audit fees	7,212	6,324

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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9. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL

	2023	2022
<u>Group</u>	£	£
Wages & salaries	330,054	272,141
Social security costs	28,148	22,853
Pension costs	18,279	20,925
	<u>376,481</u>	<u>315,919</u>

7 trustees (2022: 4) received £832 in expenses (2022: £338) during the year.

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

No employee had employee benefits in excess of £60,000 (2022: 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 £116,177 (2022: £108,517).

Charity

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

The emoluments of one member of staff, including benefits in kind, are within the range of £60,000 to £69,999 (2022 –Nil)

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.

10. STAFF NUMBERS

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

	Total 2023	Total 2022
<u>Group</u>	No	No
Office staff	10	9
	<u>10</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.

BUILDING COMMUNITIES TRUSTEE LIMITED
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11. FIXED ASSETS

Group	Fixtures & fittings £	IT Equipment £	Total £
Cost			
At 1 October 2022	1,490	15,411	16,901
Additions	-	1,580	1,580
Disposals	-	(2,034)	(2,034)
At 30 September 2023	<u>1,490</u>	<u>14,957</u>	<u>16,447</u>
Depreciation			
At 1 October 2022	1,490	10,407	11,897
Charge for year	-	2,198	2,198
Disposals	-	(2,034)	(2,034)
At 30 September 2023	<u>1,490</u>	<u>10,571</u>	<u>12,061</u>
Net book value			
30 September 2023	<u>-</u>	<u>4,386</u>	<u>4,386</u>
30 September 2022	<u>-</u>	<u>5,004</u>	<u>5,004</u>
Charity			
Cost			
At 1 October 2022	1,490	1,000	2,490
At 30 September 2023	<u>1,490</u>	<u>1,000</u>	<u>2,490</u>
Depreciation			
At 1 October 2022	1,490	1,000	2,490
At 30 September 2023	<u>1,490</u>	<u>1,000</u>	<u>2,490</u>
Net book value			
30 September 2023	<u>-</u>	<u>-</u>	<u>-</u>
30 September 2022	<u>-</u>	<u>-</u>	<u>-</u>

BUILDING COMMUNITIES TRUSTEE LIMITED
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FOR THE YEAR ENDED 30 SEPTEMBER 2023

12. FIXED ASSETS INVESTMENTS

<u>Group</u>	2023 £	2022 £
Market value 1 October 2022	4,721,319	3,024,861
Investment additions	2,932,128	2,000,000
Investment disposals	(2,932,128)	-
Net (loss)/gain on revaluation	224,295	(303,542)
Fair value at 30 September 2023	4,945,614	4,721,319
 Cash held on deposit at 30 September 2023	 6,218,613	 7,621,310
Total investments	11,164,227	12,342,629

Net cash released from investments was £1,655,000 (2022: £1,480,000).

Investments by type	£	£
Equity	2,012,324	4,721,319
Fixed interest	2,933,290	-
Cash	6,218,613	7,621,310
	11,164,227	12,342,629

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
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13. 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 2023 £	Total funds 2022 £
Income and endowments from:				
Charitable activities	-	7,100	7,100	3,501
Investments	-	268,651	268,651	52,504
Other	-	92	92	389
Total income and endowments	-	275,843	275,843	56,394
Expenditure on:				
Charitable activities	-	2,048,723	2,048,723	1,070,149
Total expenditure	-	2,048,723	2,048,723	1,070,149
Net losses/gains on investments	-	224,295	224,295	(303,542)
Net income/(expenditure)	-	(1,548,585)	(1,548,585)	(1,317,297)
Reconciliation of Funds				
Total funds brought forward	-	11,720,710	11,720,710	13,038,007
Total funds carried forward	-	10,172,125	10,172,125	11,720,710
Balance Sheet			2023	2022
			£	£
Fixed assets			4,386	5,004
Investments			11,164,227	12,342,629
Debtors			30,302	14,093
Cash at bank			733,921	642,223
Liabilities			(1,760,711)	(1,283,239)
			10,172,125	11,720,710
Restricted reserves			10,172,125	11,709,710

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

14. DEBTORS

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Prepayments	2,963	3,103	-	-
Accrued income	27,339	10,990	-	-
	30,302	14,093	-	-

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Trade creditors	9,907	18,942	-	-
Other creditors	1,206	-	-	-
Social security and other taxation	8,166	7,550	-	-
Accruals	6,996	6,901	-	-
Funding Commitments	1,258,873	838,568	-	-
	1,285,148	871,961	-	-

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

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Funding Commitments	475,563	411,278	-	-
	475,563	411,278	-	-

17. FINANCIAL INSTRUMENTS

	2023 £	2022 £
<u>Group</u>		
Carrying amount of financial assets		
Investments measured at fair value	11,164,227	12,342,629
<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 2023

18. RESTRICTED FUNDS

	At 1 October 2022	Income	Expenditure	Gains/ (losses)	At 30 September 2023
<u>Group</u>	£	£	£	£	£
Big Lottery fund	7,470,842	-	(2,041,710)	-	5,429,132
Other Income	-	7,192	(7,192)	-	-
Investment income	4,259,097	268,652	-	224,295	4,752,044
	<u>11,729,939</u>	<u>275,844</u>	<u>(2,048,902)</u>	<u>224,295</u>	<u>10,181,176</u>

Charity

Big Lottery fund	9,229	1	(179)	-	9,051
	<u>9,229</u>	<u>1</u>	<u>(179)</u>	<u>-</u>	<u>9,051</u>

Previous year

	At 1 October 2021	Income	Expenditure	Gains/ (losses)	At 30 September 2022
<u>Group</u>	£	£	£	£	£
Big Lottery fund	8,537,280	-	(1,066,438)	-	7,470,842
Other Income	-	3,890	(3,890)	-	-
Investment income	4,510,135	52,504	-	(303,542)	4,259,097
	<u>13,047,415</u>	<u>56,394</u>	<u>(1,070,328)</u>	<u>(303,542)</u>	<u>11,729,939</u>

Charity

Big Lottery fund	9,408	-	(179)	-	9,229
	<u>9,408</u>	<u>-</u>	<u>(179)</u>	<u>-</u>	<u>9,229</u>

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

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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19. ANALYSIS OF NET ASSETS BETWEEN FUNDS

<u>Group</u>	Unrestricted £	Restricted £	Total £
Fixed assets	-	4,386	4,386
Investments	-	11,164,227	11,164,227
Current assets	-	773,274	773,274
Current liabilities	-	1,285,148	1,285,148
Long term liabilities	-	475,563	475,563
	-	10,181,176	10,181,176

Charity

Current assets	-	9,051	9,051
	-	9,051	9,051

Previous year

<u>Group</u>	Unrestricted £	Restricted £	Total £
Fixed assets	-	5,004	5,004
Investments	-	12,342,629	12,342,629
Current assets	-	665,545	665,545
Current liabilities	-	(871,961)	(871,961)
Long term liabilities	-	(411,278)	(411,278)
	-	11,729,939	11,729,939

Charity

Current assets	-	9,229	9,229
	-	9,229	9,229

20. OPERATING LEASES

<u>Group</u>	Total 2023 £	Total 2022 £
Due less than one year	-	7,834
	-	7,834

21. 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 2023

22. RELATED PARTY TRANSACTIONS

At 30 September 2023 £nil was owed to trustees for expenses (2022: £nil).

There were no related transactions to note for the year ended 30 September 2023.

23. 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 5% (gross). The employees can also stay within the auto enrolment scheme with the People's Pension. The charity's contribution is 3% of qualifying earnings with a minimum contribution from the employee being 5% (gross). During the year the company paid contributions for 9 employees (2022: 12). In June 2023 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 £18,279 (2022: £23,562).

24. INVEST LOCAL TRUST PROTECTOR

Protector fees of £8,000 were payable (2022: £8,000).

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

<u>Group</u>	<u>Note</u>	<u>2023</u> <u>£</u>	<u>2022</u> <u>£</u>
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)		(1,548,763)	(1,317,476)
<i>Adjustments for:</i>			
Depreciation		2,198	2,686
(Gains)/losses on revalued fixed assets		(224,295)	303,542
Dividends, interest and rents from investments		(268,652)	(52,504)
(Increase)/decrease in debtors		(16,209)	9,934
Increase/(decrease) in creditors		477,472	(46,971)
Net cash (used in) operating activities		(1,578,249)	(1,100,789)
Analysis of Cash and Cash Equivalents			
Cash in hand		742,972	651,452
Cash held in dealing account	12	6,218,613	7,621,310
Total Cash and Cash Equivalents		6,961,585	8,272,762

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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26. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

Group	Unrestricted funds £	Restricted funds £	Total funds 2022 £
Income and endowments from:			
Charitable activities	-	3,501	3,501
Investments	-	52,504	52,504
Other income	-	389	389
Total income and endowments	-	56,394	56,394
Expenditure on:			
Raising funds	-	-	-
Charitable activities	-	1,070,328	1,070,328
Total expenditure	-	1,070,328	1,070,328
<i>Net (losses)/gains on investments</i>	-	(303,542)	(303,542)
Net expenditure	-	(1,317,476)	(1,317,476)
Reconciliation of Funds			
Total funds brought forward	-	13,047,415	13,047,415
Total funds carried forward	-	11,729,939	11,729,939
 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	-	9,408	9,408
Total funds carried forward	-	9,229	9,229

