

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 2020

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 2020**

The trustees present their report and financial statements for the year ended 31 March 2020.

The financial statements have been prepared in accordance with the accounting policies set out in the notes to the financial statements and comply 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)".

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.

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 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 will distribute funding through agreed community development plans with each community with an emphasis on co-production and co-design principles. These funds will 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 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.

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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 as a result 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 cause many Invest Local areas to focus on emergency support to people facing 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 arguably exacerbated by the difficulty in carrying out face to face community activities.

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Additional principle 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.
- The financial risks around the investment have, however, reduced by the decision to halve the degree of investment in equities, 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, should 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 fourth 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 substantially more funding and are based on plans drawn up by local communities based on the consultation they have undertaken. Five of the plans cover one year, seven covers two years and another one is for three years. Two areas are now onto their second plans which are both two year plans following initial one-year plans, representing a longer term focus.

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 acted as a conduit for organisations seeking to contribute to emerging policy work around the "Foundational Economy" in Wales and making links to like-minded organisations in England around discussions on a Community Wealth Fund. Furthermore, we have 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.

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 first formal three-year report on the programme was launched in February. Arrangements are being developed for more in-depth study on the impacts of the programme but they have been delayed by Lockdown and will be revived once a wider range of community activities are open again, currently assumed to be after Easter next year (2021).

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However, the dominant feature of the year has of course been COVID. At the point of Lockdown in mid-March (2020) none of the Invest Local communities nor BCT were prepared for local responses to a pandemic though some were already providing emergency food support. In the space of the first two weeks of Lockdown there was a rapid readjustment in the majority of Invest Local areas towards providing emergency support (food and medicine deliveries, sharing information at local level, and support with wellbeing activities for isolated people). Invest Local groups also made links with a wide range of other organisations – voluntary groups, businesses and local councils who were sharing in the work. To aid this BCT swiftly amended our funding processes to ensure local groups had easy access to unrestricted funds, stepped up networking initiatives and made sure community experiences were shared with government when needed.

The impact of COVID on the Invest Local programme has unsurprisingly been profound with a cessation of a wide range of routine community activities and a shift towards focusing on short term “emergency” type work. Some capital building work has picked up during the summer but any return to “normal” community meetings and activities is not expected until late spring 2021.

FINANCIAL REVIEW

Overview

Building Communities Trustees Limited total income for the year was £NIL (2019: £NIL). Expenditure for the year was £179 (2019: £822), restricted reserves at the year end were £9,552, of which £NIL was invested in fixed assets. Reserves excluding fixed assets were £9,552.

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 £441,056 (2019: £572,441).

Total expenditure for Invest Local Trust was £1,505,517 (2019: £2,341,137) and restricted reserves at the year end were £14,439,655 (2019: £15,448,698).

Total expenditure for both charities in the year was £1,505,696 (2019: £2,342,019), of which £1,024,137 (2019: £1,876,090) was direct funding to areas, £226,506 (2019: £256,496) on delivery to the areas and £166,276 (2019: £112,683) on shared learning and evaluation.

The direct funding to the communities can be further analysed as £31,041 for the Getting Going phase (2019: £45,604) and £993,096 for the Driving Change phase (2019: £1,830,486).

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 time 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%.

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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.
- However 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.

At the time of writing, the receipts from those sales are held in cash although fixed income investment opportunities are being investigated.

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.

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 of time. We record these funding commitments as creditors.

Reserves policy

Building Communities Trustee Limited had net restricted reserves of £9,552 at 30 September 2020, of which £NIL is invested in fixed assets.

Invest Local Trust held total funds of £14,439,655: this is an expendable endowment to be spent by January 2028. In order to achieve this we have an indicative 9 year budget to ensure that there is funding to cover Invest Local Trust’s day to day costs and long term objectives.

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PLANS FOR THE FUTURE

BCT's work has now firmly moved beyond the set up stage, not just as an organisation but more importantly in terms of its principle work, delivering the Invest Local programme. BCT's role as a networker and influencer for locally based community work is also more established though there is a long way to go.

And in common with every other charity, the biggest influence on BCT's work in 2019-20 has been the huge, unforeseen (by us), shock from COVID-19 and all its associated impacts. This has led to a virtual halt in the normal programmes of community support and development (though some capital works have restarted since the mid-summer) and a focus on emergency support within communities.

The necessary shift to a much wider use of virtual communication has, however, served to enhance networking between community groups even as participation in community activities *within* communities has reduced, driven by a "digital divide" driven by divergent levels of access to hardware and skills and confidence in using it.

On a wider level the central role of community organisations in providing mutual support during the first lockdown in spring 2020 has raised the profile of their work and ensured both greater recognition and wider funding, at least in the short term. That has also involved a greater role of the charity in amplifying community voices at national Welsh level.

All of this provides the backdrop for the charity's plans for the future.

During 2020-21 this looks likely to fall into two stages; the remaining period of surviving the virus, which will remain until the active circulation of the disease within the community has significantly receded, allowing "normal" indoor community activities to return, and then subsequently a recovery period.

During the first stage the charity will continue to ensure that Invest Local communities are equipped to provide emergency support (including enhanced remote networking and third party COVID recovery funding) and prepare to exit from virus related restrictions safely.

During this same period our wider networking and influencing work will look to enhance sharing practice across community organisations in Wales and look to build upon new types of working relationships between community groups and public bodies which have developed during the pandemic.

During the second stage - which we currently assume will be from summer 2021 onwards - the charity anticipates supporting local communities to return to more normal community activities which are consistent with the health guidance in place at the time.

We will also seek to build stronger networks of community-based projects both to enhance peer learning and further work in influencing wide policy and practice.

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 summer 2021 as health regulations allow.

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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 2019 there were 10 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
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FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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	Baltic House Mount Stuart Square Cardiff CF10 5FH
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 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 Dumfries House Dumfries Place Cardiff, CF10 3ZF
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 2020**

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 19/12/20

**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 “Charity”) for the year ended 30 September 2020 which comprise the Group and the Parent Charity Statement of Financial Activities, the Group and the Parent Charity Balance Sheet, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charity’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 Charity’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 Charity’s members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the Group’s and the Parent Charity’s affairs as at 30 September 2020 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees’ use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group’s and the Parent Charity’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the strategic report and the directors' 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 the Parent Charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report including the Strategic Report.

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

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

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

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out on page 10, the trustees 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 they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the Group and the Parent Charity'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 and the Parent Charity or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities]. This description forms part of our auditor's report.

Sarah Case

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

Date16-02-2021.....

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 2020
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Total funds 2019 £
Income and endowments from:					
Charitable activities	3	-	3,501	3,501	3,531
Investments	4	-	441,056	441,056	572,441
Other income	5	-	471	471	2,494
Total income and endowments		<u>-</u>	<u>445,028</u>	<u>445,028</u>	<u>578,466</u>
Expenditure on:					
Raising funds	6	-	54,680	54,680	51,008
Charitable activities	7	-	1,451,016	1,451,016	2,291,011
Total expenditure		<u>-</u>	<u>1,505,696</u>	<u>1,505,696</u>	<u>2,342,019</u>
<i>Net gains on investments</i>	13	-	51,446	51,446	414,407
Net expenditure	9	-	(1,009,222)	(1,009,222)	(1,349,146)
Reconciliation of Funds					
Total funds brought forward	19	-	15,458,429	15,458,429	16,807,575
Total funds carried forward	19,20	<u>-</u>	<u>14,449,207</u>	<u>14,449,207</u>	<u>15,458,429</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 19 to 39 form part of the financial statements

BUILDING COMMUNITIES TRUSTEE LIMITED
STATEMENT OF FINANCIAL ACTIVITIES - PARENT CHARITY ONLY
FOR THE YEAR ENDED 30 SEPTEMBER 2020
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)

	Note	Unrestricted funds £	Restricted funds £	Total funds 2020 £	Total Funds 2019 £
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	-	179	179	822
Total expenditure		<u>-</u>	<u>179</u>	<u>179</u>	<u>822</u>
Net movement in funds	9	-	(179)	(179)	(822)
Reconciliation of Funds					
Total funds brought forward	19	-	9,731	9,731	10,553
Total funds carried forward	19,20	<u>-</u>	<u>9,552</u>	<u>9,552</u>	<u>9,731</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 19 to 39 form part of the financial statements

BUILDING COMMUNITIES TRUSTEE LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2019

	Note	2020		2019	
		£	£	£	£
Fixed assets:					
Tangible assets	12		6,435		2,747
Investments	13		<u>15,418,275</u>		<u>15,983,039</u>
			15,424,710		15,985,786
Current assets:					
Debtors	15	9,241		56,466	
Cash at bank and in hand		<u>283,604</u>		<u>560,365</u>	
		292,845		616,831	
Liabilities:					
Creditors: Amounts falling due within one year	16	<u>(1,268,348)</u>		<u>(977,935)</u>	
Net current (liabilities)/assets			<u>(975,503)</u>		<u>(361,104)</u>
Total assets less current liabilities			14,449,207		15,624,682
Creditors: Amounts falling due after more than one year	17		-		(166,253)
Net assets	20		<u>14,449,207</u>		<u>15,458,429</u>
The funds of the charity:					
Restricted income funds	19		<u>14,449,207</u>		<u>15,458,429</u>
Total charity funds	20		<u>14,449,207</u>		<u>15,458,429</u>

These financial statements were approved by the Board of Directors/Trustees on 19/12/20



Graham Benfield
Chair

The notes on pages 19 to 39 form part of the financial statements

**BUILDING COMMUNITIES TRUSTEE LIMITED
BALANCE SHEET – PARENT CHARITY ONLY
AS AT 30 SEPTEMBER 2020**

	Note	2020		2019	
		£	£	£	£
Current assets:					
Cash at bank and in hand		<u>9,552</u>		<u>9,731</u>	
		<u>9,552</u>		<u>9,731</u>	
Net current assets			9,552		9,731
Net assets	20		<u>9,552</u>		<u>9,731</u>
The funds of the charity:					
Restricted income funds	19		<u>9,552</u>		<u>9,731</u>
Total charity funds	20		<u>9,552</u>		<u>9,731</u>

These financial statements were approved by the Board of Directors/Trustees on 19/12/20


Graham Benfield
Chair

The notes on pages 19 to 39 form part of the financial statements

BUILDING COMMUNITIES TRUSTEE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

<u>Group</u>	Note	2020 £	2019 £
Net cash (used in) operating activities	26	<u>(1,326,958)</u>	<u>(1,424,969)</u>
<i>Cash flows from investing activities:</i>			
Dividends, interest and rents from investments		441,056	572,441
Proceeds from sale of investments		6,387,862	2,177,473
Purchase of property, plant and equipment		(7,068)	(615)
Purchase of investments		<u>(942,253)</u>	<u>(1,974,621)</u>
Net cash provided by investing activities		<u>5,879,597</u>	<u>774,678</u>
Change in cash and cash equivalents in the reporting period		4,552,639	(650,291)
Cash and cash equivalents at the beginning of the reporting period		777,085	1,427,376
Cash and cash equivalents at the end of the reporting period	26	<u>5,329,724</u>	<u>777,085</u>

The notes on pages 19 to 39 form part of the financial statements

**BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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 £1,009,222 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 2020

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 2020**

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 2020**

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 2020

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 2020

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

<u>Group</u>	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
WCVA	-	3,501	3,501	3,531
	-	3,501	3,501	3,531

**BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

4. INCOME FROM INVESTMENTS

<u>Group</u>	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Interest earned on cash and cash instruments	-	3,160	3,160	3,485
Fixed interest from bonds	-	356,757	356,757	355,196
Dividends from equities	-	81,139	81,139	213,760
	-	441,056	441,056	572,441

5. INCOME FROM OTHER SOURCES

<u>Group</u>	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Other income	-	-	-	240
ILT acting as Fundholder Fee	-	471	471	2,254
	-	471	471	2,494

6. EXPENDITURE ON RAISING FUNDS

<u>Group</u>	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Investment management fees	-	54,680	54,680	51,008
	-	54,680	54,680	51,008

There were no investment management fees for the charity.

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

7. EXPENDITURE ON CHARITABLE ACTIVITIES

<u>Group</u>	Funds distributed £	Programme support £	Learning & evaluation £	Governance £	Total 2020 £	Total 2019 £
Direct costs						
Funds distributed	1,024,137	-	-	-	1,024,137	1,876,090
Local programme promotion	-	120	-	-	120	641
Trustee costs	-	-	-	2,952	2,952	8,167
Protector	-	-	-	3,548	3,548	10,000
Evaluation	-	-	30,440	-	30,440	23,388
Shared learning	-	-	35,901	-	35,901	22,183
Salaries	-	147,715	65,623	19,543	232,881	219,521
Recruitment	-	869	885	-	1,754	-
Expenses	-	13,441	-	-	13,441	26,596
Support costs						
Rent and rates	-	6,673	3,438	-	10,111	13,260
Insurance	-	928	478	-	1,406	1,419
Printing, postage and stationery	-	1,242	640	-	1,882	3,202
Marketing and translation	-	2,412	1,242	-	3,654	2,299
Website	-	998	514	-	1,512	2,112
Telephones	-	6,912	3,561	-	10,473	8,117
IT	-	8,935	4,603	-	13,538	12,687
Repairs and renewals	-	2	1	-	3	5
Sundries	-	1,157	596	-	1,753	2,284
Training	-	515	265	-	780	2,160
Bank charges	-	243	125	-	368	383
Salaries	-	30,817	16,143	1,957	48,917	47,993
Recruitment	-	579	303	37	919	-
Legal fees	-	717	369	-	1,086	132
Audit	-	-	-	6,060	6,060	5,940
Depreciation	-	2,231	1,149	-	3,380	2,432
	1,024,137	226,506	166,276	34,097	1,451,016	2,291,011

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

7. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

<u>Charity</u>	Programme support £	Learning & evaluation £	Total 2020 £	Total 2019 £
Support costs				
Bank charges	95	49	144	144
Legal fees	23	12	35	35
Depreciation	-	-	-	643
	118	61	179	822

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

7. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)
Fundholder

Invest Local Area	Fundholder	Funds distributed	Funds committed last year	Funds returned	Funds committed this year	Total 2020	Total 2019
		£	£	£	£	£	£
Caerau	Lynfi Valley Credit Union	156,009	(272,937)	(459)	134,750	17,363	-
	Invest Local Trust	6,597	(24,561)	-	303	(17,661)	37,576
	Llynfi Valley Credit Union	-	-	-	-	-	272,937
Cefn Golau Clase	Coalfields Regeneration Trust (Wales)	27,895	-	-	36,653	64,548	143,581
	Swansea and Brecon Diocesan Board for Social Responsibility	-	-	-	-	-	(2,092)
Glyn	SCVS	30,364	(30,364)	-	-	-	64,823
	Invest Local Trust	14,268	(46,738)	-	32,470	-	273,900
	CVSC	44,716	(82,481)	(243)	37,765	(243)	85,631
	Pembrokeshire Association of Voluntary Services	56,346	(132,858)	(2,879)	76,512	(2,879)	260,227
Llwynhendy	Invest Local Trust	20,816	(16,634)	-	-	4,182	24,113
	Menter Cwm Gwendraith Cyf	44,009	-	-	59,758	103,767	-
Maesgeirchen	Cartrefi Cymunedol Gwynedd	91,290	(37,290)	-	63,607	117,607	(5,901)
	Interlink (RCT)	66,203	(268,144)	-	201,941	-	27419
Phillipstown	White Rose Information and Resource Centre Ltd	-	(55,247)	-	55,247	-	190,099
	Pilligwenilly Millennium Trust Ltd	11,700	-	-	-	11,700	13,876
Plas Madoc	Invest Local Trust	6,000	-	-	-	6,000	-
	Pobl	106,155	-	-	144,560	250,715	-
	AVOW	78,773	(144,137)	-	65,364	-	195,450
Trowbridge and St Mellons	C3SC	-	-	(153)	-	(153)	7,801
	ACE	49,165	-	-	184,065	233,230	-
Ynysowen	Trinity Childcare and Family Centre Ltd	94,164	-	-	141,797	235,961	41,650
		904,470	(1,111,391)	(3,734)	1,234,792	1,024,137	1,876,090

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

7. EXPENDITURE ON CHARITABLE ACTIVITIES (continued)

Funds Distributed

	Total committed to date 2020 £	Total committed to date 2019
Invest local area		
Caerau	585,991	586,289
Cefn Golau	279,666	215,118
Clase	351,006	351,006
Glyn	101,500	101,743
Hubberston and Hakin	395,285	398,164
Llwynhendy	138,385	32,070
Maesgeirchen	386,886	269,279
Penywaun	290,106	290,106
Phillipstown	207,700	207,700
Pillgwenlly	288,064	19,650
Plas Madoc	506,194	506,194
Trowbridge and St Mellons	245,530	12,453
Ynysowen	290,297	53,979
	<u>4,066,610</u>	<u>3,043,751</u>

Governance costs

<u>Group</u>	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Trustees' expenses	-	2,567	2,567	4,350
Advert for new trustees	-	-	-	520
Costs of meetings	-	385	385	3,297
Protector's fees	-	3,548	3,548	10,000
Staff costs	-	21,537	21,537	21,634
Audit fees	-	6,060	6,060	5,940
	<u>-</u>	<u>34,097</u>	<u>34,097</u>	<u>45,741</u>

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

8. AUDITORS REMUNERATION

Fees for examination of the accounts

<u>Group</u>	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Auditors fee	-	6,060	6,060	5,940
	-	6,060	6,060	5,940
 <u>Charity</u>				
Other services - taxation	-	-	-	(180)
	-	-	-	(180)

9. NET EXPENDITURE FOR THE YEAR

This is stated after charging:

<u>Group</u>	2020 £	2019 £
Operating leases	9,485	12,647
Depreciation	3,381	2,432
Auditors remuneration: Audit fees	6,060	5,940
 <u>Charity</u>		
Depreciation	-	643

BUILDING COMMUNITIES TRUSTEE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

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

<u>Group</u>	2020	2019
	£	£
Wages & salaries	241,913	226,779
Social security costs	19,114	18,041
Pension costs	20,771	22,694
	281,798	267,514

7 trustees (2019: 7) received £2,567 in expenses (2019: £4,350) during the year.

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

No employee had employee benefits in excess of £60,000 (2019: 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 £105,815 (2019: £103,619).

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:

<u>Group</u>	Total 2020	Total 2019
	No	No
Office staff	9	10
	9	10

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 during 2019-20 was 1.9 which was based on 24 days lost out of 1,262. Of those 24 days, 17 were bereavement related following the death of parents. Excluding bereavements the rate was 0.55%

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12. FIXED ASSETS

<u>Group</u>	Fixtures & fittings £	Leasehold improve- ments £	IT Equipment £	Total £
Cost				
At 1 October 2019	1,490	1,560	28,584	31,634
Additions	-	-	7,068	7,068
At 30 September 2020	<u>1,490</u>	<u>1,560</u>	<u>35,652</u>	<u>38,702</u>
Depreciation				
At 1 October 2019	1,490	1,560	25,837	28,887
Charge for year	-	-	3,380	3,380
At 30 September 2020	<u>1,490</u>	<u>1,560</u>	<u>29,217</u>	<u>32,267</u>
Net book value				
30 September 2020	<u>-</u>	<u>-</u>	<u>6,435</u>	<u>6,435</u>
30 September 2019	<u>-</u>	<u>-</u>	<u>2,747</u>	<u>2,747</u>
Charity				
Cost				
At 1 October 2019	1,490	1,560	23,064	26,114
Disposals	-	-	(10,398)	(10,398)
At 30 September 2020	<u>1,490</u>	<u>1,560</u>	<u>12,666</u>	<u>15,716</u>
Depreciation				
At 1 October 2019	1,490	1,560	23,064	26,114
Disposals	-	-	(10,398)	(10,398)
At 30 September 2020	<u>1,490</u>	<u>1,560</u>	<u>12,666</u>	<u>15,716</u>
Net book value				
30 September 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
30 September 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

BUILDING COMMUNITIES TRUSTEE LIMITED
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13. FIXED ASSETS INVESTMENTS

<u>Group</u>	2020 £	2019 £
Market value 1 October 2019	15,766,320	15,554,765
Investment additions	942,253	1,974,621
Investment disposals	(6,387,862)	(2,177,473)
Net gain on revaluation	51,446	414,407
Fair value at 30 September 2020	10,372,157	15,766,320
Cash held on deposit at 30 September 2020	5,046,118	216,719
Total investments	15,418,275	15,983,039

Net cash released from investments was £1,540,000 (2019: £940,000).

Investments by type	£	£
Equity	2,715,367	6,454,263
Fixed interest	7,656,790	9,312,057
Cash	5,046,118	216,719
	15,418,275	15,983,039

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.

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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 2020 £	Total funds 2019 £
Income and endowments from:				
Charitable activities	-	3,501	3,501	3,531
Investments	-	441,056	441,056	572,441
Other	-	471	471	2,494
Total income and endowments	-	445,028	445,028	578,466
Expenditure on:				
Raising funds	-	54,680	54,680	51,008
Charitable activities	-	1,450,837	1,450,837	2,290,189
Total expenditure	-	1,505,517	1,505,517	2,341,197
Net gains on investments	-	51,446	51,446	414,407
Net income/(expenditure)	-	(1,009,043)	(1,009,043)	(1,348,324)
Reconciliation of Funds				
Total funds brought forward	-	15,448,698	15,448,698	16,797,022
Total funds carried forward	-	14,439,655	14,439,655	15,448,698
Balance Sheet			2020	2019
			£	£
Fixed assets			6,435	2,747
Investments			15,418,275	15,983,039
Debtors			9,241	56,466
Cash at bank			274,052	550,634
Liabilities			(1,268,348)	(1,144,188)
			14,439,655	15,448,698
Restricted reserves			14,439,655	15,448,698

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15. DEBTORS

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Prepayments	2,949	2,846	-	-
Accrued income	<u>6,292</u>	<u>53,620</u>	<u>-</u>	<u>-</u>
	<u>9,241</u>	<u>56,466</u>	<u>-</u>	<u>-</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Trade creditors	4,976	8,616	-	-
Social security and other taxation	6,260	4,754	-	-
Accruals	22,320	19,427	-	-
Funding Commitments	<u>1,234,792</u>	<u>945,138</u>	<u>-</u>	<u>-</u>
	<u>1,268,348</u>	<u>977,935</u>	<u>-</u>	<u>-</u>

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

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Funding Commitments	<u>-</u>	<u>166,253</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>166,253</u>	<u>-</u>	<u>-</u>

18. FINANCIAL INSTRUMENTS

	2020 £	2019 £
Group		
Carrying amount of financial assets		
Investments measured at fair value	15,418,275	15,983,039
Charity		
Carrying amount of financial assets		
Investments measured at fair value	-	-

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19. RESTRICTED FUNDS

	At 1 October 2019	Income	Expenditure	Gains/ (losses)	At 30 September 2020
<u>Group</u>	£	£	£	£	£
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>
 <u>Charity</u>					
Big Lottery fund	9,731	-	(179)	-	9,552
	<u>9,731</u>	<u>-</u>	<u>(179)</u>	<u>-</u>	<u>9,552</u>
 <i>Previous year</i>					
	At 1 October 2018	Income	Expenditure	Gains/ (losses)	At 30 September 2019
<u>Group</u>	£	£	£	£	£
Big Lottery fund	14,046,253	-	(2,284,986)	-	11,761,267
Other Income	-	6,025	(6,025)	-	-
Investment income	2,761,322	572,441	(51,008)	414,407	3,697,162
	<u>16,807,575</u>	<u>578,466</u>	<u>(2,342,019)</u>	<u>414,407</u>	<u>15,458,429</u>
 <u>Charity</u>					
Big Lottery fund	10,553	-	(822)	-	9,731
	<u>10,553</u>	<u>-</u>	<u>(822)</u>	<u>-</u>	<u>9,731</u>

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

BUILDING COMMUNITIES TRUSTEE LIMITED
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20. ANALYSIS OF NET ASSETS BETWEEN FUNDS

<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>-</u>	<u>14,449,207</u>	<u>14,449,207</u>
<u>Charity</u>			
Current assets	-	9,552	9,552
	<u>-</u>	<u>9,552</u>	<u>9,552</u>
<i>Previous year</i>			
<u>Group</u>	Unrestricted £	Restricted £	Total £
Fixed assets	-	2,747	2,747
Investments	-	15,983,039	15,983,039
Current assets	-	616,831	616,831
Current liabilities	-	(977,935)	(977,935)
Long term liabilities	-	(166,253)	(166,253)
	<u>-</u>	<u>15,458,429</u>	<u>15,458,429</u>
<u>Charity</u>			
Current assets	-	9,731	9,731
	<u>-</u>	<u>9,731</u>	<u>9,731</u>

21. OPERATING LEASES

<u>Group</u>	Total 2020 £	Total 2019 £
Due less than one year	3162	-
Due after one year	-	-
	<u>3162</u>	<u>-</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
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23. RELATED PARTY TRANSACTIONS

At 30 September 2020 £414 was owed to trustees for expenses (2019: £1,203).

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 9 employees (2019: 7). 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 £20,771 (2019: £22,694).

25. INVEST LOCAL TRUST PROTECTOR

Protector fees of £3,548 were payable (2019: £10,000).

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

<u>Group</u>	Note	2020 £	2019 £
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)		(1,009,222)	(1,349,146)
<i>Adjustments for:</i>			
Depreciation		3,380	2,432
(Gains)/losses on revalued fixed assets		(51,446)	(414,407)
Dividends, interest and rents from investments		(441,056)	(572,441)
(Increase)/decrease in debtors		47,225	(639)
Increase/(decrease) in creditors		124,161	909,232
Net cash (used in) operating activities		<u>(1,326,958)</u>	<u>(1,424,969)</u>
Analysis of Cash and Cash Equivalents			
Cash in hand		283,604	560,365
Cash held in dealing account	13	5,046,118	216,719
Total Cash and Cash Equivalents		<u>5,329,722</u>	<u>777,084</u>

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27. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

<u>Group</u>	Unrestricted funds £	Restricted funds £	Total funds 2019 £
Income and endowments from:			
Charitable activities	-	3,531	3,531
Investments	-	572,441	572,441
Other income	-	2,494	2,494
Total income and endowments	-	578,466	578,466
Expenditure on:			
Raising funds	-	51,008	51,008
Charitable activities	-	2,291,011	2,291,011
Total expenditure	-	2,342,019	2,342,019
<i>Net gains on investments</i>	-	414,407	414,407
Net expenditure	-	(1,349,146)	(1,349,146)
Reconciliation of Funds			
Total funds brought forward	-	16,807,575	16,807,575
Total funds carried forward	-	15,458,429	15,458,429
<u>Charity</u>	Unrestricted funds £	Restricted funds £	Total funds 2019 £
Income and endowments from:			
Charitable activities	-	-	-
Investments	-	-	-
Other income	-	-	-
Total income and endowments	-	-	-
Expenditure on:			
Charitable activities	-	822	822
Total expenditure	-	822	822
Net movement in funds	-	(822)	(822)
Reconciliation of Funds			
Total funds brought forward	-	10,553	10,553
Total funds carried forward	-	9,731	9,731

