

The Building Change Trust

Annual Report and Financial Statements

Year ended 31 December 2011

The Building Change Trust

Annual Report and Financial Statements

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The Building Change Trust

Reference and administrative information

Trustee	Building Change Trust Limited
Trustee Directors	W B Osborne J McVey M Meehan M J McCarthy A M McGeeney B Bigger W R Gamble M Monaghan Dr J Harrison R Moore
Protector	M Wilson
Address	Community House City Link Business Park Albert Street Belfast BT12 4HQ
Bankers	First Trust Bank 31 – 35 High Street Belfast BT1 2AL
Investment Managers	Quilter & Company Limited Montgomery House 29 – 33 Montgomery Street Belfast BT1 4NX
Solicitors	Cleaver Fulton Rankin 50 Bedford Street Belfast BT2 7FW
Auditors	KPMG Stokes House 17 - 25 College Square East Belfast BT1 6DH
HM Revenue & Customs Charity Number	XT11390

The Building Change Trust

Report of the Trustee

The Trustee presents the annual report and financial statements of the Trust for the year ended 31 December 2011. The financial statements have been prepared in accordance with the accounting policies set out in note 1 and comply with the trust deed, the relevant legislation and the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005).

Structure, governance and management

The Trust is recognised as a charity by HM Revenue and Customs, number XT11390, and is constituted under a trust deed dated 12 December 2008. The Trust was established by the Big Lottery Fund and the Building Change Trust Limited and was awarded £10 million to be spent over 10 years to 31 December 2018 on helping to develop and shape the future of Northern Ireland's voluntary and community sector.

The sole corporate trustee is the Building Change Trust Limited, a company limited by guarantee in Northern Ireland. Power to appoint and remove trustees has been assigned to the Protector, Michael Wilson, under the terms of the trust deed. The Trustee shall ensure that proper consideration is given and proper advice is obtained in relation to the performance or discharge of its functions. In the exercise of its functions the Trustee shall have regard to governance material provided by the Big Lottery Fund.

The Trustee has delegated the day to day management of the Trust, by way of a service level agreement, to the Community Foundation for Northern Ireland in accordance with the trust deed. The Trust has no direct employees.

Trustee directors, induction and training

The trustee directors who held office during the year were as follows:

W B Osborne
J McVey
M Meehan
A M McGeeney
M J McCarthy
W R Gamble
B Bigger
M Monaghan
E A Keys (resigned 11 January 2011)
P Osborne (resigned 24 January 2011)
R Moore (appointed 31 March 2011)
Dr J Harrison (appointed 1 July 2011)

The trustee directors are volunteers giving freely of their time, experience and knowledge.

The Building Change Trust believes in creating the necessary environment and providing appropriate support to enable trustee directors to make a positive contribution to the work of the Trust.

Trustee directors come from a variety of backgrounds, some are nominees of the original bid partners, others have been openly recruited and others appointed by the Big Lottery Fund.

In terms of induction and training, the Trust is committed to:

- Supplying trustee directors with the governing documents for both the Trust and the trustee company;
- Circulating minutes of previous Board and sub group meetings for information purposes;
- Adhering to Trust policies and procedures in respect of registering interests and potential conflicts; and

The Building Change Trust

Report of the Trustee (*continued*)

Trustee directors, induction and training (*continued*)

- Providing additional support on a case by case basis, including governance training provided by CIPFA, meetings with the Trust Administrator, Investment Managers and other specialist advisors.

The Trust has developed an ad hoc sub group to consider issues pertaining to Trust administration and Chairperson remuneration. This sub group will, during 2012, also consider other issues including recruitment, induction and training of trustee directors.

Risk management

The Trustee has considered the major risks to which the Trust is exposed and has produced a risk register in respect of these. The Trustee has reviewed those risks and established systems and procedures to manage those risks.

The Trustee considers variability of investment returns on the grant received from the Big Lottery Fund to constitute the Trust's major financial risk, and recent volatility in world stock markets has demonstrated this risk. The Trustee has delegated risk management for investments to a third party, Quilter, in accordance with the trust deed. A low risk strategy has been adopted. Performance reviews and portfolio measurement are provided on a quarterly basis, with a review of the investment policy statement and the investment management agreement occurring annually.

The major operational risks identified by the Trustee are as follows:

- Fraud and/or misappropriation of funds received from the Big Lottery Fund
- Failure to comply with the trust deed and memorandum and articles of association
- Failure of delivery agents to deliver as required
- Delay in development and implementation of Trust activity

The appointment of the Protector, to ensure the integrity of the administration of the Trust and the propriety of its procedures, is designed to mitigate many of the operational risks outlined above. A Manual of Regulations is in place which specifies the procedures to be followed. Good planning and clear contractual arrangements, coupled with close monitoring of each project during implementation should ensure that grantee organisations and the Trust Administrator deliver as required. To avoid any delay in the development and implementation of Trust activity the Trust has provided clear direction and autonomy to the Administrator to develop further proposals and plans around the development of a Strategic Programme.

Powers of the Protector

In addition to appointing and removing Trustees, the Protector has the power to:

- receive notice of, attend and speak at all meetings of trustee directors, as well as any other body to whom the Trustee has delegated its function of making awards;
- make any necessary amendments to the trust deed to enable the Trust Fund to be administered properly; and
- consult with the Big Lottery Fund on any matters relating to the Trust.

The Building Change Trust

Report of the Trustee (*continued*)

Objectives and activities for the public benefit

The objectives of the Trust are to make awards for charitable purposes for:

- the development, for the public benefit, of the capacity and skills of the members of socially and economically disadvantaged communities in Northern Ireland in such a way that they are better able to identify, and help meet, their needs and to participate more fully in society;
- the promotion, for the public benefit, of the voluntary sector, the efficiency and effectiveness of charities and the effective use of charitable resources in Northern Ireland; and
- the advancement, for the public benefit, of citizenship and community development in Northern Ireland and thereby increase opportunities for volunteering, enhance the identification and support of best practice and good governance in the voluntary sector and the development of skills of persons working in the voluntary sector and enable organisations to work effectively together for the benefit of the community.

The Trust is satisfying these objectives by expending Trust funds in a number of ways including:

- commissioning programmes of work such as Collaboration NI;
- grant aid to individual projects including the original bid partners and others through Exploring Change and Deliver Change awards;
- the development and delivery of an Added Value Programme to support grant recipients and others with respect to issues of change and transformation in the community and voluntary sector;
- a partnership with Charity Bank resulting in grant aid of £1 million from the Trust to underpin a programme of deposit raising, loan making and investment readiness support for the sector.

The Trust is currently engaged in strategy and programme planning for its next phase of activity for the period 2012 – 2015.

Grant making policy

The Trustee has established its grant making policy to achieve its objectives to develop Northern Ireland's voluntary and community sector. In establishing The Building Change Trust, the Big Lottery Fund recognised that the Trust will need to evolve over time so that it remains fresh and innovative and relevant to Northern Ireland society. Grants, 'Building Change Awards', should only be made available to formally constituted groups or organisations, on projects carried out on a not for profit basis. Building Change Awards are 'revenue' grants and should not be used on significant expenditure for capital items. In considering an application, the quality of the application should be the overriding determining factor in any grant award decision. Support and guidance should be available to potential applicants in completing an application for a Building Change Award. Any recipients of Building Change Awards should benefit from ongoing advice and support over the life of their project to assist them achieve their goals; this should be tailored to the needs of each award recipient.

Exploring Change Awards

It was originally conceived that during the period 2010 – 2012, the Trust would make up to 60 Exploring Change awards up to a maximum of £20,000 per award. Each award intended to enable recipients to complete a project exploring options for change and future sustainability in the context of making a contribution to one or more of the Trust's aims. The funding allocation for this venture had been estimated at £1.2m for the awards programme with an accompanying evaluation and support programme.

The Building Change Trust

Report of the Trustee (*continued*)

Grant making policy (*continued*)

In mid 2011 the Trust suspended Phase 3 of the Exploring Change Awards programme and later in the year decided to terminate both Exploring Change and Deliver Change Awards with the intention of replacing them with a new initiative in 2012.

The Trust expects to announce a new initiative in Spring 2012 which will aim to encourage, identify and invest in a number of the most exciting and innovative change projects of benefit to the community and voluntary sector across Northern Ireland.

Deliver Change Awards

It was originally conceived that during the period 2010 – 2013, the Trust would make up to 20 Deliver Change awards up to an indicative maximum of £50,000 per award. Each award intended to enable recipients to implement change for future sustainability in the context of making a contribution to one or more of the Trust's aims. The Trust anticipated that these awards would be for more substantial projects where initial and exploratory work on change had been completed and clear change actions had been identified and could be implemented. The funding allocation attributed to this programme had been £1m, with an accompanying evaluation and support programme.

The Trust anticipates that any new initiative to replace the Exploring Change and Deliver Change Awards will have the flexibility to consider, amongst others, further progression of project ideas originally invested in through the original programme.

Permanent loan fund

The Building Change Trust is committed to establishing a permanent loan fund for the Northern Ireland community and voluntary sector, and in 2011 made the second and final instalment of the £1 million grant to Charity Bank. It recognises that now and in the future, the sector will operate in a time of reduced and constrained funding and that innovation and changes in funding and financing arrangements are both inevitable and desirable. The Trust will invest in researching, exploring and learning from social investment developments in the rest of the UK and elsewhere with a view to informing future developments in Northern Ireland. It is anticipated that further developments in this area will commence during 2012.

During the year under review, seven new organisations received grant funding from the Trust.

Commissioned Programmes – Collaboration NI

During 2009 and 2010, consultation across the Northern Ireland community and voluntary sector carried out jointly by the Trust and the Community Foundation Observatory Project identified that working in partnership was identified as one of a number of solutions for the development of a more sustainable sector best placed to meet community needs into the future.

In response the Trust decided to commission a Northern Ireland wide mergers, collaboration and partnership support programme for the community and voluntary sector to run over a three year period from 2011 to 2013.

A number of tenders were received and evaluated with the successful tender proposed by NICVA in partnership with CO3 and Stellar Leadership.

Collaboration NI commenced in January 2011 and comprises a number of strands of activity across five main areas of work: engage, resource, facilitate, execute and sustain, including:

- a calendar of scheduled training courses;

The Building Change Trust

Report of the Trustee (*continued*)

Grant making policy (*continued*)

- tailored, in-house training delivered in the workplace;
- a programme of study visits;
- expert facilitation to assist group-based discussion and joint decision-making at group, senior management team and board level; and
- coaching and volunteer executive mentoring for senior managers and chairs to provide one-to-one support in developing skills and strategies for collaborative working.

Amounts paid to NICVA in respect of this programme are accounted for as resources expended on charitable activities which seek to further the objectives of the Trust (see note 6 for further details).

Financial review

The Trust committed to provide grant funding in the amount of £254,119 (2010: £1,593,155) during the year. In addition the Trust incurred expenditure of £517,760 (2010: £198,144), received voluntary income of £30,445 (2010: £nil) and investment income/change in market value of £271,957 (2010: £503,862). At the year end the Trust had net funds of £7,201,278 (2010: £7,670,755).

The original letter of offer from the Big Lottery Fund dated 30 July 2008 states that “*Big Lottery Fund has agreed to offer a grant of £10 million to be expended over the next ten years to The Building Change Trust*”.

In communication with the Big Lottery Fund it has been confirmed that all of the Trust’s funds from the £10 million grant, both capital and interest, should be expended by 31 December 2018.

The Trust is taking account of this requirement in its planning and implementation of activity and will make all necessary arrangements to ensure compliance with this requirement.

Reserves policy

All Trust funds are unrestricted and will be applied to meet commitments and planned expenditure in the context of the requirements of the trust deed as agreed and approved by the Trustee.

The trustee directors review the level of reserves annually, together with future plans and strategies, in order to assess the Trust’s ability to expend all funds in full by 31 December 2018.

Investment policy and performance

In accordance with the trust deed, any income which is not for the time being required for application should be invested in accordance with the provisions of the Trustee Act (Northern Ireland) 2001. The trust deed requires the Trustee to delegate the power of investment to a person who is authorised by law to manage investments. Citi Quilter, a member of the London Stock Exchange, authorised and regulated by the Financial Services Authority, have been appointed as the Trust’s investment managers. The investment objective is to produce income with the potential for capital growth limited to a small percentage of the portfolio.

During 2009 the Trust invested £8,680,164 with Citi Quilter. At the current year end the investment value stood at £6,748,072 (2010: £8,716,851). The value of the investments reflects the market value of the units held in accordance with the SORP.

The Building Change Trust

Report of the Trustee (*continued*)

Investment policy and performance (*continued*)

The Trust's benchmark for the investment portfolio invested with Citi Quilter specifies an investment of 87% of the portfolio in fixed interest gilts, 12% in diversified domestic and international equities, with the remaining 1% split evenly between property funds and cash. The investment portfolio at the year end shows that 85.1% of the portfolio is invested in fixed income gilts, 13.7% is invested in diversified domestic and international equities, 0.5% in property funds and 0.7% in cash.

Future plans

From mid 2011 the Trust has engaged in a process of strategy, programme review and development:

- The Exploring Change and Deliver Change award programmes have been terminated and will be replaced with a new programme in 2012.
- The Trust is actively considering if, and how, it should become engaged in supporting the sector with more and better impact measurement in the future.
- Active consideration is being given to how organisations planning collaboration and engaging with Collaboration NI can be further assisted with the implementation of collaboration plans.
- The issues of supporting leadership development for changing times and the implications of the Review of Public Administration on the support needs and structures of the sector are also being considered.
- The Trust has, in addition to the relationship with Charity Bank, ring fenced a further £1 million for future social investment use.

Equal opportunities

The Trust is opposed to all forms of unlawful and unfair discrimination and seeks to treat all who work for it, who apply to and/or receive support from it fairly. The Trust has implemented an equal opportunities policy to ensure that the benefits of the Trust are open to all organisations operating in the community and voluntary sector in Northern Ireland. As a result, the Trust is committed to:

- promoting equality of opportunity for all persons;
- promoting a harmonious working environment in which all persons are treated with respect;
- preventing occurrences of unlawful direct discrimination, indirect discrimination, harassment and victimisation;
- fulfilling all relevant legal obligations under the equality legislation and associated codes of practice;
- complying with internal equal opportunities policy and associated policies;
- taking lawful affirmative or positive action, where appropriate; and
- regarding all breaches of equal opportunities policy as misconduct which could lead to disciplinary proceedings.

Complaints procedure

Complaints in the first instance should be raised either in writing, by letter, by email or by telephone with the Trust Administrator. The Trust will acknowledge complaints within seven working days and respond in full within four weeks.

If complaints cannot be resolved by the Trust Administrator or the complaint is not resolved satisfactorily, further complaints can be made to the Chairperson of the Trust.

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Report of the Trustee (*continued*)

Conflicts of interest

The trust deed also contains specific provisions in respect of how the Trust manages conflicts of interest. This includes, but is not limited to:

- prohibition of the Trustee or director of acquiring any interest in the property of the Trust;
- declaration of interests (personal or in a body whose interests are likely to be disclosed) prior to the commencement of any meetings;
- withdrawal from attendance at meetings where conflicts are identified; and
- withdrawal of right to vote where a personal interest is identified.

In addition the Trust has appointed a Protector whose fiduciary duty is to ensure the integrity of the administration of the Trust.

Auditor

The Trust has appointed KPMG as their statutory auditor.

Approved by the Trustee on 5 April 2012 and signed on its behalf by:

W B Osborne
Chair of Board of Trustee Directors

M J McCarthy
Trustee Director

The Building Change Trust

Remuneration report

The responsibility for the administration of the Trust has been assigned to the Community Foundation for Northern Ireland Limited (CFNI) under a service level agreement dated 18 February 2009.

During 2011, CFNI allocated two full time equivalents to the management and administration of the Trust; the Trust Administrator and the Administration Officer. A further part time equivalent post, Building Change Co-ordinator, was commissioned from CFNI to develop and deliver the Trust's Added Value programme.

The Added Value Programme has been developed and resourced to add value to the work of the award programme recipients. The Trust has commissioned CFNI to develop and deliver this programme on its behalf over a three year period from 2011 to 2013.

The specific tasks carried out by CFNI include:

- Servicing of the Trust Board
- Facilitation of meetings
- Marketing and communication
- Liaison with finance staff
- Assessment of transformative grants
- Identification of partnerships for the Trust
- Liaison with the Protector
- Day to day administration of the bank account of the corporate trustee
- Facilitating networking and exposure of promoters in delivering the Added Value Programme.

Details of remuneration paid to CFNI can be found in note 8 to the financial statements.

In addition to the remuneration paid to CFNI, the Trust also provides remuneration to the Protector of the Trust, details of which can be found in note 9.

The Building Change Trust

Statement on internal control

We acknowledge our responsibility for ensuring that an effective system of internal control is maintained and operated by The Building Change Trust which supports the achievement of The Building Change Trust's objectives whilst ensuring compliance with the requirements of The Building Change Trust's governing documents.

The systems can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period.

The system of internal control is based on a framework of regular management information, administrative procedures including segregation of duties, and a system of delegation and accountability. In particular, it includes:

- Comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Board of the Corporate Trustee;
- Regular review by a committee of the Board of periodic and annual financial reports which analyse financial performance against targets;
- Setting targets to measure financial and other performance;
- Clearly defined capital investment control guidelines;
- Formal project management disciplines, as appropriate;
- Procedures for the assessment of applications and the management of grants, ensuring that all applications and grants receive sufficient, consistent processing; and
- Procedures for monitoring grants to ensure use for proper purpose.

The major risks to which The Building Change Trust is exposed, as identified by the Corporate Trustee, have been reviewed and systems have been established to mitigate those risks. Our risk management strategy:

- Covers all risks – governance, management, quality, reputational and financial (however it is focused on the most important key risks);
- Produces a balanced portfolio of risk exposure;
- Is based on a clearly articulated policy and approach;
- Requires regular monitoring and review, giving rise to action where appropriate;
- Needs to be managed by an identified individual and involve the demonstrable commitment of members and officers; and
- Is integrated into normal business processes and aligned to strategic objectives of The Building Change Trust.

Our review of the effectiveness of the systems of internal control is informed by the work of the executive managers who have responsibility for the development and maintenance of the control framework and comments made by the external auditors.

We confirm that plans are in place for ensuring the continued effectiveness of control arrangements and managing risks in the coming year.

W B Osborne
Chair of Board of Trustee Directors

M J McCarthy
Trustee Director

5 April 2012

5 April 2012

The Building Change Trust

Statement of Trustee's responsibilities in respect of the Trustee's annual report and the financial statements

Under the trust deed of the Trust and charity law, the Trustee is responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and regulations.

The financial statements are required by law to give a true and fair view of the state of affairs of the Trust and of the excess of expenditure over income for that period.

In preparing these financial statements, generally accepted accounting practice entails that the Trustee:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed, 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 Trust will continue in business.

The Trustee is required to act in accordance with the trust deed of the Trust, within the framework of trust law. It is responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the Trust at that time, and to enable the Trustee to ensure that, where any statements of accounts are prepared by it, those statements of accounts comply with relevant legislation. It has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the financial and other information included on the Trust's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Trustee:

W B Osborne
Chair of Board of Trustee Directors

M J McCarthy
Trustee Director

5 April 2012

5 April 2012

Independent auditor's report to the Trustee of The Building Change Trust

We have audited the financial statements of The Building Change Trust for the year ended 31 December 2011 which comprise the statement of financial activities, balance sheet, cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the Trust's Trustee, as a body, in accordance with relevant legislation. Our audit work has been undertaken so that we might state to the Trust's Trustee those matters we are required to state to it 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 Trust and its Trustee, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustee and auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 11 the Trustee is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at <http://www.frc.org.uk/apb/scope/private.cfm>.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 December 2011 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with relevant legislation.

Independent auditor's report to the Trustee of The Building Change Trust *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where legislation requires us to report to you if, in our opinion:

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or
- the Trust has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Arthur O'Brien
for and on behalf of KPMG, Statutory Auditor

Chartered Accountants
Stokes House
17-25 College Square East
Belfast
BT1 6DH

5 April 2012

The Building Change Trust

Statement of financial activities

Year ended 31 December 2011

	<i>Note</i>	Unrestricted funds 2011 £	Unrestricted funds 2010 £
Incoming resources			
<i>Incoming resources from generated funds</i>			
Investment income	3	550,657	408,351
Voluntary income	4	30,445	-
		<hr/>	<hr/>
Total incoming resources		581,102	408,351
		<hr/>	<hr/>
Resources expended			
<i>Costs of generating funds</i>			
Investment management costs	5	(16,981)	(16,914)
Charitable activities	6	(522,107)	(1,593,155)
Other resources expended	8	(194,714)	(143,448)
		<hr/>	<hr/>
Cost of grant making		(733,802)	(1,753,517)
Governance costs	9	(38,077)	(37,782)
		<hr/>	<hr/>
Total resources expended		(771,879)	(1,791,299)
		<hr/>	<hr/>
Net outgoing resources before other recognised gains and losses		(190,777)	(1,382,948)
<i>Other recognised gains and losses</i>			
Realised and unrealised (losses)/gains on investment assets	10	(278,700)	95,511
		<hr/>	<hr/>
Net movement in funds		(469,477)	(1,287,437)
Total funds brought forward		7,670,755	8,958,192
		<hr/>	<hr/>
Total funds carried forward	14	7,201,278	7,670,755
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 17 to 28 form part of these financial statements.

The Building Change Trust

Balance sheet

As at 31 December 2011

	<i>Note</i>	Unrestricted funds 2011 £	Unrestricted funds 2010 £
Fixed assets			
Investments	<i>10</i>	6,748,072	8,716,851
Current assets			
Debtors	<i>11</i>	4,193	226
Cash at bank and in hand	<i>11</i>	1,120,763	901,534
		<hr/>	<hr/>
Total current assets		1,124,956	901,760
Liabilities			
Creditors: amounts falling due within one year	<i>12</i>	(23,083)	(91,319)
Grants payable within one year	<i>13</i>	(636,909)	(1,678,247)
		<hr/>	<hr/>
Total current liabilities		(659,992)	(1,769,566)
		<hr/>	<hr/>
Net current assets/(liabilities)		464,964	(867,806)
Total assets less current liabilities		7,213,036	7,849,045
Grants payable after more than one year	<i>13</i>	(11,758)	(178,290)
		<hr/>	<hr/>
Net assets		7,201,278	7,670,755
		<hr/>	<hr/>
Trust funds			
Unrestricted funds		7,201,278	7,670,755
		<hr/>	<hr/>
Total funds	<i>14</i>	7,201,278	7,670,755
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 17 to 28 form part of these financial statements.

Approved on 5 April 2012 and signed on behalf of the Trustee by:

W B Osborne
Chair of Board of Trustee Directors

M J McCarthy
Trustee Director

The Building Change Trust

Cash flow statement

Year ended 31 December 2011

	<i>Note</i>	2011 £	2010 £
Cash outflow from operating activities	<i>15</i>	(1,997,072)	(823,190)
Returns on investment	<i>16a</i>	16,301	19,823
Capital expenditure and financial investment	<i>16b</i>	2,200,000	529,000
		<hr/>	<hr/>
Increase/(decrease) in cash		219,229	(274,367)
		<hr/> <hr/>	<hr/> <hr/>

Reconciliation of net cash flow to movement in net funds

Year ended 31 December 2011

	<i>Note</i>	2011 £	2010 £
Increase/(decrease) in cash in the year		219,229	(274,367)
Net funds at start of year		901,534	1,175,901
		<hr/>	<hr/>
Net funds at end of year	<i>17</i>	1,120,763	901,534
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 17 to 28 form part of these financial statements.

The Building Change Trust

Notes

(forming part of the financial statements)

1 Basis of preparation

The financial statements have been prepared under the historic cost convention, with the exception that investments are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005) issued in March 2005, applicable UK Accounting Standards and relevant legislation. They have been prepared in a format which meets conditions set by the Big Lottery Fund in return for the original grant received.

The financial statements are prepared on a going concern basis under the accruals concept and provide information that is relevant, reliable, comparable and understandable.

2 Accounting policies

Fund structure

The Trust received a single payment of £10m from the Big Lottery Fund in December 2008, as an investment for community capacity building and promotion of the voluntary and community sector in Northern Ireland. The Trust will, by the 31 December 2018, have invested and expended the £10 million original grant along with any interest generated.

Incoming resources

All incoming resources are recognised once the Trust has entitlement to the resources, it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

Investment income comprises interest and dividends. Interest received on fixed term deposit accounts and the Trust's current account is accounted for on an accruals basis. Dividends on quoted securities are accounted for when declared.

Voluntary income comprises grants and donations received towards the Collaboration NI and Added Value programmes. Amounts are recognised when the Trust has unconditional entitlement to the resources.

Resources expended

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the Trust to the expenditure. All expenditure is accounted for on an accruals basis.

Grant payments are payments made to third parties in the furtherance of the charitable objectives of the Trust.

Sufficient resources are held in an appropriate form to enable the fund to be applied in accordance with grant payment schedules agreed with the grantee bodies.

Cost of generating funds

Costs of generating funds consist of investment management expenses incurred on the investment transactions. Investment management expenses are deducted at source and are not invoiced separately.

The Building Change Trust

Notes (continued)

2 Accounting policies (continued)

Charitable activities

Costs of charitable activities relate to grants awarded in the year. Grants are recognised when a commitment is made and communicated to those affected, thus raising a valid expectation on the part of the recipient that the Trust will discharge its obligations.

De-commitments are recognised only when amounts previously awarded are formally withdrawn in the event that (i) funds are no longer required; or (ii) the recipient ceases to remain eligible.

Governance costs

Governance costs comprise all costs involving the public accountability of the Trust and its compliance with regulation and good practice. These costs include statutory audit and legal fees, external Trust evaluation costs, as well as Protector remuneration and any related expenses. These are accounted for on an accruals basis.

Fixed asset investments

Investments are stated at market value as at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Realised gains and losses

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.

Contingent liabilities and provisions

In accordance with the SORP, a contingent liability is disclosed for those grants, which do not represent liabilities, where the possible obligation, which arises from past events, will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Trustee's control. Provisions are recognised for those grants where there is uncertainty as to the timing or amount, and any uncertainty regarding the amount is more than one of determining a basis for reasonable estimation of the liability arising from that constructive obligation.

3 Investment income

	2011 £	2010 £
Bank interest	19,746	16,637
Dividend income	326,226	391,714
Gilt interest and other investment income	204,685	-
	<hr/>	<hr/>
	550,657	408,351
	<hr/> <hr/>	<hr/> <hr/>

The Building Change Trust

Notes *(continued)*

4 Voluntary income	2011	2010
	£	£
Grant income	24,608	-
Study visit income	5,837	-
	<hr/>	<hr/>
	30,445	-
	<hr/> <hr/>	<hr/> <hr/>
5 Investment management costs	2011	2010
	£	£
Fees deducted at source	16,981	16,914
	<hr/> <hr/>	<hr/> <hr/>
6 Analysis of charitable expenditure	2011	2010
	£	£
Collaboration NI	267,988	-
Grants awarded	294,231	1,593,155
De-commitments	(40,112)	-
	<hr/>	<hr/>
	522,107	1,593,155
	<hr/> <hr/>	<hr/> <hr/>
<p>As noted in the trustee report on pages 5 and 6 Collaboration NI refers to amounts paid to NICVA under the terms of a service level agreement for the delivery of the programme.</p>		
7 Analysis of grants	2011	2010
	£	£
Grants to institutions	294,231	1,593,155
	<hr/> <hr/>	<hr/> <hr/>

The Building Change Trust

Notes (continued)

7 Analysis of grants (continued)

Recipients of institutional grants

<i>Name of institution</i>	<i>Purpose</i>	<i>Total amount payable £</i>
East Belfast Enterprise	To deliver a project to the voluntary/community sector in NI which can help build efficiency, capacity and assist better engagement with current or potential customers	49,230
Charity Bank	To commission, in conjunction with Ulster Investment Trust, a consultancy project to review social finance supply and demand in NI, explore new developments, identify gaps in the market and produce a blueprint report	37,400
STEP	To collaborate on implementing significant organisational restructuring which will bring five key locally based community organisations together with one governance	48,534
Development Trusts NI	To raise awareness, influence the debate and establish a new direction in relation to Community Asset Ownership by the delivery of a series of workshops/seminars	20,000
Fermanagh Trust	To research the potential to secure community benefits from commercial renewable wind energy developments in Fermanagh and across the rest of NI	19,615
CIPFA	To develop ways of improving governance within the sector under the 'Recognising Standards of Governance' programme	19,452
Action Mental Health	To facilitate business and strategic planning for the merger of Action Mental Health and The Cedar Foundation	50,000
Belfast & Lisburn Women's Aid	To help fund legal, financial and facilitator costs of a future collaborative working relationship with Down/Ards Women's Aid	50,000

Total grants to institutions		294,231

Sufficient resources are held in an appropriate form and are sufficiently liquid to enable the fund to be applied in accordance with grant payment schedules agreed with the grantee bodies. The grants are payable for the period from January 2011 to March 2013. See note 13 for details of the payment terms agreed with grant recipients.

The Building Change Trust

Notes (continued)

8 Analysis of other resources expended

	2011 £	2010 £
Administration costs	161,699	127,262
Insurance costs	1,108	1,229
Venue hire and catering costs	9,799	6,479
Bank charges	210	147
Advertising costs	700	3,189
Facilitation costs	21,198	5,142
	<hr/>	<hr/>
	194,714	143,448
	<hr/> <hr/>	<hr/> <hr/>

The Trust does not employ any employees directly. A service level agreement is in place with the Community Foundation for Northern Ireland who take responsibility for the day to day running of the Trust. £161,339 (2010: £124,689) of the total administration costs above represent the amount incurred in respect of these services during the year. There are no higher paid employees (above £60,000) who are remunerated through this service agreement charge.

9 Analysis of governance costs

	2011 £	2010 £
Protector remuneration	15,000	15,000
Consultancy fees	16,657	10,248
Audit fees	6,420	6,365
Legal fees	-	6,169
	<hr/>	<hr/>
	38,077	37,782
	<hr/> <hr/>	<hr/> <hr/>

10 Fixed asset investments

	2011 £	2010 £
Opening market value	8,716,851	8,758,626
Investment income	530,911	391,714
Disposals at carrying value	(2,200,000)	(529,000)
Investment management expenses	(20,990)	-
(Loss)/gain on investments	(278,700)	95,511
	<hr/>	<hr/>
Closing market value	6,748,072	8,716,851
	<hr/> <hr/>	<hr/> <hr/>

The Building Change Trust

Notes (continued)

10 Fixed asset investments (continued)

Investment management expenses are deducted at source and the Trust are not invoiced for these separately. Expenses in respect of the year ended 31 December 2011 were deducted post year end and are subsequently included in accruals at the year end (see note 12).

Investments at market value comprise the following:

	2011 £	2010 £
Fixed Interest UK Gilts	5,748,794	6,316,468
Equities	921,815	1,278,596
Property funds	32,959	31,680
Cash funds	44,504	1,090,107
	<hr/>	<hr/>
	6,748,072	8,716,851
	<hr/> <hr/>	<hr/> <hr/>

11 Analysis of current assets

	2011 £	2010 £
Prepayments and other receivables	522	-
Interest receivable	3,671	226
Cash at bank	1,120,763	901,534
	<hr/>	<hr/>
	1,124,956	901,760
	<hr/> <hr/>	<hr/> <hr/>

12 Analysis of current liabilities

	2011 £	2010 £
Audit fee accrual	6,420	6,240
CFNI administration fee accrual	-	67,782
Investment management expenses payable	12,905	16,914
Other administrative expense accruals	3,758	383
	<hr/>	<hr/>
	23,083	91,319
	<hr/> <hr/>	<hr/> <hr/>

The Building Change Trust

Notes (continued)

13 Grant commitments

The Trust has provided letters of offer for the provision of grant funding to the institutions set out in note 7, in addition to those agreed in the prior year as follows:

2011

	Brought forward £	Commitments made £	Commitments met £	De-commitments £	Carried forward £
CENI	177,920	-	(95,601)	-	82,319
RCN	119,770	-	(54,194)	(714)	64,862
BITC	71,453	-	(65,926)	-	5,527
CFNI	200,456	-	(124,822)	-	75,634
NIVDA/Volunteer Now	264,283	-	(172,010)	-	92,273
Ulster Community Investment Trust	18,000	-	(14,400)	-	3,600
Forthspring Inter Community Group	17,885	-	(14,308)	-	3,577
NI Environment Link	18,500	-	(14,800)	-	3,700
CO3	14,000	-	(11,200)	-	2,800
Royal Mencap Society	20,000	-	(16,000)	-	4,000
Holywell Trust	50,000	-	(30,000)	-	20,000
Charity Bank	500,000	37,400	(522,440)	-	14,960
Youthnet	12,174	-	(9,739)	-	2,435
Ulster Cancer Foundation	14,000	-	(11,200)	-	2,800
NIRWN	19,958	-	-	(19,958)	-
The Cedar Foundation	19,000	-	(15,200)	-	3,800
Intercomm	20,000	-	(16,000)	-	4,000
The Ashton Centre	20,000	-	(16,000)	-	4,000
Community Arts Forum	19,440	-	-	(19,440)	-
Mulholland Aftercare Services	19,900	-	(15,920)	-	3,980
The Village Garden	20,000	-	(16,000)	-	4,000
Aware Defeat Depression	20,000	-	(16,000)	-	4,000
Gingerbread	49,976	-	(29,986)	-	19,990
VOYPIC	50,000	-	(30,000)	-	20,000
The Villages Together	49,822	-	(29,893)	-	19,929
Age NI	50,000	-	(30,000)	-	20,000
CIPFA	-	19,452	-	-	19,452
East Belfast Enterprise	-	49,230	(29,538)	-	19,692
STEP	-	48,534	(29,120)	-	19,414
Development Trusts NI	-	20,000	(16,000)	-	4,000
Fermanagh Trust	-	19,615	(15,692)	-	3,923
Belfast & Lisburn WA	-	50,000	-	-	50,000
Action Mental Health	-	50,000	-	-	50,000
	<u>1,856,537</u>	<u>294,231</u>	<u>(1,461,989)</u>	<u>(40,112)</u>	<u>648,667</u>

The Building Change Trust

Notes (continued)

13 Grant commitments (continued)

The table overleaf represents commitments made by the Trust to the respective organisations through formal letters of offer. These commitments cover periods of one to two years.

The table below sets out the expected timing of future payments:

	Within one year £	Greater than one year £	2011 Total £
CENI	82,319	-	82,319
RCN	64,862	-	64,862
BITC	5,527	-	5,527
CFNI	75,634	-	75,634
NIVDA/Volunteer Now	92,273	-	92,273
Ulster Community Investment Trust	3,600	-	3,600
Forthspring Inter Community Group	3,577	-	3,577
NI Environment Link	3,700	-	3,700
CO3	2,800	-	2,800
Royal Mencap Society	4,000	-	4,000
Holywell Trust	20,000	-	20,000
Charity Bank	13,090	1,870	14,960
Youthnet	2,435	-	2,435
Ulster Cancer Foundation	2,800	-	2,800
The Cedar Foundation	3,800	-	3,800
Intercomm	4,000	-	4,000
The Ashton Centre	4,000	-	4,000
Mulholland Aftercare Services	3,980	-	3,980
The Village Garden	4,000	-	4,000
Aware Defeat Depression	4,000	-	4,000
Gingerbread	19,990	-	19,990
VOYPIC	20,000	-	20,000
The Villages Together	19,929	-	19,929
Age NI	20,000	-	20,000
CIPFA	19,452	-	19,452
East Belfast Enterprise	17,231	2,461	19,692
STEP	16,987	2,427	19,414
Development Trusts NI	4,000	-	4,000
Fermanagh Trust	3,923	-	3,923
Belfast & Lisburn WA	47,500	2,500	50,000
Action Mental Health	47,500	2,500	50,000
	<hr/>	<hr/>	<hr/>
	636,909	11,758	648,667
	<hr/>	<hr/>	<hr/>

The Building Change Trust

Notes (continued)

13 Grant commitments (continued)

2010

	Brought forward £	Commitments made £	Commitments met £	De- commitments £	Carried forward £
CFNI	211,838	19,000	(30,382)	-	200,456
CENI	259,221	-	(81,301)	-	177,920
RCN	119,770	-	-	-	119,770
BITC	124,620	-	(53,167)	-	71,453
NIVDA/Volunteer Now	258,548	50,000	(44,265)	-	264,283
Ulster Community Investment Trust	-	18,000	-	-	18,000
Forthspring Inter Community Group	-	17,885	-	-	17,885
NI Environment Link	-	18,500	-	-	18,500
CO3	-	15,500	(1,500)	-	14,000
Royal Mencap Society	-	20,000	-	-	20,000
Holywell Trust	-	50,000	-	-	50,000
Charity Bank	-	1,000,000	(500,000)	-	500,000
Youthnet	-	12,174	-	-	12,174
Ulster Cancer Foundation	-	14,000	-	-	14,000
NIRWN	-	19,958	-	-	19,958
The Cedar Foundation	-	19,000	-	-	19,000
Intercomm	-	20,000	-	-	20,000
The Ashton Centre	-	20,000	-	-	20,000
Community Arts Forum	-	19,440	-	-	19,440
Mulholland Aftercare Services	-	19,900	-	-	19,900
The Village Garden	-	20,000	-	-	20,000
Aware Defeat Depression	-	20,000	-	-	20,000
Gingerbread	-	49,976	-	-	49,976
VOYPIC	-	50,000	-	-	50,000
The Villages Together	-	49,822	-	-	49,822
Age NI	-	50,000	-	-	50,000
	<u>973,997</u>	<u>1,593,155</u>	<u>(710,615)</u>	<u>-</u>	<u>1,856,537</u>

The above represents commitments made by the Trust to the respective voluntary organisations through formal letters of offer in the prior period. These commitments covered a two to three year period analysed as follows as at 31 December 2010:

The Building Change Trust

Notes (continued)

13 Grant commitments (continued)

	Within one year £	Greater than one year £	2010 Total £
CENI	177,920	-	177,920
RCN	119,770	-	119,770
BITC	71,453	-	71,453
CFNI	196,656	3,800	200,456
NIVDA/Volunteer Now	244,283	20,000	264,283
Ulster Community Investment Trust	14,400	3,600	18,000
Forthspring Inter Community Group	14,308	3,577	17,885
NI Environment Link	14,800	3,700	18,500
CO3	11,200	2,800	14,000
Royal Mencap Society	16,000	4,000	20,000
Holywell Trust	30,000	20,000	50,000
Charity Bank	500,000	-	500,000
Youthnet	9,739	2,435	12,174
Ulster Cancer Foundation	11,200	2,800	14,000
NIRWN	15,966	3,992	19,958
The Cedar Foundation	15,200	3,800	19,000
Intercomm	16,000	4,000	20,000
The Ashton Centre	16,000	4,000	20,000
Community Arts Forum	15,552	3,888	19,440
Mulholland Aftercare Services	15,920	3,980	19,900
The Village Garden	16,000	4,000	20,000
Aware Defeat Depression	16,000	4,000	20,000
Gingerbread	29,986	19,990	49,976
VOYPIC	30,000	20,000	50,000
The Villages Together	29,894	19,928	49,822
Age NI	30,000	20,000	50,000
	<hr/>	<hr/>	<hr/>
	1,678,247	178,290	1,856,537
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The awarding of these grants is subject to the institutions meeting certain criteria as set out in the letter of offer.

14 Analysis of charitable funds

	Fund b/fwd £	Incoming resources £	Resources expended £	Transfers £	Gains/ (losses) £	Fund c/fwd £
Unrestricted funds	7,670,755	581,102	(771,879)	-	(278,700)	7,201,278

The Building Change Trust

Notes *(continued)*

15 Reconciliation of net outgoing resources to net cash outflow from operating activities

	2011 £	2010 £
Net outgoing resources before other recognised gains and losses	(641,434)	(1,791,299)
Investment management costs	16,981	16,914
Increase in debtors	(522)	-
(Decrease)/increase in creditors	(1,372,097)	951,195
	<u>(1,997,072)</u>	<u>(823,190)</u>

16 Analysis of cash flows for headings in the cash flow statement

	2011 £	2010 £
<i>a) Returns on investment</i>		
Interest received	16,301	19,823
	<u>16,301</u>	<u>19,823</u>
<i>b) Capital expenditure and financial investment</i>		
Receipts on disposal of financial investments	2,200,000	529,000
	<u>2,200,000</u>	<u>529,000</u>

17 Analysis of changes in financing during the year

	At start of year £	Net cash flow £	At end of year £
Cash at bank and in hand	901,534	219,229	1,120,763
Bank overdrafts	-	-	-
	<u>901,534</u>	<u>219,229</u>	<u>1,120,763</u>
Debt	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net funds	901,534	219,229	1,120,763
	<u>901,534</u>	<u>219,229</u>	<u>1,120,763</u>

The Building Change Trust

Notes *(continued)*

18 Related party transactions and Trustee remuneration

Two or more parties are considered related when at any time during the financial year one party has influence over the financial and operating policies of the other party to the extent that the other party might be inhibited from pursuing at all times its own separate interests or/and where the parties are subject to common control from the same source.

J McVey, trustee director, is also an officer of two grantee organisations, namely NIVDA/Volunteer Now and Community Arts Forum. Details of grants awarded to these bodies, commitments met, outstanding balances and expected payment dates are disclosed in note 13.

The Trust operate under a service level agreement with the Community Foundation for Northern Ireland (CFNI) for the provision of administration services and as such the CFNI take responsibility for the day to day administration of the Trust. The Trust pay CFNI a fixed annual fee (indexed for inflation). For the year under review, the Trust incurred £161,339 (2010: £124,689) in respect of management fees payable to CFNI.

During the year no Trustee, director of the Trustee or any person connected with them has received any remuneration from the Trust. Expenses of £1,383 (2010: £365) were received by the Trustee directors during the year in respect of travel and subsistence.

19 Post balance sheet events

Letters of offer in respect of certain grants issued in 2010 were amended in January 2012.

One grantee has had the claim period extended from 30 November 2012 to 30 June 2013. As a result, £19,990 of the £636,909 grants payable within one year as disclosed in note 13 now falls due for payment after one year.

No adjustments have been made to the financial statements as of and for the year ended 31 December 2011 in respect of these changes.