

# The Building Change Trust

Annual Report and Financial Statements

Year ended 31 December 2010

# The Building Change Trust

## Annual Report and Financial Statements

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# The Building Change Trust

## Reference and administrative information

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

# The Building Change Trust

## Report of the Trustee

The Trustee presents the annual report and financial statements of the charity for the year ended 31 December 2010. The financial statements have been prepared in accordance with the accounting policies set out in note 1 and comply with the charity's 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 Trust 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**

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  
B A R Cook (resigned 13 January 2010)  
W R Gamble (appointed 25 June 2010)  
B Bigger (appointed 29 October 2010)  
M Monaghan (appointed 29 October 2010)  
E A Keys (resigned 11 January 2011)  
P Osborne (resigned 24 January 2011)

### **Risk management**

The Trustee has considered the major risks to which the charity 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 endowment received from the Big Lottery Fund to constitute the charity'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 Building Change Trust

## Report of the Trustee *(continued)*

### **Risk management *(continued)***

The major operational risks identified 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. 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 have 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.

### **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 seeks to satisfy these objectives by expending trust funds in the following three ways:

- direct support
- transformative grants
- a loan fund

# The Building Change Trust

## Report of the Trustee (*continued*)

### **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 on 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.

During the year under review, 22 new organisations received grant funding from the Trust. An additional grant was also made to Charity Bank to further the aim of establishing a permanent loan fund for the sector in Northern Ireland.

### **Financial review**

The Trust committed to provide grant funding in the amount of £1,593,155 (2009: £1,192,738) during the year. In addition the Trust incurred expenditure of £198,144 (2009: £202,854) and received investment income/change in market value of £503,862 (2009: £353,784). At the year end the Trust had net funds of £7,670,755 (2009: £8,958,192).

### **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, were 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 the prior period the Trust invested £8,680,164 with Citi Quilter. At the current year end the investment value stood at £8,716,851 (2009: £8,758,626). The value of the investments reflects the market value of the units held in accordance with the SORP.

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 72% of the portfolio is invested in fixed income gilts, 15% is invested in diversified domestic and international equities, 0.5% in property funds and 12.5% in cash.

# The Building Change Trust

## Report of the Trustee (*continued*)

### **Future plans**

The Trust will make awards to projects which do more than take an orthodox approach to problem solving. It is particularly interested in innovative projects, which demonstrate strong potential for change delivery and learning both within and external to the recipient, and which have the potential to be shared with and influence the wider sector and other stakeholders. The Trust envisages that award recipients will work closely with it and influence both their and others future plans.

#### *Exploring Change Awards*

During the period 2010 – 2012, the Trust plans to make up to 60 Exploring Change awards up to a maximum of £20,000 per award. Each award will 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 has been estimated at £1.2m for the awards programme with an accompanying evaluation and support programme.

#### *Deliver Change Awards*

During the period 2010 – 2013, the Trust plans to make up to 20 Deliver Change awards up to an indicative maximum of £50,000 per award. Each award will enable recipients to start to implement change for future sustainability in the context of making a contribution to one or more of the Trust's aims. The Trust anticipates that these awards will be for more substantial projects where initial and exploratory work on change has been completed and clear change actions have been identified and can be implemented. The funding allocation attributed to this programme is £1m, with an accompanying evaluation and support programme.

#### *Permanent loan fund*

The Building Change Trust is committed to establishing a permanent loan fund for the Northern Ireland community and voluntary sector. 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

### **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 good and 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.

# The Building Change Trust

## Report of the Trustee (*continued*)

### **Complaints procedure**

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

### **Conflicts of interest**

The Trust Deed establishing the charity 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 interest (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 3 June 2011 and signed on its behalf by:



W B Osborne  
*Chair of Board of Trustee Directors*

# 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.

Under the terms of this agreement it is envisaged that there will be one and a half full time equivalents dedicated to the Trust. 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

Details of remuneration paid to CFNI can be found in note 7 to the financial statements.

In addition to the remuneration paid to CFNI, the Trust also provides remuneration to the Protector of the Trust, detail of which can be found in note 8.

# 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 Corporate Trustee;
- Regular review by a committee of the Board of periodic and annual financial reports which indicate financial performance against targets;
- Setting targets to measure financial and other performance;
- Clearly defined capital investment control guidelines;
- As appropriate, formal project management disciplines;
- 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 Meehan  
*Trustee Director*

3 June 2011

3 June 2011

# 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. They are 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 them under section 64(1) of the Charities Act (Northern Ireland) 2008, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them 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  
*Trustee Director*

3 June 2011



**KPMG**  
**Chartered Accountants**  
Stokes House  
17-25 College Square East  
Belfast BT1 6DH  
Northern Ireland

## 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 2010 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 section 65 of the Charities Act (Northern Ireland) 2008 and regulations made under section 66 of that Act. Our audit work has been undertaken so that we might state to the Trust's Trustee 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 Trust and the Trust's Trustee, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Trustee and auditors**

As explained more fully in the Statement of Trustee's Responsibilities set out on page 9 the Trustee is responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 65 of the Charities Act (Northern Ireland) 2008 and report in accordance with regulations made under section 66 of that Act.

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 2010 and of its outgoing 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 the requirements of the Charities Act (Northern Ireland) 2008



**KPMG**  
**Chartered Accountants**  
Stokes House  
17-25 College Square East  
Belfast BT1 6DH  
Northern Ireland

## 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 the Charities Act (Northern Ireland) 2008 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

3 June 2011

# The Building Change Trust

## Statement of financial activities

Year ended 31 December 2010

		<b>Unrestricted endowment</b>	
		<b>Total funds 2010</b>	<b>Total funds 2009</b>
		<b>£</b>	<b>£</b>
	<i>Note</i>		
<b>Incoming resources</b>			
<i>Incoming resources from generated funds</i>			
Endowment income		-	10,000,000
Investment income	3	<b>408,351</b>	240,520
		<hr/>	<hr/>
<b>Total incoming resources</b>		<b>408,351</b>	10,240,520
		<hr/>	<hr/>
<b>Resources expended</b>			
<i>Costs of generating funds</i>			
Investment management costs	4	<b>(16,914)</b>	(34,802)
<i>Charitable activities</i>			
Grants awarded	5, 6	<b>(1,593,155)</b>	(1,192,738)
<i>Other resources expended</i>			
Administration and support costs	7	<b>(143,448)</b>	(133,305)
		<hr/>	<hr/>
<b>Cost of grant making</b>		<b>(1,753,517)</b>	(1,360,845)
Governance cost	8	<b>(37,782)</b>	(34,747)
		<hr/>	<hr/>
<b>Total resources expended</b>		<b>(1,791,299)</b>	(1,395,592)
		<hr/>	<hr/>
<b>Net movement in funds</b>		<b>(1,382,948)</b>	8,844,928
<b>Net (outgoing)/incoming resources before other recognised gains and losses</b>		<b>(1,382,948)</b>	8,844,928
<i>Other recognised gains and losses</i>			
Realised and unrealised gains on investment assets	9	<b>95,511</b>	113,264
		<hr/>	<hr/>
<b>Net movement in funds</b>		<b>(1,287,437)</b>	8,958,192
<b>Total funds brought forward</b>		<b>8,958,192</b>	-
		<hr/>	<hr/>
<b>Total funds carried forward</b>	13	<b>7,670,755</b>	8,958,192
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 15 to 25 form part of these financial statements.

# The Building Change Trust

## Balance sheet

As at 31 December 2010

		<b>Unrestricted endowment</b>	
	<i>Note</i>	<b>Total funds 2010 £</b>	Total funds 2009 £
<b>Fixed assets</b>			
Investments	9	8,716,851	8,758,626
<b>Current assets</b>			
Debtors	10	226	3,412
Cash at bank and in hand	10	901,534	1,175,901
		<hr/>	<hr/>
<b>Total current assets</b>		<b>901,760</b>	1,179,313
<b>Liabilities</b>			
Creditors: amounts falling due within one year	11	(91,319)	(5,750)
Grants payable within one year	12	(1,678,247)	(517,957)
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>(1,769,566)</b>	(523,707)
		<hr/>	<hr/>
<b>Net current (liabilities)/assets</b>		<b>(867,806)</b>	655,606
<b>Total assets less current liabilities</b>		<b>7,849,045</b>	9,414,232
Grants payable after more than one year	12	(178,290)	(456,040)
		<hr/>	<hr/>
<b>Net assets</b>		<b>7,670,755</b>	8,958,192
		<hr/> <hr/>	<hr/> <hr/>
<b>Funds of charity</b>			
Endowment funds		7,670,755	8,958,192
		<hr/> <hr/>	<hr/> <hr/>
<b>Total funds</b>	13	<b>7,670,755</b>	8,958,192
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 15 to 25 form part of these financial statements.

Approved on 3 June 2011 and signed on behalf of the Trustee by:



W B Osborne  
Trustee Director

# The Building Change Trust

## Cash flow statement

Year ended 31 December 2010

	<i>Note</i>	<b>2010</b> £	2009 £
<b>Cash outflow from operating activities</b>	<i>14</i>	<b>(823,190)</b>	(381,043)
Returns on investment	<i>15a</i>	<b>19,823</b>	237,108
Capital expenditure and financial investment	<i>15b</i>	<b>529,000</b>	(8,680,164)
Financing	<i>15c</i>	-	10,000,000
		<hr/>	<hr/>
<b>(Decrease)/increase in cash</b>		<b>(274,367)</b>	1,175,901
		<hr/> <hr/>	<hr/> <hr/>

## Reconciliation of net cash flow to movement in net funds

Year ended 31 December 2010

	<i>Note</i>	<b>2010</b> £	2009 £
<b>(Decrease)/increase in cash in the year</b>		<b>(274,367)</b>	1,175,901
Net funds at start of year		<b>1,175,901</b>	-
		<hr/>	<hr/>
<b>Net funds at end of year</b>	<i>16</i>	<b>901,534</b>	1,175,901
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 15 to 25 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 Building Change Trust Endowment.

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 endowment of £10m from the Big Lottery Fund during the prior period, 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 charity 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.

All voluntary income was received from the Big Lottery Fund in an endowment. Whilst there are certain conditions attached to this endowment, the Trustee is confident that these conditions will be met and as such the endowment will not be required to be repaid.

Investment income comprises of 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.

#### *Resources expended*

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity 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 grant awards made in respect of the year.

#### *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

	2010 £	2009 £
Bank interest	16,637	240,520
Dividend income	391,714	-
	<hr/>	<hr/>
	408,351	240,520
	<hr/> <hr/>	<hr/> <hr/>

### 4 Investment management costs

	2010 £	2009 £
Investment management fees	16,914	34,802
	<hr/> <hr/>	<hr/> <hr/>

# The Building Change Trust

## Notes (continued)

### 5 Analysis of charitable expenditure

	2010 £	2009 £
Grant awards made	1,593,155	1,192,738

### 6 Analysis of grants

	2010 £	2009 £
Grants to institutions	1,593,155	1,192,738

### Recipients of institutional grants

<i>Names of institutions</i>	<i>Purpose</i>	<i>Total amount payable £</i>
Ulster Community Investment Trust	To develop a needs analysis on the establishment of a new Public Procurement Brokerage Service that will help not-for-profit social enterprise organisations successfully tender for public service contracts	18,000
Forthspring Inter Community Group	To explore innovative approaches to building local commitment and creating sustainable community resources	17,885
Northern Ireland Environment Link	To help the environmental NGO sector in Northern Ireland to deliver a sustainable environment during a time of rapid and severe change through developing a stronger, more cohesive society and clear, consistent, resonant messages	18,500
CO3	To explore the feasibility of developing a social economy aspect to the organisation	14,000
	To fund bursaries for conference attendance	1,500
Royal Mencap Society	To assist in funding towards a mutually beneficial co located premises	20,000
Holywell Trust	To support the further development of the Walled City Community Partnership	50,000
Charity Bank	To further the aim to establish a permanent loan fund for the sector in Northern Ireland	1,000,000
Youthnet	To help fund the development of a comprehensive communications strategy	12,174
CFNI	To build on collaboration amongst a number of organisations with an interest in philanthropy, engage others and collectively contribute to creating a culture of philanthropy in Northern Ireland	19,000

# The Building Change Trust

## Notes (continued)

Ulster Cancer Foundation	To build a model of working with smaller charities	14,000
NIRWN	To carry out a pilot research project that will look at the needs of women in both the Fermanagh and Lisburn council areas	19,958
The Cedar Foundation	Collaboration between Karuna and Cedar to enable the residents to have an ordinary life to be integrated into the community in which they live and take part in activities according to their individual needs, abilities and interests	19,000
Intercomm	To embark on an ambitious, refreshing and strategic journey that will result in the organisation generating 70% of annual income, with the remaining 30% made of short term funding and income donated through strategic alliances with the private sector	20,000
The Ashton Centre	To fund a proposal to set up a development company to acquire and develop vacant or derelict properties centre for third sector organisations	20,000
Community Arts Forum	To explore community arts as a catalyst for change	19,440
Mulholland Aftercare Services	To facilitate a pilot project to share and develop jointly created outcomes monitoring system with providers in the voluntary and statutory sector	19,900
The Village Garden	To proactively get cluster groups to work smarter, better and in a more collaborative and innovative manner and by doing so to identify new ways of working between the sector and other bodies	20,000
Aware Defeat Depression	To work to change the organisation and to equip more people to avoid depression or recover from it	20,000
Volunteer Now	To support the development and implementation of a new strategy for the delivery of Volunteer Now services across Northern Ireland	50,000
Gingerbread	To improve social enterprise, Possibilities NI as a model of best practice	49,976
VOYPIC	To provide support for the three organisations individually and collectively in the area of corporate services (finance, HR, development)	50,000
The Villages Together	To seek ways of working to deliver improved services	49,822
Age NI	Connecting Well for later life aims to adopt a transformative approach to addressing current inequalities in older people's health and well being across Northern Ireland	50,000
Total grants to institutions		1,593,155

# The Building Change Trust

## Notes (continued)

### 6 Analysis of grants (continued)

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 December 2010 to December 2012. See note 12 for details of the payment terms agreed with grant recipients.

### 7 Administration and support costs

	2010 £	2009 £
Administration costs	127,262	128,357
Insurance costs	1,229	1,229
Venue hire and catering costs	6,479	3,634
Bank costs	147	85
Advertising costs	3,189	-
Facilitation costs	5,142	-
	<hr/>	<hr/>
	<b>143,448</b>	<b>133,305</b>
	<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. £124,689 (2009: £128,357) of the total administration cost above represents 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.

### 8 Analysis of governance costs

	2010 £	2009 £
Protector remuneration	15,000	15,000
Consultancy fees	10,248	11,884
Audit fees	6,365	5,750
Legal fees	6,169	2,113
	<hr/>	<hr/>
	<b>37,782</b>	<b>34,747</b>
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# The Building Change Trust

## Notes (continued)

### 9 Fixed asset investments

	2010 £	2009 £
Opening market value	8,758,626	-
Additions to investments at cost	-	8,680,164
Investment income (dividends)	391,714	-
Disposals at carrying value	(529,000)	-
Investment management expenses	-	(34,802)
Gain on investments	95,511	113,264
	<hr/>	<hr/>
<b>Closing market value</b>	<b>8,716,851</b>	<b>8,758,626</b>
	<hr/> <hr/>	<hr/> <hr/>

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 2010 were deducted post year end and are subsequently included in accruals at the year end (see note 11).

Investments at market value comprise the following:

	2010 £	2009 £
Fixed Interest UK Gilts	6,316,468	7,401,735
Equities	1,278,596	1,295,681
Property funds	31,680	27,000
Cash funds	1,090,107	34,210
	<hr/>	<hr/>
	<b>8,716,851</b>	<b>8,758,626</b>
	<hr/> <hr/>	<hr/> <hr/>

### 10 Analysis of current assets

	2010 £	2009 £
Interest receivable	226	3,412
Cash at bank	901,534	1,175,901
	<hr/>	<hr/>
	<b>901,760</b>	<b>1,179,313</b>
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# The Building Change Trust

## Notes (continued)

### 11 Analysis of current liabilities

	2010 £	2009 £
Audit fee accrual	6,240	5,750
CFNI administration fee accrual	67,782	-
Investment management expenses	16,914	-
Other administrative expense accruals	383	-
	<hr/>	<hr/>
	<b>91,319</b>	<b>5,750</b>
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### 12 Grant commitments

The Trust has provided letters of offer for the provision of grant funding to the institutions set out in note 6, in addition to those agreed in the prior period as follows:

#### 2010

	Brought forward £	Commitments made £	Commitments met £	Carried forward £
CENI	259,221	-	(81,301)	177,920
RCN	119,770	-	-	119,770
BITC	124,620	-	(53,167)	71,453
CFNI	211,838	19,000	(30,382)	200,456
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
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>973,997</b>	<b>1,593,155</b>	<b>(710,615)</b>	<b>1,856,537</b>
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# The Building Change Trust

Notes (continued)

## 12 Grant commitments (continued)

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

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

	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/>
<b>Total</b>	1,678,247	178,290	1,856,537
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# The Building Change Trust

## Notes (continued)

### 12 Grant commitments (continued)

#### 2009

	Brought forward £	Commitments made £	Commitments met £	De-commitments £	Carried forward £
CFNI	-	251,648	(39,810)	-	211,838
CENI	-	331,010	(71,789)	-	259,221
RCN	-	144,100	(24,330)	-	119,770
BITC	-	172,000	(47,380)	-	124,620
NIVDA	-	293,980	(35,432)	-	258,548
	-	1,192,738	(218,741)	-	973,997

The above represents commitments made by the Trust to the respective voluntary organisation through formal letters of offer in the prior period. These commitments covered a three year period analysed as follows as at 31 December 2009:

	Within one year £	Greater than one year £	2009 Total £
CFNI	108,708	103,130	211,838
CENI	88,613	170,608	259,221
RCN	110,167	9,603	119,770
BITC	56,771	67,849	124,620
NIVDA	153,698	104,850	258,548
	517,957	456,040	973,997

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

At the current year end the Trust had also agreed in principle to provide funding in the amount of £19,452 to CIPFA, of which £15,562 was payable within one year. As this had not been formally agreed at year end, this has not been accounted for within grant commitments at 31 December 2010.

# The Building Change Trust

Notes (continued)

## 13 Analysis of charitable funds

	Fund b/fwd £	Incoming resources £	Resources expended £	Transfers £	Gains and losses £	Fund c/fwd £
Endowment funds	8,958,192	408,351	(1,791,299)	-	95,511	7,670,755

## 14 Reconciliation of net outgoing resources to net cash outflow from operating activities

	2010 £	2009 £
Net outgoing resources before other recognised gains and losses	(1,791,299)	(1,395,592)
Investment management costs	16,914	34,802
Increase in creditors	951,195	979,747
	<u>(823,190)</u>	<u>(381,043)</u>

## 15 Analysis of cash flows for headings in the cash flow statement

	2010 £	2009 £
<i>a) Returns on investment</i>		
Interest received	19,823	237,108
	<u>19,823</u>	<u>237,108</u>
<i>b) Capital expenditure and financial investment</i>		
Payments to acquire financial investments	-	(8,680,164)
Receipts on disposal of financial investments	529,000	-
	<u>529,000</u>	<u>(8,680,164)</u>
<i>c) Financing</i>		
Endowment received	-	10,000,000
	<u>-</u>	<u>10,000,000</u>

# The Building Change Trust

Notes (continued)

## 16 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	1,175,901	(274,367)	901,534
Bank overdrafts	-	-	-
	<hr/>	<hr/>	<hr/>
	1,175,901	(274,367)	901,534
	<hr/>	<hr/>	<hr/>
Debt	-	-	-
	<hr/>	<hr/>	<hr/>
Net funds	1,175,901	(274,367)	901,534
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## 17 Related party transactions and Trustee remuneration

Two or more parties are considered related when at any time during the financial period one party has influence over the financial and operating policies of the other party to the extent that that 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.

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 £124,689 (2009: £128,357) in respect of management fees payable to CFNI, £62,344 (2009: £55,250) of which was paid post year end and which has been included in accruals at year end.

During the year no Trustee, director of the Trustee or any person connected with them has received any remuneration from the Trust. Expenses of £365 (2009: £nil) were received by the Trustee directors during the year.

## 18 Post balance sheet events

Letters of offer in respect of grants issued in 2009 (see note 12) were amended in March 2011.

Certain grants have had the claim period extended from 31 December 2011 to 31 December 2012. As a result, £117,232 of the £1,678,247 grants payable within one year as disclosed in note 12 now fall due for payment after one year.

In addition, grants payable to two grantees have been reduced by £886.

No adjustments have been made to the financial statements as of and for the year ended 31 December 2010 in respect of these changes.