

GD0048/13



**Fifth Report
Of the
Manx Lottery Trust**

**To The Hon. Clare Christian MLC
President of Tynwald
and
The Honourable Council and Keys
in Tynwald Assembled**

**Report and Financial Statements
For the year ended
31st March 2013**

Trustees and Officers

Trustees

- Mrs M M Hendy BA (Hons) Arch; BA (Hons)(L'pool); PG Dip Cons Sci - appointed 21st July 2003 (retired May 2013)
- Miss L M Gillow - appointed 11th February 2008
- Mr M C Kelly - appointed 11th February 2008 (re-appointed May 2012)
- Mr S J Turner FCA - appointed 11th July 2011
- Mr R Ronan MHK - appointed 15th December 2011
- Mrs J A McNicholl - appointed 14th June 2013

Treasurer

- Mrs J A Blake ACIB - appointed 28th February 2011

Secretary

- Mr T Butler ACIB - appointed 1st October 2010

Grants Officer

- Mrs B J Craine - appointed 1st February 2009



PO Box 16
Ramsey
IM99 4QF

(Isle of Man Registered Charity Number 1021)

FIFTH REPORT OF THE MANX LOTTERY TRUST
TO THE PRESIDENT OF TYNWALD
AND THE HONOURABLE COUNCIL AND KEYS IN TYNWALD ASSEMBLED

The Trustees present their annual report and financial statements of the charity for the year ended 31st March 2013.

Structure, governance and management

The Manx Lottery Trust is an Isle of Man registered charity, number 1021, and is an independent charitable trust constituted under a trust deed dated 21st May 2008.

The objects of the Trust are:

- a) the relief of poverty
- b) the relief of elderly persons
- c) the relief of ill or disabled persons
- d) the advancement of education and
- e) any other purpose beneficial to the community

The Trust carries out these objects by providing grants to appropriate institutions and individuals. The benefit of any grant must be for a person or persons ordinarily resident in the Isle of Man.

There are five Trustees, four of whom are appointed by the Trust with Treasury concurrence. The fifth Trustee is a Member of Tynwald appointed by the Treasury Minister to serve on the Trust. The Trustees do not represent specific areas but are generally appointed in such a way as to provide a geographical spread of knowledge of needs and provision throughout the Island.

At Trustees meetings held every six to eight weeks, the Trustees agree the areas of activity for the Trust, including consideration of grant making, grant policy, balances available for distribution, BIG Lottery Fund reporting requirements, risk management policies and performance. The day to day administration of grants and the processing and handling of applications prior to consideration by the Trustees is delegated to the Secretary and the Grants Officer.

All Trustees give of their time freely and no Trustee remuneration was paid in the year. Trustees are required to disclose all relevant interests and register them with the Secretary and in accordance with the Trust's policy, withdraw from decisions where a conflict of interest arises.

During the period covered by this report Mr M C Kelly was re-appointed to serve as a Trustee for a further term of 5 years. Mrs J A McNicholl was appointed as a Trustee following the retirement of Mrs M M Hendy in May 2013.

The Trustees have adopted the following order of retirement for the present Trustees :

Miss L M Gillow	- appointed 11 th February 2008	- retirement 20 th May 2014
Mr S J Turner	- appointed 11 th July 2011	- retirement 20 th May 2015
Mr R Ronan MHK	- appointed 15 th December 2011	- retirement 20 th May 2016
Mr M C Kelly	- appointed 11 th February 2008	- retirement 20 th May 2017
Mrs J A McNicholl	- appointed 14 th June 2013	-retirement 20 th May 2018

NB: Miss L M Gillow, Mr S J Turner, Mr R Ronan MHK and Mrs J A McNicholl are eligible to serve further 5 year terms.

Risk management

The Trustees have considered the major risks to which the charity is exposed and have reviewed those risks and established systems and procedures to manage those risks. A Risk Register is maintained and this forms part of the annual review carried out by the Internal Audit Division of the Treasury.

The major risk continues to be the future level of funding available to the Trust. With the full backing of Treasury, the lengthy process of agreeing funding with the Big Lottery Fund UK for a further five year period, from April 2015, has now commenced. A decision is not expected until December 2013.

Income and expenditure

The Isle of Man Budget 2012/13 made provision for the Manx Lottery Trust to receive the first £100,000 of Lottery Duty, the same figure as in the previous year.

In accordance with the External Delegated Agreement (EDA) between BIG Lottery Fund and the Manx Lottery Trust, a grant of **£300,000 from BIG Lottery Fund** was available for distribution on the Island.

A total of **£868,259** was available for distribution, made up from the following:

Cash at bank £498,599, Government grant £100,000, Big Lottery Fund £263,110, bank interest £4,050 and the sum of £2,500 retained in an Emergency Fund financed by the Trust and administered by the Social Services Division of the Department of Social Care.

During the accounting period the Trustees made **grant payments totalling £303,785 to 41 organisations** as listed in the notes of the attached financial statements, together with **£35,788 of non-grant payments** by way of administration costs.

At the **year-end** the **cash balance** stood at **£526,186**. From this figure the sum of **£354,972 was already committed by the Trustees** for payment to organisations upon completion of formalities. Of this figure, £310,193 related to Grant offers and commitments made under the General Awards Programme as Delegated Partner of Big Lottery Fund.

In addition, the sum of **£2,500** was **retained in an Emergency Fund** financed by the Trust and administered by the Social Services Division of the Department of Social Care.

The **balance available for distribution** at the year-end, and **carried forward** to the 2013/14 financial year, was **£173,764**.

Grant awards

The Trustees held eight formal meetings during the year to consider applications for assistance under the following programmes:

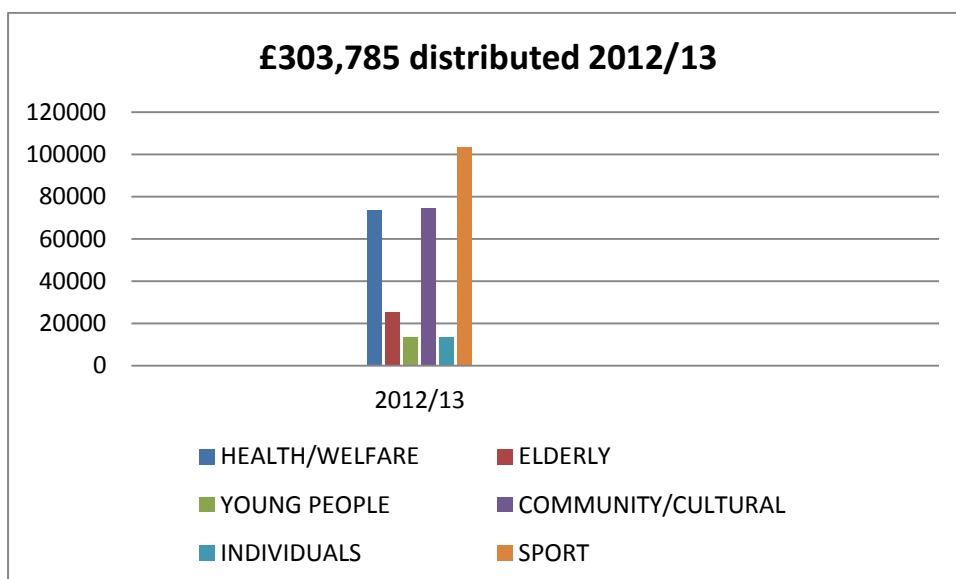
- 1. Minor Grants** (£300 to £1000)
- 2. General Awards** (£1001 to £50,000) as delegated partner of BIG Lottery Fund
- 3. General Awards Extended Term Funding** (£1001 to £150,000) as delegated partner of BIG Lottery Fund

The Trustees continue to endeavour to exercise their powers in a fair and helpful way with the aim of supporting as many deserving causes throughout the Island as possible.

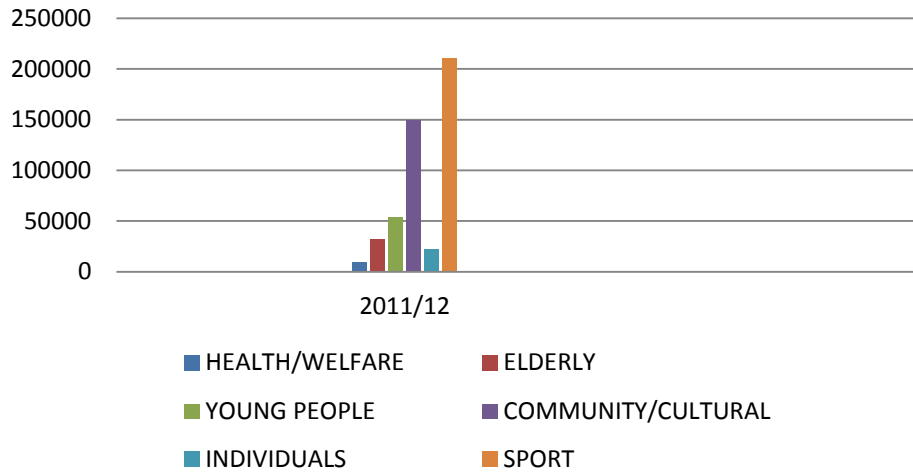
Applications are carefully assessed with the aim of providing consistency in the consideration of all grant applications. Guidance notes and application forms for current programmes are available to download from the Trust's website.

A full list of the recipients of **grants paid** during the 12 month period ended 31st March 2013, totalling **£303,785**, forms Note 3 attached to the financial statements. Of this figure, **£203,631 was paid from designated BIG Lottery Funds** under the General Awards Programme.

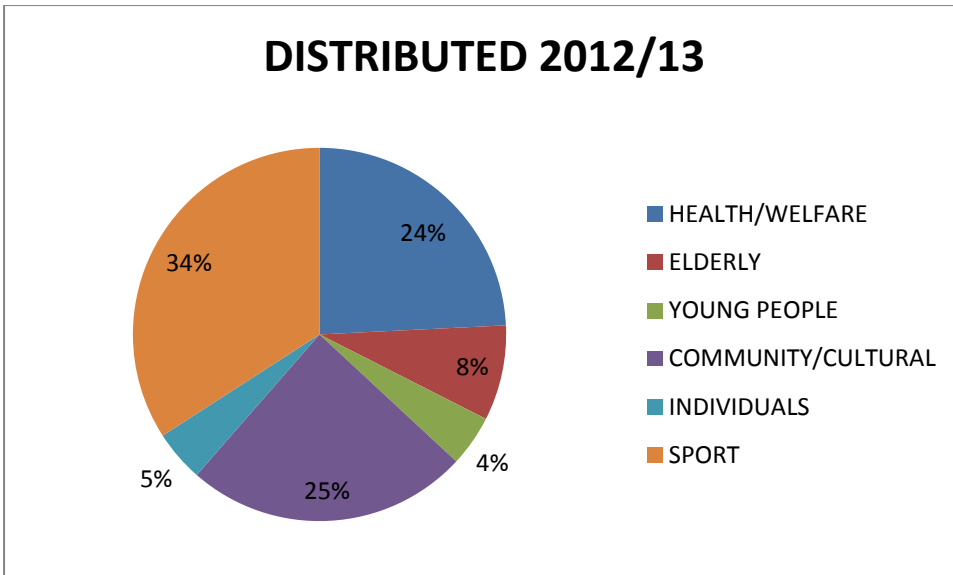
The distribution split of grants paid is shown in the following charts which demonstrate the types of assistance provided by the Manx Lottery Trust over the past two years to diverse charitable causes in the Island.

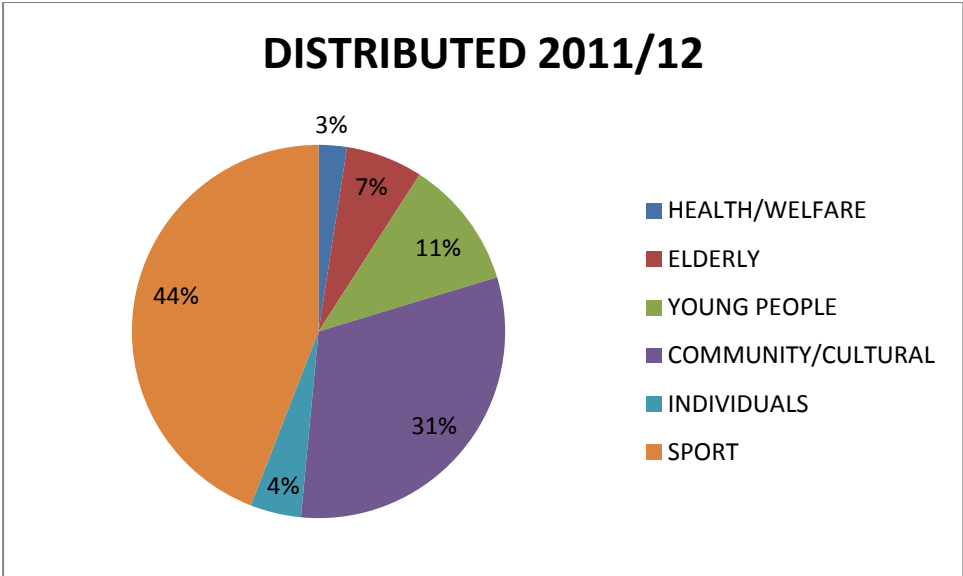


£478,024 distributed 2011/12

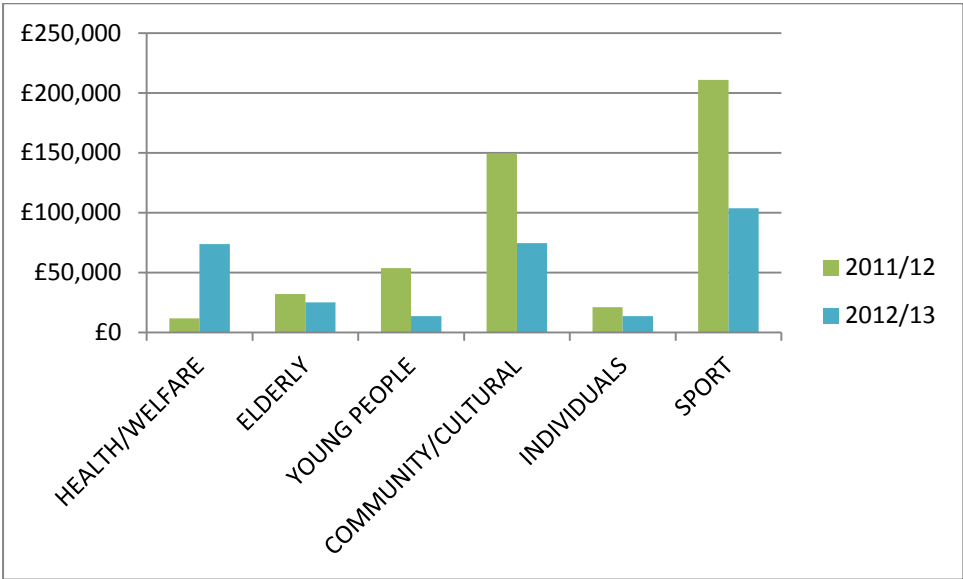


DISTRIBUTED 2012/13





NB: The category Health/Welfare includes disability, and the Elderly category includes Coal Funds & Endowments.



The above chart compares the funding awarded to each category over the last two years.

Health/Welfare

The current policy of “**focusing on those in need**” is evidenced in the increased distribution figure in this category.

Elderly

The amounts awarded to Coal Funds and Endowment Committees, included in the Elderly category, were kept at the same level of £60 per household during 2012/13 despite moderate increases to fuel prices evidenced in the comparative domestic heating costs figures issued by the Isle of Man Office of Fair Trading for August 2012, when compared to August 2011.

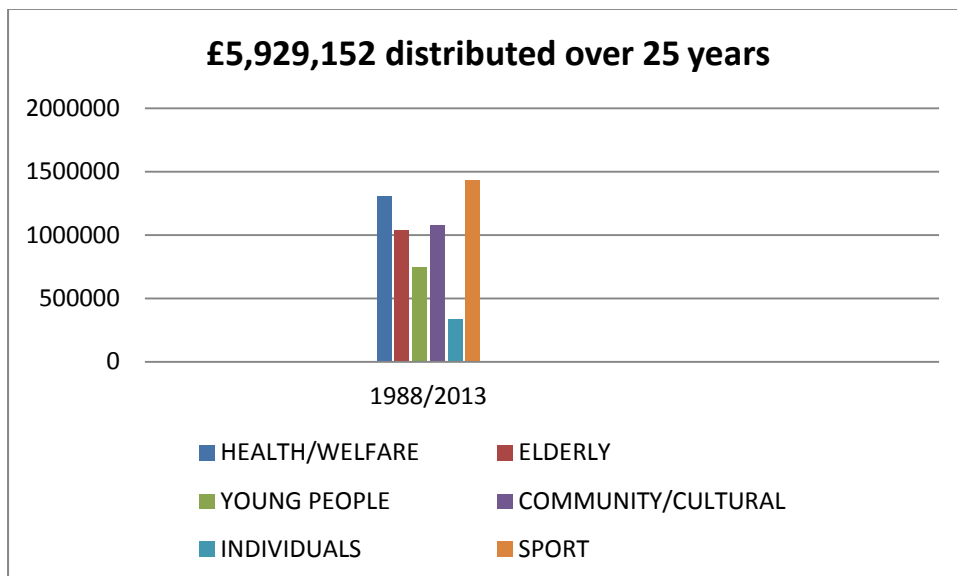
Individuals

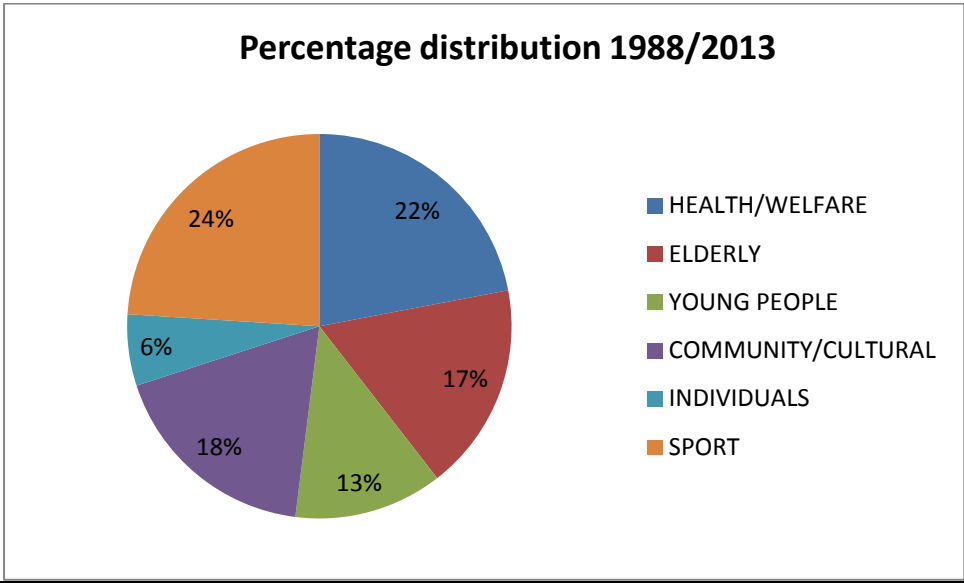
The current programmes do not allow the Trust to fund individuals, other than through the Manx Lottery Trust Emergency Fund. The Trustees continue to finance and monitor the Emergency Fund which enables social workers to provide needy individuals with immediate assistance in emergency and exceptional circumstances for which no statutory or voluntary funding is available. Funding totalling **£13,532** was provided over the course of the year, a decrease of 18.2% over the previous year. The balance maintained in the fund is **£2,500**.

Sport

The Trustees have continued to make a conscious effort to reduce the amount of funding committed to sporting projects, with priority being given to other categories evidencing need. As a result, a 10% reduction over the previous year was achieved in the percentage figure for grants paid to Sport out of total grants paid, and the grant commitment percentage figure carried forward to the Year 2013/14 is 7% of total grant commitments carried forward, compared to 25% carried forward to 2012/13.

The following charts give the distribution split of total grants made over the last twenty-five years by both the Public Lottery Trust and the Manx Lottery Trust and evidence the endeavours of the Trustees to support, with fair balance, a wide range of deserving causes throughout the Island.





NB: The category Health/Welfare includes disability, and the Elderly category includes Coal Funds & Endowments.

The Treasury

The Manx Lottery Trust continues to operate under The Treasury umbrella.

The Internal Audit Division of The Treasury carries out an annual review of the Trust’s internal controls and procedures.

The BIG Lottery Fund continues to cover 75% (up to a maximum of 10% of the amount of grant funding) of the administration costs of the MLT, with Treasury covering the remaining 25% and any excess.

Beneficiary Logo:

Recipients of grants under the General Awards Programme must use the beneficiary logo below to acknowledge and celebrate the award of National Lottery funding from us. A booklet entitled Manx Lottery Trust “Acknowledging Funding” is provided.



Our website www.mlt.org.im provides information about the Trust. All current programme applications and guidance notes are available to download. The "latest news" is given in headlines for regular visitors to the site.

Manx Budget 2013/14

Details published in the Manx Budget 2013 revealed that the allocation of resources to good causes resulting from Lottery Duty remained unchanged.

The Manx Lottery Trust continues to receive a grant of £300,000 per annum from the Big Lottery Fund, and the first £100,000 of local Lottery Duty.

The remainder of the local Lottery Duty will be split as follows: first £150,000 to Sports Council and the remainder shared 30% to Sports Council, 40% to Arts Council and 30% to Manx Heritage Foundation.

Each body is expected to receive:

	<u>BIG</u>	<u>Treasury</u>	<u>Lottery</u>	<u>Total</u>	<u>Total</u>
		<u>Grant</u>	<u>Duty</u>	<u>2013/14</u>	<u>2012/13</u>
	£	£	£	£	£
Manx Lottery Trust	300,000	Nil	100,000	400,000	400,000
Sports Council	Nil	14,400	450,000	464,400	415,000
Arts Council	Nil	61,300	400,000	461,300	467,700
Manx Heritage Foundation	Nil	100,000	300,000	400,000	400,000

Lottery Duty payments are identified separately in Treasury's budget and will not be used for any other purpose.

Chairman's summary

Having only recently taken over as Chairman of MLT, I feel it is only right to acknowledge the input of my predecessor, Marlene Hendy, who served the trust for 10 years, the past 2 as Chairman. Marlene gave of her time and advice freely and, on behalf of the Trust, I would like to thank her publicly for her input.

During the last year, the launch of the Extended Term Funding Programme provided a limited window of opportunity, for organisations working in three identified areas of need, to apply for funding over a 30 month period.

The Trustees were delighted to be able to award General Awards Extended Term Funding grants, totalling £150,000, to the following new projects:

- **Thriving Families**
- **Employment, Engagement and Esteem (a programme for NEETS)**
- **Young Carers - Young Adults Group.**

It is hoped that our initial funding of these projects will generate further interest and support from other funders.

The response to this targeted approach highlighted the demand for longer term funding and it is important the Trust continues to liaise closely with the Big Lottery Fund to explore different ways of providing flexibility in funding to meet the evolving needs of the local community.

As funding opportunities decrease, the need to understand changes taking place on the Island is more important than ever. Consulting with others on a regular basis will help the Trust identify and prioritise future areas for targeted approaches to help those most in need. Partnership working and joint initiatives continue to be key strategies for consideration by Charities/Organisations in the current climate.

After year 3 of the delegation agreement with Big Lottery Fund UK, the Trust is on target to deliver the full amount of funds available for distribution over the agreed initial 5 year period. Negotiations have already commenced to secure funding for a further similar period.

The Trustees' policy of holding meetings around the Island has proved a great success and warm welcomes have been received at all venues used. These "meetings on the move" have also provided the opportunity for same day on site project visits.

The Trustees, once again, express their sincere and grateful thanks to the Trust's Officers for their services, to PricewaterhouseCoopers LLC, Sixty Circular Road, Douglas, for acting as Honorary Auditor, and to Mr. J, Quinn, for his time acting as Honorary Legal Adviser.

Signed

..... Mr Malcolm Crellin Kelly, Chairman

THE MANX LOTTERY TRUST

INCOME AND EXPENDITURE ACCOUNT & STATEMENT OF ASSETS AND LIABILITIES FOR THE YEAR ENDED 31 MARCH, 2013

	Notes	2012-2013		2011-2012	
INCOME AND EXPENDITURE ACCOUNT		£	£	£	£
Government grant	1&2	100,000		100,000	
Big Lottery Fund grant	1&2	263,110		392,596	
Interest		4,050		2,386	
			-----		-----
			367,160		494,982
Less:					
Grant expenditure MLT	3	100,154		478,024	
Grant expenditure BIG	3	203,631		-	
Movement in committed grants		150,327		(280,431)	
Non grant expenditure	4	35,788		38,561	
Increase to Emergency Fund		-		500	
			-----		-----
			(489,900)		(236,654)
			-----		-----
Net incoming resources available for charitable application			(122,740)		258,328
			=====		=====
STATEMENT OF ASSETS AND LIABILITIES					
Assets:					
Cash at bank	5	528,686		501,099	
Petty cash		50		50	
			-----		-----
Total assets		528,736		501,149	
Liabilities due within one year:					
Committed and earmarked grants	1	(312,072)		(204,645)	
			-----		-----
Net Current assets			216,664		296,504
Liabilities due after one year:					
Committed and earmarked grants		(42,900)		-	
			-----		-----
Net assets			173,764		296,504
			=====		=====
Represented by:					
Fund account brought forward		296,504		38,176	
Net incoming resources for the period		(122,740)		258,328	
			-----		-----
Balance available for distribution	6	173,764		296,504	
			=====		=====

The notes on pages 13 to 15 form part of these accounts. The charity has no recognised gains or losses other than those shown in the above income and expenditure account and therefore no separate statement of recognised gains and losses has been presented.

Approved by the Trustees on

2013

_____ Mr M C Kelly (Chairman)

_____ Mrs. J.A. Blake (Treasurer)

THE MANX LOTTERY TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2013

Note 1

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and the statement of recommended practice (SORP), "Accounting and Reporting by Charities". The accounts of the Manx Lottery Trust are prepared on an accruals basis in order to comply with the SORP. A summary of the more important accounting policies, which have been applied consistently, is set out below:

Government and Big Lottery Fund grants

Government and Big Lottery Fund grants are accounted for as they accrue.

Grant expenditure

Grant expenditure represents grants paid in the period.

Committed and earmarked grants

Committed and earmarked grants represent the provision made for funds that had been committed or earmarked for payment by the Trustees but which had not been paid at 31 March 2013.

Note 2

In the year ended 31 March, 2013 the Manx Lottery Trust received a total of £100,000 from the Isle of Man Government in accordance with a resolution of Tynwald, being a prescribed share of betting duty received in respect of the UK National Lottery.

The UK's Big Lottery Fund has agreed that the Manx Lottery Trust can distribute its funds to local causes as an "Award Partner" and payments of £263,110 were received during the year ended 31 March, 2013.

Note 3

Applicant	£	Purpose
Arbory Endowments	180.00	Towards Heating and Energy costs
Ballasalla Community Enterprise	11,505.34	Purchase of 2 PortaKabins
Ballaugh Endowments	660.00	Towards Heating and Energy costs
Castletown Endowments	3,240.00	Towards Heating and Energy costs
Castletown RUFC	1,000.00	Portable floodlights
CIRCA	2,140.00	Kitchen refurbishment
Colby AFC	50,000.00	Fixtures and fittings for new clubhouse
Colby Over 60s Club	600.00	Towards cost of activities
Crossroads Care IOM	14,000.00	Towards new minibus
Emergency Fund	13,532.05	DHSS Individuals
Friends of St John's Ambulance	969.00	Towards campaign leaflets
Groudle Glen Railway	10,000.00	Towards new building and platform extension
IOM Adoption Service	4,950.00	Adoption project
IOM Beekeepers Federation	1,000.00	Purchase of hives

Port St Mary Commissioners	10,000.00	Towards Mona's Queen memorial
Kerrooglass Residents Association	749.00	Purchase of keyboard
Kirk Michael Thursday Club	600.00	Towards cost of activities
Laa Columb Killey	500.00	Towards commemorative book
Laxey & Lonan Allotment Association	2,421.00	Towards cost of new shed and equipment
Malew Endowments	2,700.00	Towards Heating and Energy costs
Manx Birdlife	10,760.00	Towards editing costs for film
Manx Litfest	5,000.00	Towards
Manx Netball Association	337.02	Netball posts and protectors
Manx Workshop Disabled	997.00	Towards equipment
Men in Sheds	762.80	Towards equipment
Michael Endowments	1,500.00	Towards Heating and Energy costs
Northern Lights	5,769.23	Towards Staff cost of Project
Onchan Endowments	6,000.00	Towards Heating and Energy costs
Peel Centenary Centre	15,000.00	Towards building extension
Peel Coal Fund	6,550.00	Towards Heating and Energy costs
Port Erin Over 60s	600.00	Towards cost of activities
Project 21	2,500.00	Towards changing table
RNLI	18,000.00	Purchase of new life jackets
Rushen Emergency Ambulance	7,764.00	Towards cost of defibrillators
Santon Endowments	1,680.00	Towards Heating and Energy costs
Southern Community Initiative	4,036.82	Towards coordinator salary
South Ramsey Bowling Club	2,550.00	New slitter
Special Olympics	4,752.00	Towards new kit and cycling equipment
Tommy Clucas Fund	45,000.00	Towards new community and sports centre
Victoria Road School	1,000.00	Towards rugby trip

Extended Term Funding

The Children's Centre	20,000.00	Thriving Families Project
Crossroads Care IOM	12,480.00	Young Carers Young Adults Project

303,785.26

Note 4

Non Grant Payments were made as follows:

	2012	2013
	£	£
Secretary/Grant's Officer	29,765	30,235
Treasurer's Honorarium	1,335	1,500
Office Expenses	4,569	1,434
Insurance	1,500	1,520
Miscellaneous Expenses	1,145	831
Bank charges	247	268
	-----	-----
Total	38,561	35,788

Note 5

The cash at the bank at 31 March 2013 totalled **£526,186**. A further **£2,500** was held in a bank account operated by the Department of Health and Social Security on behalf of the Manx Lottery Trustees in order to make payments of an emergency nature to needy individuals without having to wait for the next meeting of the Trustees.

Note 6

The balance available for distribution represents an unrestricted fund available for use at the discretion of the Trustees subject to the terms of the Trust deed. This figure does not include £100,000 of scheduled draw-downs from Big Lottery Fund UK, to cover Extended Term Funding commitments, to be drawn £50k in September 2013 and £50K in September 2014.

Note 7

No Trustee has received any remuneration for services during the period.

Note 8

Under Financial Reporting Standard No 1 (Revised) the Charity is exempt from the requirement to produce a cash flow statement on the grounds that it is a small charity.

Note 9

The Charity is exempt from Manx income tax pursuant to Section 15(a) of the Income Tax Act 1970.

Note 10

The Charity received a benefit in kind estimated at £3,000 in respect of professional services rendered by PricewaterhouseCoopers LLC for auditing these accounts without charge.

THE MANX LOTTERY TRUST

Statement of Trustees' Responsibilities in respect of the Report and Financial statements

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable Isle of Man law.

Charity law requires the Trustees to prepare financial statements for each financial year. The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period.

In preparing those financial statements, the Trustees are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The Trustees confirm that they have complied with the above requirements in preparing the financial statements.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charity's Trust Deed and the Charities Registration Act 1989. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Agreed by the Trustees and signed on their behalf by

_____ Chairman and Trustee

2013

Independent auditor's report to the trustees of the Manx Lottery Trust

We have audited the accompanying financial statements of the Manx Lottery Trust (the 'Charity') which comprise the statement of assets and liabilities as at 31 March 2013 and the income and expenditure account for the year then ended and a summary of significant accounting policies and other explanatory notes.

Trustees' Responsibility for the Financial Statements

The trustees are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Isle of Man law and United Kingdom Accounting Standards, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report, including the opinion, has been prepared for and only for the Charity's trustees, as a body in accordance with Section 5 of the Charities Registration Act 1989 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements:

- give a true and fair view of the Charity's state of affairs as at 31 March 2013, and of its surplus for the year then ended in accordance with United Kingdom Accounting Standards; and
- comply with the provisions of the documents constituting the Charity.

PricewaterhouseCoopers LLC
Chartered Accountants
Douglas, Isle of Man

2013

