

Government Report 07/09

THE MANX HERITAGE FOUNDATION
(Registered Charity No: 333)

Financial Statements

For the year ended 31 March 2008

THE MANX HERITAGE FOUNDATION

Foundation Information

For the year ended 31 March 2008

Members	Hon Mrs A Craine (MHK) Mr Q Gill MHK Miss P Skillicorn Dr B Stowell Mr S Harrison MBE Mrs M Jansen Mr A Bawden	(Chairman)
Administrator	Mr C Guard	
Honorary Treasurer	Mr S Watterson	
Advisor to the Members	Mr P Kelly MBE	
Registered Charity Number	333	
Office	PO Box 1986 Douglas Isle of Man IM99 1SR	
Auditors	Moore Stephens Chartered Accountants 26-28 Athol Street Douglas Isle of Man IM99 1BD	
Bankers	Isle of Man Bank Limited 2 Athol Street Douglas Isle of Man IM99 1AN	

THE MANX HERITAGE FOUNDATION

Foundation Information (continued)

For the year ended 31 March 2008

Objects of the Foundation

The objects of the Manx Heritage Foundation ("the Foundation") are defined in statute (Manx Heritage Foundation Act 1982) as follows:

- To promote and assist in the permanent preservation of the cultural heritage of the Island, and in particular to provide facilities for members of the public to enjoy and acquire knowledge of that heritage;
- To establish and maintain at St. John's in the Sheading of Glenfaba a centre for the promotion, and encouragement of an active interest in, and the study of, the Island's cultural heritage by its people;
- To arrange and provide for or to join in arranging and providing for the holding of exhibitions, meetings, lectures and classes and the printing and publishing of any reports, pamphlets, periodicals, books or other documents in furtherance of these objects;
- To administer the Foundation in accordance with the provisions of the Manx Heritage Foundation Act 1982;
- To do such other acts or things as are incidental to the attainment of the objects of the Foundation, and so far as may be necessary or desirable, to do such acts or things in collaboration with any person, body, institution, authority or otherwise; and
- To charge such fees for the Foundation's services as the members of the Foundation may consider reasonable.

The second object of the Foundation is contingent upon specific premises being 'no longer required for a school.' This has not yet arisen and is not likely to arise in the near future.

THE MANX HERITAGE FOUNDATION

Financial Statements

For the year ended 31 March 2008

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THE MANX HERITAGE FOUNDATION

Statement of members' responsibilities

For the year ended 31 March 2008

The members are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Foundation and of the surplus or deficit of income over expenditure of the Foundation for that year. In preparing those financial statements, the members are required to:

- select suitable accounting policies and the apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 Foundation will continue.

The members confirm that they have complied with the above requirements, and all other enactments applicable, in preparing these financial statements.

The members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Foundation and to enable them to ensure that the financial statements comply with the Charities Registration Act 1989 and the provisions of the documents constituting the foundation. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Foundation and to prevent and detect fraud and other irregularities.

The Responsible Financial Officer's Responsibilities

The Responsible Financial Officer is responsible for the preparation of the body's financial statements in accordance with proper practices as set out in the Isle of Man Statement of Recommended Practice 2007 on accounting for entities subject to the Audit Act 2006 ("the SORP").

- The Responsible Financial Officer is responsible for the preparation of the body's financial statements in accordance with proper practices as set out in the Isle of Man Statement of Recommended Practice 2007 on accounting for entities subject to the Audit Act 2006 ("the SORP") select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- comply with the SORP.

The Responsible Financial Officer has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Responsible Financial Officer should sign and date the statement of accounts, stating that it presents fairly the financial position of the body at the accounting date and its income and expenditure for the year ended 31 March 2008.

However, dispensation has been received from the Department of Local Government and Environment that the new format of accounts and the requirement for internal audit contained within the legislation, will not need to be applied until the year ended 31 March 2009.

Independent Auditors' Report to the Members of the Manx Heritage Foundation ("the Foundation")

We have audited the financial statements of the Manx Heritage Foundation for the year ended 31 March 2008 set out on pages 4 to 11. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 6 to 7.

This report is made solely to the Foundation's members as a body, in as a body, in accordance with Section 6 of the Audit Act 2006. Our audit work has been undertaken so that we might state to the Foundation's members those matters we are required to state to them in an auditors' 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 Foundation and the Foundation's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Members and auditors

The members' responsibilities for preparing the financial statements in accordance with applicable law are set out in the Statement of Members' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom & Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with applicable legislation and the provisions of the documents constituting the Foundation. We also report to you if the Foundation has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom & Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the foundation's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. However, the evidence available to us was limited because we were unable to identify all stock held at the Doxbond site. There were no other satisfactory audit procedures that we could adopt to confirm that stock held at the year end was properly recorded.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Disagreement on Accounting Policies – Application of relevant legislation – Qualified Opinion

As disclosed in note 1 of the accounting policies, under the approval of the Department of Local Government and the Environment the financial statements have not been fully prepared in accordance the Accounts and Audit Regulations 2007 as made under the Audit Act 2006. The departures cover both the primary statements and the supporting notes as required by Accounts and Audit Regulations 2007 and the applicable Statement of Recommended Practice 2007.

The matters of non-compliance in respect of the Accounts and Audit Regulations 2007 are:

- Section 8 paragraph 3(a) – omission of Explanatory Foreword and associated disclosure;
- Section 8 paragraph 3(d) – omission of Statement of Total Movements in Reserves and associated disclosure; and
- Section 8 paragraph 3 (e) – omission of Statement of Internal Control and associated disclosure.

The matters of non-compliance in respect of the SORP are:

- Section 3.95 – assets have not been categorised and included in the balance sheet in accordance with sections 3.96 to 3.98 of the SORP;
- Section 4.2 – omission of Explanatory forward and associated disclosure;
- Section 4.4 – omission of Statement of Total Recognised Gains and Losses and associated disclosure;

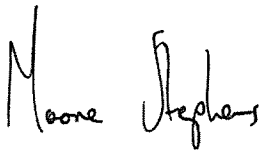
- Section 4.4 – omission of Cash Flow Statement and associated disclosure; and
- Section 4.31 – omission of Information to be Disclosed in Notes to the Financial Statement and associated disclosure.

Limitation in scope – Stock held at the year end - Qualified Opinion

In respect alone of the limitation on our work relating to stock held at the year end:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper accounting records had been maintained.

In our opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraphs, the financial statements present fairly, in all material aspects, the state of the Foundation's affairs as at 31 March 2008 and for the year then ended.



MOORE STEPHENS
Chartered Accountants
Douglas
Isle of Man

16 January 2009

THE MANX HERITAGE FOUNDATION

Income and expenditure account

For the year ended 31 March 2008
(Expressed in Pounds Sterling)

	2008	2007 (Restated)
Income		
Tynwald grant	212,500	187,500
Lottery grant	165,915	159,051
Miscellaneous income	75,833	1,207
Net sales revenue (note 3)	(17,703)	(5,517)
	<hr/>	<hr/>
	436,545	342,241
	<hr/>	<hr/>
Less: expenditure		
Grants made during the year (note 4)	182,141	179,633
Grants approved but not paid	79,382	-
Wages, salaries and honoraria	130,618	139,617
General committee and office expenses	22,754	21,080
Pensions contributions	9,672	2,792
Depreciation	8,266	17,276
Occupancy, storage and distribution costs	7,174	7,433
Archive costs	6,531	3,338
Advertising	2,722	1,172
Insurance	2,152	2,119
RBV Trophy	1,758	1,735
Audit fees	1,128	1,030
	<hr/>	<hr/>
Total expenses	(454,298)	(377,225)
	<hr/>	<hr/>
Operating deficit for the year	(17,753)	(34,984)
Other income		
Bank interest receivable	7,674	5,979
Balance brought forward	256,124	285,129
	<hr/>	<hr/>
Surplus of income over expenditure carried forward	£246,045	£256,124
	<hr/>	<hr/>

There are no recognised gains and losses in either financial year other than those dealt with in the Income and Expenditure account.

The accompanying notes form an integral part of these financial statements.

THE MANX HERITAGE FOUNDATION

Balance Sheet

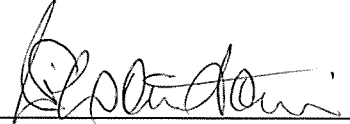
As at 31 March 2008
(Expressed in Pounds Sterling)

	2008	2007 (Restated)
Tangible fixed assets		
Equipment (note 5)	10,095	12,577
	<hr/> 10,095	<hr/> 12,577
Current assets		
Stock and work in progress (note 3)	30,101	54,953
Cash at bank	188,072	164,530
Debtors (note 7)	88,905	10,033
Loans (note 6)	20,214	20,886
	<hr/> 327,292	<hr/> 250,402
Current liabilities		
Accruals	91,342	6,855
	<hr/> 91,342	<hr/> 6,855
Net current assets	235,950	243,547
	<hr/> 235,950	<hr/> 243,547
Total assets	£246,045	£256,124
	<hr/> £246,045	<hr/> £256,124
Represented by		
Income and expenditure account	£246,045	£256,124
	<hr/> £246,045	<hr/> £256,124

The accompanying notes form an integral part of these financial statements.

Approved by the members of the Foundation:


Chairman


Honorary Treasurer

16.1.09
Date

THE MANX HERITAGE FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2008
(Expressed in Pounds Sterling)

1. Accounting policies

These financial statements have been prepared under the historical cost convention.

Grants income is accounted for on an accruals basis.

In preparing these financial statements, the Statement of Recommended Practice 2007: Accounting for entities subject to the Audit Act 2006 ("The SORP") issued by Treasury, has not been fully implemented due to dispensation received from the Department of Local Government and the Environment that the new format of accounts and requirement for an internal audit contained within the legislation would not need to be applied until the year ended 31 March 2009.

Below is a summary of the key areas in which the financial statements are deficient in complying with the Audit Act 2006, the Accounts and Audit Regulations 2007 and the SORP.

Form and Content:

The following items and associated disclosures have been omitted from these financial statements:

The matters of non-compliance in respect of the Accounts and Audit Regulations 2007 are:

- Section 8 paragraph 3(a) – omission of Explanatory Foreword and associated disclosure;
- Section 8 paragraph 3(d) – omission of Statement of Total Movements in Reserves and associated disclosure; and
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THE MANX HERITAGE FOUNDATION

Notes to the Financial Statements

For the year ended 31 March 2008
(Expressed in Pounds Sterling)

Significant accounting policies are:

(a) *Income and expenditure*

The financial statements are prepared on the accruals basis. This policy has been adopted as a result of the implementation of Accounts and Audit Regulations 2007, made under the Audit Act 2006. In the prior year, the financial statements were prepared on a receipts and payments basis.

The effects of the change in the policy are summarised below:

	2007
Income and expenditure account	
Per prior year basis	262,979
Grants made during the year	(6,134)
Audit and accountancy fees	(500)
General committee and office expenses	(32)
Archive costs	-
Wages, salaries and honoraria	-
Net sales revenue	(188)
	<hr/>
Per accruals basis	<u>£256,125</u>

(b) *Grants*

Grants approved are accounted for on an accruals basis.

(c) *Publications*

Commercial sales of publications are included in the income and expenditure account net of the related production costs (note 3). This element of income is accounted for on an accruals basis.

(d) *Depreciation*

Fixed assets are shown at cost and are depreciated on a straight line basis over the following periods, with a full year's depreciation being charged in the year of purchase and no charge in the year of sale.

- (i) Computer equipment 3 years
- (ii) Other assets 5 years

(e) *Stock*

Stock is carried at the lower of cost and net realisable value. The net realisable value of any item of stock is deemed to be nil if still held by the Foundation three years after purchase.

2. Taxation

No provision for Manx income tax is provided for in these financial statements as the entity is a registered foundation and not liable to Manx Income Tax.

THE MANX HERITAGE FOUNDATION

Notes to the Financial Statements (continued)

For the year ended 31 March 2008
(Expressed in Pounds Sterling)

3. Net sales revenue

	2008	2007 (Restated)
Turnover	28,850	38,889
<i>Less:</i>		
Opening stock	54,953	45,867
Purchases	21,701	53,462
Discounts given	-	29
	<hr/> 76,654 <hr/>	<hr/> 99,359 <hr/>
Closing stock - cost	45,918	62,578
<i>Less: stock written down</i>	15,817	7,625
	<hr/> 30,101 <hr/>	<hr/> 54,953 <hr/>
	46,553	44,406
	<hr/> £(17,703) <hr/>	<hr/> £(5,517) <hr/>

The above sales are generated from the sales of books, CDs, DVDs and other related products. These trading activities are carried out in accordance with the objects of the foundation.

4. Grants made during the year

	2008	2007 (Restated)
Aarhus University Press – The Vikings in the Isle of Man	5,000	-
Archaeological sites guide	1,574	-
Archibald Knox Society	-	2,000
Arrane son Mannin Award	225	200
Ballaugh Heritage Trust	-	497
Bronze Age Pottery Illustrations	-	5,600
Centre of Manx Studies – Myerscough research	17,747	-
Centre of Manx Studies – Castle Rushen Papers project	11,775	-
Colum Cille Festival, Iona, attendance	400	-
Cooish	3,000	3,200
Crew List Index Project (CLIP)	-	650
Cultural congress attendance	-	454
Education resource material	4,789	23,932
Farm Photos	3,736	2,912
Finance sector history – research	10,154	-
“Fisher Lass” restoration	7,000	-
“Gallant Manxmen” memorial	-	7,620
Grafiz 3	-	2,300
Groudle Glen Railway	10,000	-
“Joe’s Bar” research & presentation	1,350	-
Professor Kermodé - Ministerial Government in the Isle of Man	-	1,483
King Chaiullee	-	1,000
Laxey Mines Railway	-	4,000

THE MANX HERITAGE FOUNDATION

Notes to the Financial Statements (continued)

For the year ended 31 March 2008
(Expressed in Pounds Sterling)

4. Grants made during the year (continued)

	2008	2007 (Restated)
Learnmanx.com website	4,605	-
Lionel Tertis Viola Competition	-	1,200
Local History Month		256
Lorient Festival attendance	2,928	-
Manx Aviation Preservation Society	3,800	1,659
Manx branch of Celtic Congress	500	-
Manx Experience – publication grant	2,000	-
Manx Folkdance Society		2,000
Manx language Bibliography		1,655
Manx language and culture courses	308	4,075
Manx language research via Centre for Manx Studies	3,000	4,692
Manx language resources	15,903	9,985
Manx language Translation	36,085	8,428
Manx language Website Project		20,000
Manx music and cultural workshops	2,167	2,571
Manx music dance and DVD	2,348	-
Manx music dance and support	1,734	210
Manx satirical poetry project		14,826
Manx Worthies book		2,084
Milntown support	297	150
"Mostly T E Brown" CD	-	550
Ned Maddrell lecture		211
Nunnery Chapel research		7,161
Oral history project	2,246	892
Peel Carnival	1,000	1,000
Perree T costumes	500	-
Practical Manx Usage project		13,372
Pre-publication expenses	6,133	1,679
Property plaques scheme	483	-
Doug Sandle – Hop-tu-naa research	-	331
Scanjoon CD	-	510
Shennaghys Jiu	5,000	5,000
St Thomas's Church clock	-	2,000
Student bursaries	500	1,000
University of California lecture on Manx language	750	-
"White Heather" restoration	11,776	3,200
WWI Internees research	720	-
WWII Oral History	548	-
WWII Structures Survey	-	720
Yn Chruinnaght	60	12,368
	£182,141	£179,633

THE MANX HERITAGE FOUNDATION

Notes to the Financial Statements (continued)

For the year ended 31 March 2008
(Expressed in Pounds Sterling)

5. Equipment

	Computer Equipment	Musical Equipment	Audio Equipment	Office / General	Video and Photo	Total
Cost						
At 1 April 2007	26,331	5,467	10,329	339	16,312	55,778
Additions	5,783	-	-	-	-	5,784
Disposals	-	-	-	-	-	-
At 31 March 2008	<u>£32,114</u>	<u>£5,467</u>	<u>£10,329</u>	<u>£339</u>	<u>£16,312</u>	<u>£64,561</u>
Depreciation						
At 1 April 2007	24,428	5,466	5,797	367	10,172	46,200
Charge for the year	3,672	-	1,524	-	3,070	8,266
At 31 March 2008	<u>£28,100</u>	<u>£5,466</u>	<u>£7,321</u>	<u>£367</u>	<u>£13,242</u>	<u>£54,466</u>
Net book value						
At 31 March 2008	<u>£4,014</u>	<u>£1</u>	<u>£3,008</u>	<u>£2</u>	<u>£3,070</u>	<u>£10,095</u>
At 31 March 2007	<u>£1,902</u>	<u>£1</u>	<u>£4,532</u>	<u>£2</u>	<u>£6,140</u>	<u>£12,577</u>

6. Loans

The foundation has authority under the Manx Heritage Foundation Act 1982 to make loans out of the Fund 'on such terms as the Foundation may consider proper, to such persons and organisations as the Foundation may in its complete discretion consider suitable for the furtherance of the objects of the Foundation.'

All loans awarded are unsecured, interest free and repayable in quarterly instalments over three years.

7. Debtors

	2008	2007
Trade debtors	13,231	9,800
Payment due for services supplied to Department of Education outstanding at year end	74,000	-
VAT	1,674	233
	<u>£88,905</u>	<u>£10,033</u>

THE MANX HERITAGE FOUNDATION

Notes to the Financial Statements (continued)

For the year ended 31 March 2008
(Expressed in Pounds Sterling)

8. Creditors and Accruals

	2008	2007 (Restated)
Accruals	11,960	6,855
Grants payable	79,382	-
	<u>£91,342</u>	<u>£6,855</u>

9. Related Party Transactions

During the prior year a loan was made to Miss Patricia Skillicorn for the purpose of publishing a book. At the year end £1,500 of the loan remained for repayment. Miss Skillicorn is a member of the Foundation. The loan is interest free and repayable in quarterly instalments over three years.

10. Audit Fee

The foundation incurred the following fees relating the external audit services:

	2008	2007 (Restated)
External audit services carried out by the appointed auditors	£500	£1,029

11. Salary

No employees were paid more than £50,000 during the year.

12. Members attendance allowances

During the year 2007/08, members allowances of Nil (2007: nil) were paid to the members in accordance with the provisions of the Payments of members' Expenses Act 1989.