

NATIONAL LOTTERY ETC. ACT 1993

**Account** of the Sports Council for Northern Ireland's Lottery Distribution for the year ended 31 March 1997, together with the Certificate and Report of the Comptroller and Auditor General thereon. (In continuation of House of Commons Paper No. 666 of 1995–96.)

Presented pursuant to the Act 1993, section 35(5)

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# **Sports Council for Northern Ireland Lottery Distribution Account 1996–97**

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 23 JULY 1997

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## Foreword

The Sports Council for Northern Ireland presents the financial statements of its Lottery distribution activities for the year ended 31 March 1997.

### Statutory background

The Sports Council for Northern Ireland was established on 31 December 1973 under the provisions of Article 3 of the Recreation and Youth Service (Northern Ireland) Order 1973. Its object is the furtherance of sport and physical recreation and its functions are as provided by Article 3 of the Recreation and Youth Service (Northern Ireland) Order 1986.

### Principal functions related to National Lottery distribution activities

The National Lottery etc. Act 1993 established the National Lottery and designated five "good causes": arts, sport, national heritage, charitable projects and projects to mark the year 2000 and the beginning of the third millennium. Each of the five good causes receive 20% of the net proceeds of the Lottery paid out of The National Lottery Distribution Fund. The Sports Council for Northern Ireland is charged under the Act with responsibility for distributing 2.8% of the money allocated to sport.

### Financial results

The Sports Council for Northern Ireland's Lottery Distribution results are set out in the Income and Expenditure Account. Total proceeds received from the National Lottery totalled £8,781,230. During the year the Sports Council made awards of £6,900,215. In 1996/97 £4,027,840 was paid to applicants, the remaining balance being held as commitments for future grant payments. The total administrative costs of the Sports Council's Lottery distribution activities, including staff costs but excluding depreciation, was £240,459. This represents approximately 2.7% of the total proceeds received in the year.

### Retained funds at the year end

At the end of the year the Lottery Distribution Account showed a decrease in funds of £449,230 after making a provision for all hard commitments outstanding at the year end. At the end of 1995/96 the retained funds totalled £6,155,268. Therefore the retained funds at 31 March 1997 amounted to £5,706,038. This amount will be carried forward to the 1997/98 financial year and will be available for distribution.

### Review of National Lottery distribution activities

During the year the Sports Council continued to make awards of grant under its capital programme. The Council received and considered applications and by the end of the year had made firm and provisional offers of award of £6,900,215 on 92 projects. This brought the total sum awarded to capital projects since the start of the Lottery to £15,677,288 on 218 projects. The awards ranged from £3,364 to the Ulster Deaf Sports Council for the purchase of equipment to assist communication of the organisation's activities to £400,000 to Lisburn Borough Council towards the provision of movable floors for the learner and diving pools as part of the development of a new swimming complex in Lisburn.

Under the capital programme the Council agreed new policies for the distribution of funds to dual use i.e. school/community use projects on school sites and for projects serving disadvantaged areas. In both cases, these policies allow for higher percentage levels of funding to be awarded to projects satisfying the criteria.

On 1 April 1996, the Department of Education issued the Council with additional directions which allowed revenue only awards for defined purposes. Following consultation, the Council agreed to introduce four new revenue funding programmes

- Development of Talented Individuals
- Major International Events
- Coaching and Leadership
- Talent Identification and Nurturing

The first two revenue funding programmes, Development of Talented Individuals and Major International Events were launched in January 1997 and the Council began to receive applications in March 1997.

The Council continued to publicise the existence of the Lottery Sports Fund by holding roadshows throughout the province.

**Future developments  
in National Lottery  
distribution activities**

During the next year the Council will consult, develop policy and devise systems and procedures for handling applications in respect of the other revenue funding programmes agreed, i.e. Coaching and Leadership and Talent Identification and Nurturing.

The Council awaits and will respond to the Government's White Paper on National Lottery reforms which is expected to be issued during summer 1997.

The Government's plans for reform, and in particular the proposal to designate a sixth "good cause", may affect the sums available for distribution by the Sports Council for Northern Ireland.

**Lottery Committee and  
Council Membership**

The Council consists of a Chairman and Vice-Chairman and other persons appointed by the Minister after consultation with representatives of district councils, education and library boards and participants in sport and physical recreation. Unless indicated otherwise, the members were appointed on 1 April 1996 and will serve a term of 4 years. The members of the Lottery Committee are nominated by the Sports Council. The following persons served as members during the financial year 1996/97.

**Lottery Committee**

Mr D Bowen  
Mrs M Bradley  
Miss F McGrady (Chairperson)  
Mr J McKeever  
Mr P Robinson  
Professor E Saunders  
Mr R Trouton

**Council Membership**

Mr D Allen (Chairperson)  
Mr S Hilditch MBE (Vice-Chairperson)  
Mr D Bowen  
Mrs M Bradley  
Mrs N McConnell  
Miss F McGrady

Mr J McKeever  
Mrs W McIlmoyle (appointed July 1996)  
Mr J O'Neill  
Mr P Robinson  
Professor Eric Saunders  
Mr C Shillington CBE  
Mr R Stoker  
Mr R G Trouton  
Miss M Wilson OBE

**Payment policy**

It is the Council's policy to abide by the CBI's "Prompt Payer's Code" and in particular to pay bills in accordance with contract.

**Appointment of auditors**

Under Section 35(5) of the National Lottery etc. Act 1993 the Comptroller and Auditor General examines and certifies the financial statements of the National Lottery Distribution bodies and lays copies of the statement and his report before Parliament.

**Equality of opportunity**

The Sports Council for Northern Ireland is committed to the development of positive policies to promote equal opportunity in employment based on practices which are non-discriminatory as between people of differing abilities, religion, political view, nationality, race, colour or sex.

*D. Allen*  
Chairperson

7 July 1997

## Statement of the Council's and Chief Executive's responsibilities

Under Section 35(2) & (3) of the National Lottery etc. Act 1993 the Sports Council for Northern Ireland is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State, with the consent of Treasury.

The financial statements are prepared on an accruals basis and must show a true and fair view of the state of affairs of the Sports Council for Northern Ireland's lottery distribution activities at the year end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the financial statements the Council is required to:

- observe the accounts direction issued by the Department of Education for Northern Ireland on behalf of the Secretary of State for National Heritage, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the body will continue in operation.

The Accounting Officer for the Department of Education for Northern Ireland has designated the Chief Executive of the Sports Council for Northern Ireland as the Accounting Officer for the Council. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the finances for which he is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum issued by the Northern Ireland Department of Finance and Personnel, the guidance contained within "Government Accounting Northern Ireland" issued by the Department of Finance and Personnel, and in the Financial Directions issued by the Department of Education for Northern Ireland on behalf of the Secretary of State for National Heritage under section 26(3) of the National Lottery etc. Act 1993.

*Eamon McCartan*  
Chief Executive

7 July 1997

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 6 to 13 under the National Lottery etc. Act 1993. These financial statements have been prepared under the historical cost convention as modified by the inclusion of fixed assets at their value to the business and the accounting policies set out on pages 9 and 10.

## Respective responsibilities of the Council, Chief Executive and Auditors

As described on page 4 the Council and the Chief Executive as the Accounting Officer are responsible for the preparation of financial statements and for ensuring the regularity of financial transactions. It is my responsibility to form an independent opinion, based on my audit, on those statements and on the regularity of the financial transactions included in them and to report my opinion to you.

## Basis of opinion

I conducted my audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council and the Chief Executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or by other irregularity and that, in all material respects, the expenditure and income and have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In my opinion:

- the financial statements give a true and fair view of the state of affairs of the Sports Council for Northern Ireland Lottery distribution activities at 31 March 1997 and of the decrease in funds available, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the National Lottery etc. Act 1993 and directions made thereunder by the Department of Education for Northern Ireland on behalf of the Secretary of State for National Heritage;
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

*John Bourn*  
Comptroller and Auditor General

18 July 1997

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London SW1W 9SP

## Income and Expenditure Account for the year ended 31 March 1997

	Notes	1996-97 £	1995-96 £
Proceeds from Lottery	2	8,781,230	8,569,291
Interest receivable		4,353	—
Grants refunded and commitments written back		—	—
Other income		<u>504</u>	<u>303</u>
<b>Total income</b>		<b><u>8,786,087</u></b>	<b><u>8,569,594</u></b>
New grants paid in the year		4,027,840	690,883
Provision for new grant commitments made	11	4,954,818	3,049,725
Staff costs—Recharge	2	130,707	124,090
—Direct		2,961	—
Depreciation: tangible assets	4	12,200	10,519
Other operating costs—Direct costs	3	90,119	46,684
—Recharge	3	<u>16,672</u>	<u>19,370</u>
<b>Total expenditure</b>		<b><u>9,235,317</u></b>	<b><u>3,941,271</u></b>
<b>(Decrease)/Increase in funds</b>		<b>(449,230)</b>	<b>4,628,323</b>
Notional costs—capital	13	<u>(26,957)</u>	<u>(14,809)</u>
<b>(Decrease)/Increase in funds including notional costs</b>		<b>(476,187)</b>	<b>4,613,514</b>
Reversal of notional costs		<u>26,957</u>	<u>14,809</u>
<b>(Decrease)/Increase in funds</b>		<b><u>(449,230)</u></b>	<b><u>4,628,323</u></b>

SCNI has no recognised gains and losses relating to its National Lottery distribution activities other than those included above.

*The notes on pages 9 to 13 form part of these financial statements.*



## Balance Sheet As At 31 March 1997

	Notes	1996-97	1995-96
		£	£
<b>Fixed assets</b>			
Tangible assets	4	30,964	30,984
<b>Current assets</b>			
Investments—balances held in NLDF	5	13,330,868	8,999,609
Debtors and prepayments	6	191,870	38,733
Cash at bank and in hand		<u>226,453</u>	<u>177,103</u>
		13,749,191	9,215,445
<i>Less: creditors amounts due   within one year</i>	7	(365,314)	(162,436)
Net current assets		<u>13,383,877</u>	<u>9,053,009</u>
<b>Total assets less current liabilities</b>		<u>13,414,841</u>	<u>9,083,993</u>

**Represented by:**

Provision for liabilities and charges:

Grant commitments	10	7,708,803	2,928,725
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Reserves

Income and expenditure		5,706,038	6,155,268
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		<u>13,414,841</u>	<u>9,083,993</u>
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*D. Allen*  
Chairperson

*Eamon McCartan*  
Chief Executive

7 July 1997

*The notes on pages 9 to 13 form part of these financial statements.*

## Cash Flow Statement for year ended 31 March 1997

	1996-97	1995-96
	£	£
<b>Net cash inflow from operating activities</b>	<b>61,530</b>	<b>188,599</b>
Capital expenditure	<u>12,180</u>	<u>12,048</u>
<b>Increase in cash</b>	<b><u>49,350</u></b>	<b><u>176,551</u></b>

## Notes to the Cash Flow Statement

### 1. Reconciliation of decrease in funds to net cash inflow from operating activities

	1996-97	1995-96
	£	£
(Decrease)/Increase in funds	(449,230)	4,628,323
Depreciation charges	12,200	10,519
Increase in NLDF investment	(4,331,259)	(7,482,390)
Increase in debtors and prepayments	(153,137)	(26,584)
Increase in creditors arising from operating activities	202,878	130,006
Increase in provision	<u>4,780,078</u>	<u>2,928,725</u>
<b>Net cash inflow from operating activities</b>	<b><u>61,530</u></b>	<b><u>188,599</u></b>

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

	1996-97	1995-96
	£	£
Net funds at 1 April	177,103	552
Increase in cash	<u>49,350</u>	<u>176,551</u>
<b>Net funds at 31 March</b>	<b><u>226,453</u></b>	<b><u>177,103</u></b>

## Notes to the Accounts

### Accounting policies

#### 1 (a) Basis of accounting

These financial statements have been prepared under the historical cost convention as modified by the inclusion of fixed assets at their value to the business and stocks valued at the lower of cost and net realisable value. Without limiting the information given, the financial statements meet the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986 and Accounting Standards issued, or adopted, by the Accounting Standards Board so far as those requirements are appropriate.

#### (b) Tangible fixed assets

Fixed assets are stated in the balance sheet at cost after applying a capitalisation limit of £500 and after taking into account the costs incurred in bringing the assets into use but not expenditure properly chargeable to the income and expenditure account. Depreciation has been provided using the straight line method so as to write each asset off over its estimated useful life. Depreciation is charged in the year in which the asset is acquired; no depreciation is charged in the year in which the asset is disposed.

The rates of depreciation in use are as follows:—

Information Technology (Hardware and Software)	25%
Office Furniture	10%
Office Equipment	20%
Display Unit	20%

#### (c) Pension costs

Lottery Unit staff are employees of the Sports Council for Northern Ireland and as such are members of a defined benefit pension scheme, the assets of which are held separately from those of the Council in an independently administered fund. Contributions are charged against revenue as incurred.

#### (d) National Lottery Distribution Fund Account

Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for National Heritage. However, the share of these balances attributable to the Sports Council for Northern Ireland is as shown in the accounts and, at the 31 March 1997, has been certified by the Secretary of State for National Heritage as being available for distribution by it in respect of current and future commitments.

### Staff Costs

2		£
	Secondment charge	2,961
	Salaries and wages	119,414
	Social Security costs	8,313
	Other pension costs	2,980
	<b>Total</b>	<b>133,668</b>

With the exception of payments in respect of one member of staff seconded from the Department of Education, all staff costs were initially incurred by SCNI and recharged to the Lottery Distribution Account. Out of this total, a balance of £38,802 was owing to SCNI at 31 March 1997.

The average number of full-time equivalent persons employed by the Sports Council for Northern Ireland and deployed on Lottery duties during the period from April 1996 to March 1997 was 6 staff.

**Chief Executive's remuneration**

The Chief Executive's total remuneration including employer's costs in 1996/97 was £46,648. He is an ordinary member of the Northern Ireland Local Government Officers pension scheme. The Chief Executive was appointed in June 1994. His contract is for a period of 5 years.

A total of 5% of the Chief Executive's costs have been apportioned to the Lottery Distribution Account to cover time spent on Lottery activities. For the year 1996/97 this amounted to £2,332.

**Council members' emoluments**

The Chairman and Vice-Chairman of the Council received honorariums totalling £14,340 in 1996/97. None of these costs were apportioned to the Lottery Distribution Account. No emoluments were paid to other Council members in respect of Lottery activities.

<b>Other operating costs</b>	<b>3</b>	<b>£</b>
Printing		8,737
Furniture/equipment (non capital)		778
Lottery promotion		7,065
Stationery/office supplies		6,251
SCNI overhead charge		12,961
Travel and subsistence		14,921
Telephone and postage		4,520
Lottery Committee expenses		847
Staff training		1,475
Audit fee		17,200
Consultants costs and professional services		11,260
Temporary staff		13,467
Hospitality		297
Rent		3,600
Recruitment		3,412
<b>Total</b>		<b><u>106,791</u></b>

Of the above total a sum of £16,672 was initially incurred by SCNI and recharged to the Lottery Distribution Account. Out of this total, a balance of £7,385 was owed to SCNI at 31 March 1997.

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Tangible fixed assets	4	IT hardware	Office	Office	Display	Total
		and software	furniture	equipment	unit	
		£	£	£	£	£
<b>Cost</b>						
Cost at 1 April 1996		13,325	5,436	29,539	3,680	51,980
Additions		—	7,543	4,636	—	12,179
Cost at 31 March 1997		13,325	12,979	34,175	3,680	64,159
<b>Depreciation</b>						
Accumulated depreciation at						
1 April 1996		6,662	1,046	11,816	1,472	20,996
Charge for year		3,331	1,297	6,835	736	12,199
Accumulated depreciation at						
31 March 1997		9,993	2,343	18,651	2,208	33,195
Net book value at 31 March 1997		3,332	10,636	15,524	1,472	30,964

Reconciliation of movement of funds	5	Provision				1995-96
		Balances	Balances	for grant	1996-97	
		held in	held in	commit-	Total	
		NLDF	SCNI	ments	Total	
		£	£	£	£	£
Proceeds from Lottery		8,781,230	—	—	8,781,230	8,569,291
Drawn down in year		(4,449,971)	4,449,971	—	—	—
Other income		—	504	—	504	303
Interest receivable		—	4,353	—	4,353	—
Staff costs		—	(133,668)	—	(133,668)	(124,090)
Other operating costs		—	(106,791)	—	(106,791)	(66,054)
Depreciation of fixed assets		—	(12,200)	—	(12,200)	(10,519)
New grants paid in year		—	(4,027,840)	—	(4,027,840)	(690,883)
New grant commitments in year		—	—	(4,954,818)	(4,954,818)	(3,049,725)
Total increase/(decrease) in funds		4,331,259	174,329	(4,954,818)	(449,230)	4,628,323
Balance at 1 April		8,999,609	205,384	(3,049,725)	6,155,268	1,526,945
Balance at 31 March		13,330,868	379,713	(8,004,543)	5,706,038	6,155,268

The funds held in the National Lottery Distribution Fund (NLDF) are invested on its behalf by the National Investment and Loans Office. Sport receives 20% of the monies paid into the Fund by Camelot, the Lottery operator, after the deduction of expenses incurred by the Department of National Heritage in administering the Fund, and by the Office of the Lottery Regulator. The Sports Council for Northern Ireland receives 2.8% of the sum allocated for sport. Interest earned on the sums invested is apportioned to each of the 11 Lottery distributors on the basis of their percentage of the total remaining NLDF Funds at the time the interest is received. The market value of investments held by NLDF on behalf of the Sports Council for Northern Ireland Lottery Distribution Fund Account at 31 March 1997 was £13,330,795.

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<b>Debtors and prepayments</b>	<b>6</b>		£
		Bank interest receivable	5,728
		Amount owed by SCNI at 31.3.96	12,252
		Other debtors	<u>173,890</u>
			<u>191,870</u>

The sum of £173,890 disclosed as Other debtors relates to the cost of providing and fitting out new offices for the Lottery Unit which has been treated as a prepayment of rent on the office space occupied by the Lottery Unit.

<b>Creditors</b>	<b>7</b>		£
		Corporation tax payable	1,375
		Trade creditors	22,783
		Amount owed to SCNI at 31.3.97	45,416
		Other creditors	<u>295,740</u>
			<u>365,314</u>

The sum of £295,740 under Other creditors relates to grant commitments for which claims for payment had been received at 31 March 1997.

<b>Pension scheme</b>	<b>8</b>	Most employees of the Sports Council for Northern Ireland are members of the Northern Ireland Local Government Officers' Superannuation Scheme which is a defined benefits scheme. Contribution rates are set by the scheme and are charged against revenue as incurred. The cost for the year charged to the Lottery Distribution Account amounted to £2,980.	
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<b>Commitments</b>	<b>9</b>	There were no capital commitments as at 31 March 1997.	
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<b>Contingent liabilities</b>	<b>10</b>	Apart from soft commitments shown under Note 12 below, there were no contingent liabilities as at 31 March 1997.	
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<b>Hard commitments</b>	<b>11</b>		£
		Hard commitments brought forward	3,049,725
		Hard commitments met in the year	(4,027,840)
		Hard de-commitments	—
		Hard commitments made	<u>8,982,658</u>
		Balance of hard commitments outstanding carried forward	<u>8,004,543</u>

#### Profile of hard commitments

	£
Payable in 1997/98	8,004,543

A total of £295,740 of the hard commitments for 1997/98 have been treated as creditors and are included as Other creditors in Note 7. The Hard commitments total of £4,954,818 as shown in the Income and Expenditure Account is the

increase in the provision for grant commitments in future years. The Balance Sheet shows a figure of £7,708,803 and this represents the Hard commitments less the amount of £295,740 disclosed as creditors.

<b>Soft commitments</b>	<b>12</b>	<b>£</b>
	Soft commitments brought forward	5,036,465
	Soft commitments transferred to hard commitments	(8,982,658)
	Soft de-commitments	—
	Soft commitments made	<u>6,900,215</u>
	Balance of soft commitments outstanding carried forward	<u>2,954,022</u>

**Notional costs**                      **13**    A notional sum for the cost of capital has been calculated and disclosed in the income and expenditure account in accordance with HM Treasury guidance.

**Related party transactions**                      **14**    The Sports Council for Northern Ireland is a non-departmental public body sponsored by the Department of Education for Northern Ireland (DENI). DENI is regarded as a related party. During the year the Council has had various material transactions with DENI.

None of the Council members or members of the senior management team have undertaken any material transactions with the Council during the year.

# Sports Council for Northern Ireland National Lottery Fund Accounts Direction

**Direction given by the  
Department of  
Education for  
Northern Ireland on  
behalf of the Secretary  
of State for National  
Heritage**

The Department of Education for Northern Ireland, on behalf of the Secretary of State for National Heritage, in pursuance of section 35 of the National Lottery Act 1993, hereby gives the following Direction:

- 1 The statement of accounts which it is the duty of the Sports Council for Northern Ireland to prepare in respect of its National Lottery distribution activities for the financial year ended 31 March 1995 and any subsequent financial year shall comprise:
  - 1.1 a foreword;
  - 1.2 an income and expenditure account;
  - 1.3 a balance sheet;
  - 1.4 a cash flow statement;
  - 1.5 a statement of total recognised gains and losses; andincluding in each case such notes as may be necessary for the purpose referred to in paragraphs 2 and 3 below. This statement, and all the elements thereof, must be prepared separately from, and must not be consolidated with any other accounts produced by the Sports Council for Northern Ireland.
- 2 The Accounting Officer for the Sports Council for Northern Ireland's National Lottery Fund shall observe all relevant accounting and disclosure requirements given in "Government Accounting", in the Treasury booklet "Trading Accounts: A Guide for Government Departments and Non-Departmental Public Bodies" and any other guidance issued by the Department, as amended and augmented from time to time.
- 3 The statement of accounts referred to above shall give a true and fair view of the income and expenditure, state of affairs and cash flow of the Sports Council for Northern Ireland in respect of its National Lottery distribution activities. Subject to the foregoing requirement, the statement of accounts shall also, without limiting the information given, and as described in Schedule 1 of this Direction, meet in so far as they are appropriate to the Sports Council for Northern Ireland's National Lottery Fund business:
  - 3.1 the accounting and disclosure requirements of the Companies (Northern Ireland) Order 1986;
  - 3.2 best accounting practice including accounting standards issued or adopted by the Accounting Standards Board currently in force, with the exception of the requirement contained in Financial Reporting Standard 3 (FRS 3) for inclusion of a note showing historical cost profit and losses;
  - 3.3 any disclosure and accounting requirements which the Treasury or the Department may issue from time to time in respect of the accounts which are required to show a true and fair view; and
  - 3.4 any additional disclosure requirements contained in "The Fees and Charges Guide" in particular those relating to the need for appropriate segmental information for services or forms of service provided for which a charge is made.



- 4 The statement of accounts mentioned in paragraph 1 shall also include the supplementary information set out in Schedule 2 to this Direction.
- 5 The income and expenditure account and the balance sheet shall be prepared under the historical cost convention modified by the inclusion of:
  - (a) fixed assets at their value to the business by reference to current costs; and
  - (b) stocks valued at the lower of cost, or net current replacement cost if materially different, and net realisable valuewhere these are materially different to their value under the historical cost convention.
- 6 Fundamental or material changes in accounting policies, to the extent that they do not conform with UK generally accepted accounting practice, shall be discussed and agreed with the sponsoring Department and the Treasury before implementation.
- 7 The accounts shall be signed in respect of the Sports Council for Northern Ireland's National Lottery Fund activities by the Sports Council for Northern Ireland's Accounting Officer and be sent in accordance with section 35 of the National Lottery Act 1993 to the Department and Comptroller and Auditor General as soon as possible after 31 March each year and no later than 30 September.

*Ronnie Jordan*

Signed by authority of the  
Secretary of State for National Heritage  
A Grade 5 Officer in the  
Department of Education for Northern Ireland

# Schedule 1

## Application of the Companies Order Requirements

- 1 The disclosure exemptions permitted by the Companies (Northern Ireland) Order 1986 shall not apply to the Sports Council for Northern Ireland unless specifically approved by the Department of National Heritage with the consent of the Treasury.
- 2 The Foreword shall contain the information required by the Companies (Northern Ireland) Order 1986 to be disclosed in the Directors' Report, to the extent that such requirements are appropriate to the National Lottery distribution activities of the Sports Council for Northern Ireland. In particular:
  - 2.1 brief history of the body
  - 2.2 statutory background and framework to the body and the National Lottery
  - 2.3 principal functions related to National Lottery distribution activities
  - 2.4 financial results
  - 2.5 review of National Lottery distribution activities
  - 2.6 significant changes in fixed assets
  - 2.7 any amount retained and carried to reserves
  - 2.8 future developments in National Lottery distribution activities
  - 2.9 names of the members of the body and any National Lottery sub-committees of the body
  - 2.10 appointment of auditors
  - 2.11 policy on disabled persons
  - 2.12 employee consultation
- 3 In preparing its income and expenditure account the Sports Council for Northern Ireland shall adopt format 2 prescribed in Schedule 4 to the Companies (Northern Ireland) Order 1986 to the extent that such requirements are appropriate to the body and taking account of the requirements of Schedule 2 to this Direction. This analysis should enable the user of the accounts to gain a proper appreciation of the principal elements of the income and expenditure of the body.
- 4 In preparing its balance sheet the Sports Council for Northern Ireland shall adopt format 1 prescribed in Schedule 4 to the Companies (Northern Ireland) Order 1986 to the extent that such requirements are appropriate to the body and taking account of the requirements of Schedule 2 to this Direction. The balance sheet totals shall be struck at total assets less current liabilities.

## Schedule 2

### Additional Disclosure Requirements

- 1 This Schedule details the non standard accounting policies, any special treatment needed, and any disclosure requirements as agreed by the Treasury, the Department and the Sports Council for Northern Ireland in respect of the Sports Council for Northern Ireland's National Lottery Fund activities.
- 2 The Income and Expenditure Accounts shall show inter alia:
  - 2.1 the total amount of Lottery proceeds receivable;
  - 2.2 any other income (detailed between bank interest, recoveries of grant and other income);
  - 2.3 the total amount of new Lottery grants paid in the period (i.e. amounts paid in respect of projects which have been approved during the year);
  - 2.4 change in the provision for net grant commitments;
  - 2.5 the total expenses incurred by the body in respect of its National Lottery distribution activities, separately identifying direct costs and costs initially incurred elsewhere in the organisation and apportioned to the National Lottery distribution activity. The calculation of costs to the Sports Council for Northern Ireland's National Lottery activities will be on a full cost recovery basis as described in the Treasury "Fees and Charges Guide" and should cover all costs that are directly and demonstrably related to Lottery distribution activities.
- 3 The Balance Sheet shall show, inter alia:
  - 3.1 under the heading "Current assets": shown as an investment the balance held on behalf of the body at the National Lottery Distribution Fund;
  - 3.2 under the heading "Represented by":
    - a the provision for grants committed on a hard basis and falling due for payment after more than one year (see note 5 below on commitments);
    - b the balance on the Income and Expenditure Account.
- 4 The Notes to the Accounts shall include inter alia:
  - 4.1 a statement of accounting policies. This must include a statement explaining the nature of the balances held on the Sports Council for Northern Ireland's behalf in the National Lottery Distribution Fund as follows:

"Balances held in the National Lottery Distribution Fund remain under the stewardship of the Secretary of State for National Heritage. However, the share of these balances attributable to the Sports Council for Northern Ireland is as shown in the accounts and, at the balance sheet date, has been certified by the Secretary of State for National Heritage as being available for distribution by it in respect of current and future commitments."

- 4.2 an analysis of the income and expenditure relating to the Lottery;
  - 4.3 an analysis of "other operating charges" over appropriate subject headings (to include write-offs, audit fees, leasing charges, travel, subsistence and hospitality costs for staff and body members should be separately identified);
  - 4.4 any remuneration paid to the members of the Sports Council for Northern Ireland's Lottery Fund;
  - 4.5 the remuneration of the Director (or designated officer) of the Lottery Fund to be shown separately (or total remuneration and share accruing to the Lottery Fund of the individual chiefly responsible for Lottery matters if their duties are split between Lottery and non-Lottery functions);
  - 4.6 the remuneration of the senior employees to be shown in bands of £10,000 starting from £40,000 upwards. Where staff are involved in Lottery and non-Lottery functions, their total salaries and the Lottery proportion (in cost and percentage terms) should both be identified;
  - 4.7 the amounts "committed in respect of capital expenditure for administrative purposes", and "amounts authorised in respect of capital expenditure for administrative purposes but not contracted";
  - 4.8 the amounts committed in respect of Lottery grants split between hard and soft commitments identifying the amount falling due (see note 5 below). Where these commitments exceed available resources shown on the Balance Sheet, there should also be a note explaining the rationale for the over-commitment in terms of the benchmark being applied and the assumptions behind it, taking into account any advice received from the Department as appropriate.
- 5 The nature of the Sports Council for Northern Ireland's Lottery activities means that it will be making commitments for future expenditure which will need to be shown in the annual financial statements. Commitments should be categorised and shown as follows:

5.1 Soft Commitments

These will occur when there is agreement in principle by the Sports Council for Northern Ireland to fund a scheme and an offer made. Once a formal offer and acceptance of the terms and conditions of the grant has been concluded this will become a hard commitment. The total of soft commitments will be shown in a note to the balance sheet. Changes in soft to hard commitments which arise after the accounting year end and before publication of the accounts will not be adjusting events in terms of the Statement of Standard Accounting Practice 17 (SSAP 17). A tabulation should accompany the notes to the account and show:

- a soft commitments brought forward
- b soft commitments transferred to hard commitments
- c soft de-commitments
- d soft commitments made
- e balance of soft commitments outstanding carried forward  
[e=a-(b+c)+d]

## 5.2 Hard Commitments

A hard commitment is analogous to a commitment arising from a legally binding contract, carrying with it an obligation on the distributor to pay the agreed Lottery grant provided only that all the conditions of grant are met, and that the Lottery continues to operate. For the purposes of recording a charge in the income and expenditure account, a hard commitment arises when a firm offer of a grant from National Lottery proceeds has been made by the Sports Council for Northern Ireland and accepted in writing by the recipient. A firm offer will only be made if there is a reasonable expectation that conditions attached to the offer will be met. A provision for grant commitments should be shown on the balance sheet and would be written down as the commitments mature. As part of the notes to the balance sheet a tabulation illustrating the changes in hard commitments should be shown as follows:

- a hard commitments brought forward
- b hard commitments met in the last year
- c hard de-commitments (withdrawal of an offer)
- d hard commitments made
- e balance of hard commitments outstanding carried forward  
[e=a-(b+c)+d]
- f a breakdown of the provision for grant commitments should be reported separately for each year up to and including 5 years, and for over 5 years.

## 5.3 De-commitments

### 5.3.1 Soft commitments

If a soft commitment fails to become hard for any reason and there is no prospect of a formal offer letter being issued and accepted then the soft commitment should be deleted from the Sports Council for Northern Ireland's records. It will be shown in the table accompanying the notes to the balance sheet in the soft de-commitments line.

### 5.3.2 Hard commitments (withdrawal of a commitment)

Should a hard commitment fail to become a cash payment within the expected timeframe, and there is little possibility of it crystallising, the Sports Council for Northern Ireland may withdraw the offer formally in writing. A reverse entry to the commitment should then be made in the Income and Expenditure account. The table in the notes to the accounts will correspondingly be reduced.

## 5.4 Repayments

The circumstances of a grant repayment are as described in the Statements of Financial Requirements. A repayment will not affect commitment unless the payment is part of a phased scheme for which commitments for later phases have been included in the balance sheet. A repayment will be reflected as an adjustment in the Income and Expenditure account. If a repayment occurs after the year end but before the accounts have been signed by the Sports Council for

Northern Ireland's accounting officer and is material (5% of the total grants paid in the year or £1m whichever is lower) it will be necessary to treat the repayment as an adjusting event in terms of SSAP 17.



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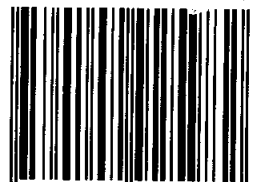
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