



*Giving kids with limited life unlimited possibilities*

**LIFELITES**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2006**  
**REGISTERED CHARITY NUMBER 1115655**

## **Report and Accounts of the Trustees of Lifelites for the year ended 31 December 2006**

In accordance with statutory requirements and the Statement of Recommended Practice 2005, the Trustees of Lifelites submit their report for the year ended 31 December 2006.

### **1. Identity, Definitions and Administrative Information**

#### **Name and Registered Office of the Charity**

The name of the charity is Lifelites.

The registered office is 31 Great Queen Street, London, WC2B 5AG.

The charity number is 1115655

#### **Definitions**

In this report words importing the masculine gender include the feminine

#### **Constitution**

The Lifelites scheme was established by the Royal Masonic Trust for Girls and Boys ("RMTGB") in June 1999 to mark the Millennium. Its aim was to provide an information technology suite to every children's hospice in England and Wales.

Lifelites was established as a separate charity by a Deed of Trust ("the Trust Deed") on 3 November 2005, and was granted charitable status by the Charities Commission on 2 August 2006.

#### **Trustees**

Chairman	Christopher Aylwin	Appointed 3 November 2005
Appointments and Remuneration Committee	Andrew Ross	Appointed 3 November 2005
Appointments and Remuneration Committee	John Martin	Appointed 3 November 2005
	Christopher White	Appointed 3 November 2005
	Jeremy Aspden	Appointed 3 November 2005
	Colin Knight	Appointed 3 November 2005
	Robert FW Cook FCA	Appointed 7 December 2006

#### **Lifelites Staff**

Chief Executive	Simone Enefer-Doy CNA, BA Hons,
Director	John Halahan
Administrator/Office Manager	Julia Clough

In addition the RMTGB provides financial services to Lifelites through its Finance Director - David Thompson BA, ACA - and his staff.

#### **Relevant Addresses**

<b>Auditors:</b>	<b>Spofforths LLP</b> , 9 Donnington Park, 85 Birdham Road, Chichester, West Sussex PO20 7AJ
<b>Bankers:</b>	<b>National Westminster Bank Plc</b> , Bloomsbury Parr's Branch, 214 High Holborn, London WC1V 7BX
<b>Solicitors:</b>	<b>Speechly Bircham</b> , 6 St Andrew Street, London EC4A 3LX

## 2. Structure, Governance and Management

**Governing Document** - Lifelites is governed by its Trust Deed. The Trust Deed sets out the objects of Lifelites, the powers of the Trustees, the manner of appointment, resignation and removal of Trustees, and the procedures and controls which govern the administration of Lifelites.

**Relationship between Lifelites and the RMTGB** - The Trust Deed provides that future Trustees shall be appointed by the Council of the RMTGB, and for this reason Lifelites continues, for accounting purposes, and for the time being, to be treated as a subsidiary fund of the RMTGB.

However, the Trust Deed further provides that its terms may be amended by the Trustees with the prior consent of the Council of the RMTGB, and the Council of the RMTGB has given its consent to a variation of the Trust Deed concerning the appointment of Trustees, by removal of the power of appointment presently vested in the Council of the RMTGB, and the inclusion of a provision to the effect that future Trustees may be appointed by the Trustees provided that no such appointment shall be made save after consultation by the Trustees with the RMTGB.

The Trustees have not yet amended the Trust Deed in accordance with this consent.

**Trustees** – Trustees are currently appointed by the Council of the RMTGB for a period of 5 years, save that special provision was made in the Trust Deed for the period of office of the founding Trustees.

The Trustees may, if they so decide, amend the Trust Deed insofar as it concerns the power to appoint Trustees, in accordance with the consent granted by the RMTGB referred to above.

The number of Trustees may not be less than three.

The Trust Deed makes provision for the retirement and removal of Trustees.

A retiring Trustee is eligible for immediate re-election.

The Trustees act independently and are custodians of Lifelites' funds.

For statutory purposes, the Trustees are charity trustees.

**Induction and Training of new Trustees** - It is the policy of Lifelites to provide appropriate induction and training to new Trustees. Every Trustee is encouraged to contribute effectively to the governance of the charity.

**Committees** - The Trustees have power to delegate their functions to committees, provided that any such committee must comprise two or more persons and that at least two of the members of any such committee are Trustees.

**Present committees** – The Trustees have appointed an Appointments and Remunerations Committee.

**Risk Management** - The Trustees review periodically the operational, financial, regulatory, legal and strategic risks affecting Lifelites, and Lifelites' risk management procedures. Appropriate measures to mitigate the effects of identified risks are in place and remain under review.

### **3. Objects and Activities**

#### ***Objects***

The objects of Lifelites are the relief of financial hardship, sickness and distress, the promotion of good health and the advancement of education. The Trust Deed sets out the objects of Lifelites in full.

#### ***Activities***

##### **Provision for hospices**

The aim of Lifelites is to enable every children's hospice to benefit from the provision of education and entertainments' technology. Lifelites has a planned schedule for the installation and refurbishment of appropriate equipment at every such children's hospice.

During the early part of the period under review Lifelites was being established as a financially independent charity and spending was therefore kept within manageable boundaries. However, Lifelites was able to maintain its planned schedule and during the year it provided new installations at three hospices and refurbished existing installations at a further three.

The Director worked closely with the hospices and Lifelites' service suppliers to ensure that the requirements of all hospices which had received Lifelites equipment were met.

##### **Masonic Support Teams**

Lifelites maintains a team of volunteers for each hospice, and the volunteers act as a first port of call for the maintenance and upkeep of equipment, and for the training of hospice staff in its use. The volunteers add substantially to the value obtained by each hospice from the installation of Lifelites' equipment.

##### **Organisational review**

In preparation for the establishment of Lifelites as an independent charity, the Trustees commissioned an organisational review. As a result of the review, Lifelites achieved registration with the Charity Commission, and in November 2006 the Trustees appointed a Chief Executive with a strong fundraising background to set up and run the charity infrastructure and build the basis for sustainable funding into the future.

##### **Connections with Freemasonry**

Lifelites was formed by the RMTGB and wishes to maintain its links with Freemasonry. The Trustees regard the maintenance of these links as vital to the continuing success of the volunteer support teams and to the future success of its fundraising activities. The Trustees have taken steps to discuss Lifelites' fundraising activities with representatives of the governing body of Freemasonry, and are satisfied that appropriate arrangements have been and will be put in place in order to ensure that Lifelites is able to retain its beneficial association with the Masonic community.

##### **The Information Technologists' Company**

Lifelites has strong links with the Information Technologists' Company (ITC). The ITC was one of the architects of the Lifelites project and it continues to advise the Trustees and Lifelites' Director. It is anticipated that in the future the ITC will be able to introduce Lifelites to additional fundraising opportunities. The Trustees will maintain the strong links between Lifelites and the ITC.

##### **Office move**

In the late summer of 2007 Lifelites will move from its present offices at 31 Great Queen Street to new offices at Freemasons' Hall.

#### **4. Plans for Future Periods**

- Lifelites will establish a firm financial base for future operations.
- Lifelites will seek to sustain its provision of equipment to every children's hospice in England and Wales. It is anticipated that by 2010 there will be at least 45 such hospices.
- During 2007 Lifelites intends to equip two new hospices and will refurbish existing systems at a further seven.
- Lifelites intends to develop its governance by the recruitment of two new Trustees from outside the Masonic community.
- Lifelites plans to extend its outreach beyond England and Wales to the entire United Kingdom and at present is seeking to identify hospices and potential supporters in Scotland and Northern Ireland.

#### **5. Financial summary**

In 2006 Lifelites' principal funding source was the RMTGB, the RMTGB having donated £4 million to support the work of Lifelites.

During 2006 this fund was held by the RMTGB on behalf of Lifelites, the fund at all times being under the control of Lifelites' trustees, and it was invested by the RMTGB on behalf of Lifelites. During 2006 the fund generated income of £421,211 at a rate of return of 10.36% achieved by Sand Aire on the RMTGB's investments.

As at 31 December 2006 the value of the fund, after income had been credited and various withdrawals made was £3,938,000.

In early 2007 the balance of the fund was transferred to Lifelites.

In 2006, the cost of installations and maintenance for the Lifelites' projects in hospices was £391,000 and support costs for this operation were £58,000.

Although no active fundraising was carried out in 2006, Lifelites received £14,572 by way of donations from the Masonic community.

Staff costs were represented by the employment of the Chief Executive and the Director (who is retained by Lifelites on secondment from the RMTGB). An Administrator/Office Manager was employed early in 2007.

#### **Investment Policy**

In 2006 Lifelites' funds were invested in conjunction with those of the RMTGB and upon similar terms.

From 2007 Lifelites will maintain its own investment policy and will have the benefit of specialist advice from one of its Trustees.

The policy of the Trustees will be that, consistent with their duties as trustees, funds invested will achieve the best possible interest rate in preference to capital growth.

#### **Reserves Policy**

A donation of £4 million was given by the RMTGB to Lifelites at the time that Lifelites was established as a separate charity. The purpose of this donation was to enable Lifelites to maintain its charitable activities for so long as was required to generate other sustainable sources of income.

The balance of this fund is presently invested with the primary intention of providing an income to Lifelites as a supplement to its fundraising activities, and the terms of investment are carefully monitored.

It is the view of the Trustees that the investment of this fund for the purpose of providing an income to Lifelites is essential to the future wellbeing of the charity and its beneficiaries, and will remain so until fundraising provides a sufficient alternative source of income. A fundraising strategy is presently being implemented.

The Trustees will be reassessing this policy after a two year period, which it is presently estimated is the time required to generate an adequate alternative fundraising stream, or sooner should circumstances permit.

### **Trustees' responsibilities**

The purpose of this statement is to distinguish the Trustees' responsibilities for the financial statements from those of the Auditors, as stated in their report.

The Trustees are responsible for preparing the report and accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Charity law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of incoming resources and application of resources for that period. In preparing those financial statements, the Trustees are required to:

- ensure compliance with the charity's governing document and current statutory requirements
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departure disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The Trustees are responsible for keeping proper accounting records which 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 Charities Act 1993. They are also responsible for safeguarding the assets of the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Disclosure of information to Auditors**

So far as each Trustee at the date of approval of this report is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Signed \_\_\_\_\_ Date 12<sup>th</sup> October 2007  
Christopher Aylwin, Chairman (on behalf of Lifelites' Board of Trustees')

*All rights reserved. No part of this Report and Accounts may be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electrical, mechanical, photocopying, recording or otherwise, without the prior permission of Lifelites.*

## **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF LIFELITES**

We have audited the financial statements of the Lifelites for the year ended 31 December 2006 which comprise of the Balance Sheet, the Statement of Financial Activities and the related notes. These accounts have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the Trustees, as a body, in accordance with Section 44 of the Charities Act 1993. Our audit work has been undertaken so that we might state to the Trustees 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 Charity and the Trustees of the Charity as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Trustees and Auditors**

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out on page 10.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of the Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and 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 the Charities Act 1993. We also report to you if, in our opinion, the Report of the Trustees is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We are not required to consider whether the statement in the Report of the Trustees concerning the major risks to which the charity is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the charity's risk management and control procedures.

We read other information contained in the Report of the Trustees and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and 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 accounts. It also includes an assessment of the significant estimates and judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF Lifelites (cont'd)****Opinion**

In our opinion the accounts:  
give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice  
and of its incoming resources and application of resources for the for the year then ended; and  
have been properly prepared in accordance with the Charities Act 1993.

*Signed* \_\_\_\_\_ *Date* \_\_\_\_\_

**Spofforths LLP**  
**Chartered Accountants and Registered Auditor**  
9 Donnington Park  
85 Birdham Road  
CHICHESTER  
West Sussex  
PO20 7AJ

**Lifelites**  
**Statement of Financial Activities**  
**for the year ended 31 December 2006**

	Notes	Total 2006 £'000
<b>Incoming Resources</b>		
<b>Incoming resources from generated funds:</b>		
Voluntary Income		4,015
Investment income	2	421
<b>Total Incoming Resources</b>		<u>4,436</u>
<b>Application of Resources</b>		
<b>Cost of generating funds</b>		
Cost of generating voluntary income	3	(8)
<b>Charitable activities</b>	4	(449)
<b>Governance costs</b>	5	(70)
<b>Total Resources expended in the year</b>		<u>(527)</u>
<b>Net incoming resources before transfers -</b>		
<b>Net movement in funds</b>		<u>3,909</u>
<b>Total Funds:</b>		
Brought Forward		<u>-</u>
Carried Forward		<u>3,909</u>

There were no recognised gains or losses for 2006 other than those included in the Statement of Financial Activities.

The notes on pages 10 to 12 form part of these accounts.

**Lifelites**  
**Balance Sheet**  
**as at 31 December 2006**

	Notes	2006 £'000
<b>Investments:</b>		
Money market account	7	8
<b>Current assets:</b>		
Debtors	8	3,938
<b>Creditors:</b>		
Amounts falling due within one year	9	<u>(37)</u>
<b>Net current assets</b>		<u>3,901</u>
<b>Net assets</b>		<u><u>3,909</u></u>
<b>Unrestricted Capital</b>		
Non Designated Fund	10	<u>3,909</u>
<b>Total Charity Funds</b>		<u><u>3,909</u></u>

Approved by the Trustees on 25.07.07..... and signed on their behalf.

..... Trustee

**Lifelites**  
**Notes to the Accounts**  
**for the year ended 31 December 2006**

## **1. Principal Accounting Policies**

### **1.1 Basis of preparation of accounts**

The accounts are prepared under the historical cost convention except for investments and securities which are stated at market value, and in accordance with the Charities Act 1993 and the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities published in March 2005, and include the results of the Charity's operations which are described in the Trustees' Report and all of which are continuing. The accounts have been prepared in accordance with the Financial Reporting Standards for Smaller Entities (effective January 2005).

### **1.2 Incoming Resources**

Investment income is accounted for on an accruals basis. Voluntary income is accounted for on an accruals basis. No incoming resources have been included in the SOFA net of expenses. No incoming resources have been deferred.

### **1.3 Resources Expended**

Expenditure is brought into account on an accruals basis. Under the provisions of the Trust Deed the Trustees are empowered to make payments out of the total income arising from Lifelites' Funds. All payments are charged to the unrestricted funds of the Charity.

Expenditure has been classified into three main headings and allocations have been made on the following basis:-

#### **i) Cost of Generating Funds**

The cost of generating voluntary income, which includes the cost of fund raising.

#### **ii) Charitable Activities**

The cost of Charitable Activities includes charitable payments together with related welfare and support costs.

#### **iii) Governance Costs**

Governance costs comprise the costs of running and administering the Charity, and includes professional fees.

### **1.4 Unrestricted Funds**

The reserves of the Charity, all of which are unrestricted, are maintained by the Trustees to enable payments to be made to future beneficiaries in accordance with the objects of the Charity.

**Lifelites**  
**Notes to the Accounts**  
**For the year ended 31 December 2006**

<b>2.</b>	<b>Incoming Resources</b>	<b>2006</b>
		<b>£'000</b>
	<b>Voluntary Income</b>	
	Donations*	4,015
	<b>Investment Income</b>	
	Interest on deposit	421
		<b>4,436</b>
		<b>4,436</b>

\* On 3 November 2005, Lifelites was established as a separate Charitable Trust. On 1 December 2005 the Council of the RMTGB approved a non-Masonic grant of £171k to supplement the balance of the original designated fund and increase the capital balance of the new Charitable Trust to £4M. On the 2 August 2006 Lifelites was registered as a charity.

<b>3.</b>	<b>Cost of Generating Voluntary Income</b>	<b>2006</b>
		<b>£'000</b>
	Salaries, National Insurance and Pension Contributions	7
	Lifelites' Website Development	1
	Total	<b>8</b>
		<b>8</b>

<b>4.</b>	<b>Charitable Activities</b>	<b>2006</b>
		<b>£'000</b>
	Amounts paid for beneficiaries	391
	Welfare and support costs *	58
	Total	<b>449</b>
		<b>449</b>

\* Welfare and Support Costs comprise: -

Salaries, National Insurance and Pension Contributions	52
Sundry Expenditure including motor car expenses	6
Total	<b>58</b>
	<b>58</b>

<b>5.</b>	<b>Governance Costs</b>	<b>2006</b>
		<b>£'000</b>
	Management and Administration **	58
	Premises	12
	Total	<b>70</b>
		<b>70</b>

\*\*Management and Administration Costs comprise: -

Salaries, National Insurance and Pension Contributions	2
Audit fee	4
Legal costs	2
Professional Fees	47
Sundry Expenditure including Printing, Stationery, Postage & Computer	3
Total	<b>58</b>
	<b>58</b>

**Lifelites**  
**Notes to the Accounts**  
**For the year ended 31 December 2006**

**6. Staff costs**

No remuneration was paid to Trustees in the year, nor were any Trustees' expenses reimbursed.

	<b>2006</b> <b>£'000</b>
The staff costs were as follows:	
Gross Salaries	48
National Insurance	5
Pension Contributions	8
	<b>61</b>

At 31 December 2006 the number of employees eligible to receive benefits under the RMTGB Defined Benefit Staff Pension Scheme amounted to 1 (2005: nil). This staff member is on secondment from the RMTGB. The Scheme is closed to new entrants. For further details see Note 15 in the RMTGB accounts. At 31 December 2006 there are no employees with emoluments above £60,000

Average number of staff employed during the year:

Welfare and Support	1
Fund Raising	1
Administration	1
Total	<b>3</b>

**7. Investments**

The money market deposits of the Charity are held in a Special Interest Bearing Account.

**8. Debtors**

	<b>2006</b> <b>£'000</b>
Royal Masonic Trust for Girls and Boys	<b>3,938</b>

(See note 11 and 12 for further details)

**9. Creditors - amounts falling due within one year**

	<b>2006</b> <b>£'000</b>
Audit fees	4
Sundry creditors	33
	<b>37</b>

**10. Unrestricted Funds**

The reserves of the Charity, all of which are unrestricted, are maintained by the Trustees to enable grants to be made to future beneficiaries in accordance with the objects of the Charity.

**11. Related Party Transactions**

At the year end the balance owed by the Royal Masonic Trust for Girls and Boys (RMTGB) amounted to £3.9M (2005: £Nil). The balance arises due to Lifelites' ceasing to being a RMTGB designated fund, becoming a registered charity and a member of the RMTGB Group. For further details see note 15 in the RMTGB Group accounts.

**12. Post Balance Sheet**

At 31 December 2006 RMTGB owed Lifelites £3.9M which was an inter-fund balance due to Lifelites being a RMTGB subsidiary fund. This inter-fund balance was paid to Lifelites in early 2007.