

THE GRAND CHARITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

Charity Number: 281942

THE GRAND CHARITY

Contents	Page
Trustees' Annual Report	3
Statement of Trustees Responsibilities	11
Auditor's Report	12
Statement of Financial Activities	15
Balance Sheet	16
Statement of Cash Flows	17
Notes to the Financial Statements	18

THE GRAND CHARITY

TRUSTEES ANNUAL REPORT

The trustees are pleased to submit their report for the year ended 31st March 2020.

Reference and Administrative Information

Name and Registered Office

The name of the charity is The Grand Charity (the "Charity") and it has its registered office at 60 Great Queen Street, London, WC2B 5AZ.

Trustees

The trustees who served during the year were:

- The Masonic Charitable Foundation ("MCF") (Corporate Trustee, Registered Charity No. 1164703, Company Number 09751836)
- James H. Newman, OBE (resigned 12th December 2019)

The trustees of the MCF who served during the year were:

- John Boyington, CBE
- Sinead Brophy (appointed 13th June 2019)
- Charles A.G. Cunningham
- Jean-Paul da Costa (resigned 31st March 2020)
- Timothy D. Dallas-Chapman
- Simon D'O. Duckworth, OBE, DL
- Clive Emerson (appointed 13th June 2019)
- Alan Graham (appointed 13th June 2019)
- Antony D.G. Harvey
- Christopher Head
- Michael R. Heenan (Treasurer)
- Richard M. Hone, QC (President)
- John E. Hornblow
- James H. Newman, OBE (Deputy President and Chairman)
- Howard Ian Sabin
- Nigel J. Vaughan
- David C. Watson
- Andrew G. Wauchope
- Christopher G. White
- Sir Paul Williams, OBE, DL
- Howard G. Wilson

THE GRAND CHARITY

TRUSTEES ANNUAL REPORT

Executive

The Executive during the year to 31st March 2020 were:

- David Innes, Chief Executive
- Les Hutchinson, Chief Operating Officer
- Charles Angus, Finance Director
- Annette Campbell, Company Secretary

Auditor

Knox Cropper LLP, Chartered Accountants, 65 Leadenhall Street, London, EC3A 2AD

Bankers

Barclays Bank Plc, Level 28, 1 Churchill Place, Canary Wharf, London, E14 5HP

Investment Managers

Royal London Asset Management, 55 Gracechurch Street, London EC3V 0RL

Solicitors

Stone King LLP, Boundary House, 91 Charterhouse Street, London, EC1M 6HR

Structure, Governance and Management

Organisation

The Charity was established by trust deed on 16th April 1980 by the United Grand Lodge of England, which provided initial funding from the Grand Lodge's Fund of Benevolence. At a meeting held on 9th September 2015, the trustees approved a deed of amendment and reinstatement and an amended trust deed altering the constitutional and governance arrangements of the charity to reflect changes in trustees and membership with effect from 1st April 2016.

The unrestricted assets and liabilities from the Charity, together with the assets and liabilities of the Transferred Beneficiaries Fund, were transferred to a subsidiary company of the same name (charity number 1170335 and company number 01487345; hereafter "TGC Company") with effect from 1st February 2017 following a resolution from the trustees made on 15 December 2016. The restricted Relief Chest Fund remains in the unincorporated trust.

As the sole trustee, the MCF exercises control over the Charity, and will consolidate the Charity's results in its group accounts. Details of the processes for the appointment, induction and training of the MCF's trustees are given in the annual report and accounts of that company.

THE GRAND CHARITY

TRUSTEES ANNUAL REPORT

Governance and Management

All governance and management capabilities are provided by the MCF and details of the relevant committees and processes are provided in the annual report and accounts of that company. Trustees and committees of the MCF address the specific needs of the Charity as part of their roles and responsibilities for the MCF. The trustee board and the main committees meet as follows:

Board/Committee	Purpose	Meetings per year
Trustee Board	Main decision-making body with ultimate responsibility for the Charity	4
Audit and Risk	Identification and mitigation of risk, oversight of external audit	2
Charity Grants	Consideration of applications for grants from organisations recognised by the Charity Commission	4
Finance	Ensuring adequate procedures are in place to manage all aspects of financial planning, controlling and reporting.	4
Fundraising	Supporting the masonic community's fund raising activities to support the Charity	4
Investments	Maintaining investment strategies to meet the requirements of the Charity, appointment and monitoring of fund managers	4
Masonic Support	Consideration of applications from individuals connected with the masonic community for financial relief	4
Remuneration	Determination of executive and staff pay & benefits	2
Strategy	Development and implementation of strategies to support the Charity's objectives. In addition, the trustees hold an annual strategic 'away day'.	4

The Charity does not employ any staff, with services being provided by staff employed by the MCF.

Objectives and Activities

Objectives

The Charity is the central grant-making charity of all Freemasons under the English Constitution. The objects of the Charity, as expressed in the trust deed, are very broad and before the amendments approved at the annual general meeting in September 2015, gave discretion to the trustees to support charitable purposes as recognised under UK Law. As a result of the amendments, that discretion has now passed to the Charity's sole corporate trustee.

The trustees have referred to the Charity Commission's general guidance on public benefit when reviewing its aims and objectives and have ensured that its grant-making policies and activities comply with the requirements

Activities

Following the transfer of grant making activities to TGC Company in 2017, the sole activity of the charity is now to provide administrative services to the Masonic community as laid out overleaf:

THE GRAND CHARITY

TRUSTEES ANNUAL REPORT

Activities (Continued)

1. Relief Chest Scheme

The Relief Chest Scheme (RCS), introduced in 1986, offers individual relief chests to lodges, chapters, provinces and other recognised Masonic organisations, which are used to generate funds for all types of charitable purposes. These funds are held by The Grand Charity unincorporated trust in a restricted fund. A donation is made from a relief chest to a charity, an organisation recognised as charitable, or for an individual in distress only at the request of the relief chest holder.

The RCS provides vital support to provinces in festival and other appeals, enabling them to reach their fundraising targets efficiently. It also ensures that all statutory compliance and administration requirements, for example, of the Charity Commission, Information Commissioner's Office and HMRC have been met.

Investment in infrastructure and latest technology ensures that the RCS delivers a risk management framework in a cost efficient manner.

In 2018, RCS launched donor advised funds for individuals. The Individual Relief Chest Scheme (IRCs) programme was released in beta version. It is now open to all Freemasons, their families and friends. These funds are held by the Masonic Charitable Foundation in a restricted fund.

All services of the RCS are provided free, no administration fee is charged to the chest holder.

The services of the RCS, which assist donors to give to both Masonic and non-Masonic charitable activities efficiently, contribute to the public benefit by creating value for other charities and extending the Scheme's positive impact.

The Charity is transforming Masonic charitable giving to make the process easy and to help give substantial donations each year to charitable causes.

The Charity is committed to helping Freemasons to make a difference to the world in which they live and to inspire greater generosity from this community, by offering practical tailored support through its wealth of resources and tools.

2. Maintaining and supporting the Festival and Donations IT system

In addition to the above the RCS provided maintenance and support of the festival and donations IT system. This application is used for the festival management of the CMCs.

3. Maintaining and supporting the Honorifics Evaluation IT system (HONE)

RCS designed and developed an application to manage the honorific programme for the Masonic Charitable Foundation. This IT system is maintained and supported by RCS.

THE GRAND CHARITY

TRUSTEES ANNUAL REPORT

Achievements and Performance

During the year, activity in the RCS included:

	2020	2019
• Number of Relief Chests	5,030	4,917
• Average number of monthly donations into the Scheme	55,199	50,995
• Average number of monthly tax reclaims	49,976	40,405
• Average number of monthly payments from the Scheme	411	371
• Number of new Relief Chests opened	206	194

Relief Chest holders utilised the Scheme by requesting charitable donations as follows.

	2020	2019
	£000	£000
Masonic Charitable Foundation	6,830	5,204
The Grand Charity (General Fund)	676	768
The Royal Masonic Trust for Girls and Boys	1,365	1,265
The Royal Masonic Benevolent Institution	1,356	1,551
Masonic Samaritan Fund	88	104
Other charitable purposes	<u>2,921</u>	<u>2,939</u>
Total	<u>13,236</u>	<u>11,831</u>

The achievements during the year have enhanced our support and services therefore contributing towards the strategic objectives of the Charity.

Key achievements during the year included:

- Development of the on-line e-voucher payment module enabling chest holders to make payments electronically through a work-flow system, removing the need for sending paperwork through the post and reducing the time taken to effect payment. This system has proven to be invaluable in the new- year, allowing the Relief Chest to function effectively through remote working during the Covid-19 lockdown.
- Post implementation review of APlication EXpress (APEX) deployments of our key databases: Relief Chest Scheme - RC2, Festival & Donation systems - F&D and Provincial reporting platform - IMPACT.
- Installation of new servers.
- Enhancements to the Individual Relief Chest Scheme.
- Embracing digital ways of giving, making it even easier for people to support the causes close to their hearts. Research in the potential of new technology design and the development of cashless payment devices and methods.

THE GRAND CHARITY

TRUSTEES ANNUAL REPORT

Financial Review

Review of the Year

Incoming receipts of £13.48 M were 12% higher than prior year, and expenditure of £13.24 M was 12% higher. Masonic grants of £10.32 M were 16% higher than prior year, whilst charity grants of £2.92 M were 1% lower. The net inflow was £0.24 M against prior year inflow of £0.22 M.

Reserves Policy

Following the transfer of accumulated unrestricted reserves to TGC Company, the Charity has become solely the mechanism for continued operation of the Relief Chest. The policy is to transfer any ongoing residual income from donations and legacies directly to the TGC Company immediately following receipt.

Investment Policy and Performance

The aim is to maintain the capital and generate a reasonable level of income by utilising the services of Royal London Asset Management Ltd (RLAM), a qualified asset management firm regulated by the Financial Conduct Authority that provides investment capabilities across a range of asset classes. The position on risk is to consider only low risk investments such as treasury bills, deposits with approved banks, certificates of deposit by approved banks and other cash related products.

The Royal London Short Term Money Market Fund has been used for investing cash that is surplus to immediate operational requirements. The Short Term Money Market Fund can only invest in money market instruments, covered bonds, corporate bonds (minimum credit rating of AA-) and Gilts/Supranational, and is rated by Fitch as an AAA money market fund. For the year ended 31 March 2020, the investment return on the cash was 0.82% after fees. This compares to a benchmark return of 0.71% (Sterling Overnight Index Average).

THE GRAND CHARITY

TRUSTEES ANNUAL REPORT

Principal Risks and Mitigation

The principal risks identified and agreed actions to mitigate are shown in the following table:

Risk	Consequence	Mitigation
Significant unexpected financial loss from operations	Reputational damage, loss of confidence with key stakeholders and impact upon continuing financial sustainability	Strong financial procedures, particularly budgetary planning and control. Oversight from the Finance Committee.
Inadequate liquidity to meet financial commitments	Poor service to beneficiaries and reputational damage. Withdrawal of key services from suppliers	Cash flow forecasting and liquidity planning within the Investment Strategy
Significant long-term loss in the value of the investment portfolio	Impacts financial sustainability and reputational damage with donors	Appointment of Asset Risk Consultants as expert investment advisors, providing monthly performance reporting and analysis. Oversight from investment and property committees.
Grants made outside the Charity's Objects and operating guidelines	Reputational damage, loss of confidence with key stakeholders and potential trustee liability	Strong procedures and controls for processing grants. Oversight from Masonic Support and Charity Grants committees
Cyberattack on IT systems	All key operations are compromised	United Grand Lodge of England ("UGLE") and IT network providers have strong security procedures in place covering access, protection, backups and disaster recovery facilities
Data protection breach	Reputational damage and significant financial penalties	Data protection policy, IT security and HR policies in place
Fraud	Financial loss, reputational damage, adverse impact upon staff	Financial procedures, segregation of duties, authority limits, IT security, increased awareness amongst staff
Unavailability of office accommodation	Operations compromised	UGLE Business Continuity Plan
Loss of paper records from fire/flooding	Breach of legal obligations, adverse impact upon operations, potential financial penalties	Reduced reliance on paper records with increased use of IT.
Lack of compliance with employment legislation	Breach of legal obligations, potential financial penalties, breakdown of staff morale and adverse impact upon service provision	HR procedures and staff handbook. Induction processes for new staff. Ongoing management training and Personal Development Review
Undue reliance on key persons	Operational breakdown, adverse impact upon staff morale, poor service to beneficiaries and potential reputational damage	HR procedures: organisational and succession planning. Comprehensive documentation of procedures and controls

Risks are actively monitored by the Executive and the senior leadership team, and formally reviewed by the audit and risk committee at their biannual meetings.

THE GRAND CHARITY

TRUSTEES ANNUAL REPORT

Plans for Future Periods

The Charity will continue to operate the Relief Chest Scheme as described in page 6 of this report for the foreseeable future.

As part of the corporate plan 2020/21, RCS will:

- Roll out the new e-voucher system to all chest holders.
- Increase the frequency of payments to twice monthly.
- Increase the number of payments made electronically through BACS
- Provide statements electronically.
- Provide regular updates on Relief Chest Scheme performance through the MCF website.
- Put in place mandates to enable new chests to be created quickly to respond to disasters and emergencies.
- Promote and raise awareness of Relief of Distress payments for individuals in need in Provinces. This enables immediate assistance to be provided pending the processing of grant applications by the MCF.

THE GRAND CHARITY

STATEMENT OF TRUSTEES RESPONSIBILITIES

Statement of Responsibilities

The trustees are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (U.K. "GAAP").

The law applicable to charities in England and Wales, the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed require 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 the income and expenditure of the Charity for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether United Kingdom 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 to operate.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. 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.

Auditor

A resolution proposing that Knox Cropper LLP be reappointed as auditor will be put to the members.

Approval by Trustees

This report, was approved by the trustees on 10th September 2020 and signed on their behalf by



James Newman, OBE

Chairman, MCF

THE GRAND CHARITY

REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF THE GRAND CHARITY

We have audited the financial statements of The Grand Charity (the 'charity') for the year ended 31 March 2020 which comprise the Statement of Financial Activities, the Balance Sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

THE GRAND CHARITY

REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF THE GRAND CHARITY

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 11, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

THE GRAND CHARITY

REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF THE GRAND CHARITY

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken, so that we might state to the charity's 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 charity's trustees as a body, for our audit work, for this report or for the opinions we have formed.

Knox Cropper LLP

Knox Cropper LLP
Statutory Auditor
65 Leadenhall Street
London EC3A 2AD

10th September 2010

Knox Cropper LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

THE GRAND CHARITY
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31 MARCH 2020

	Note	2020 £'000	2019 £'000
INCOME			
Donations and legacies	2	13,199	12,012
Investment income	3	278	46
Total income		13,477	12,058
EXPENDITURE			
Charitable activities			
Masonic grants	4	(10,315)	(8,894)
Non-Masonic grants	4	(2,921)	(2,944)
Total expenditure		(13,236)	(11,838)
NET MOVEMENT IN FUNDS		241	220
Total funds brought forward		22,830	22,610
Total funds carried forward		23,071	22,830

All income and expenditure derive from continuing activities and all gains/losses are included in the statement of financial activities

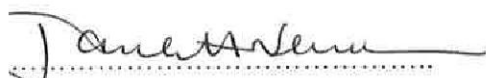
The notes on pages 18 to 23 form part of these financial statements.

THE GRAND CHARITY


BALANCE SHEET as at 31 MARCH 2020

	Note	March 2020 £'000	March 2019 £'000
CURRENT ASSETS			
Debtors	5	217	78
Short term deposits		21,522	20,022
Cash at bank and in hand		1,339	2,741
		<u>23,078</u>	<u>22,841</u>
CURRENT LIABILITIES			
Creditors falling due within one year	6	(7)	(11)
Total net assets		<u>23,071</u>	<u>22,830</u>
CHARITABLE FUNDS			
Restricted income funds			
Relief Chest		23,071	22,830
Total charitable funds		<u>23,071</u>	<u>22,830</u>

The financial statements were approved and authorised for issue by the Trustee Board on 10th September 2020 and signed on their behalf by:


James Newman, OBE

Chairman


Michael Heenan

Treasurer

The notes on pages 18 to 23 form part of these financial statements

THE GRAND CHARITY

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2020

	2020 £'000	2019 £'000
Operating Activities		
Net cash provided by/(used in) Operating Activities	A (180)	256
Cash flows from investing activities		
Dividends and interest from investments	278	46
Net cash provided by/(used in) Investing Activities	278	46
Change in cash and cash equivalents in the reporting period	98	302
Cash and cash equivalents at the beginning of the reporting period	22,763	22,461
Cash and cash equivalents at the end of the reporting period	B 22,861	22,763
Notes on the cash flow statement		
A Reconciliation of net income/(expenditure) to net cash flow from operating activities		
Net movement in funds as per the Statement of Financial Activities	241	220
Adjustments for:		
Dividends, interest and rents from investments	(278)	(46)
(Increase)/decrease in debtors	(139)	75
(Decrease)/increase in creditors	(4)	7
Net cash provided by/(used in) Operating Activities	(180)	256
B Analysis of cash and cash equivalents		
Short term deposits	21,522	20,022
Cash at bank and in hand	1,339	2,741
Total cash and cash equivalents	22,861	22,763

THE GRAND CHARITY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

1. ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements of The Grand Charity (the "Charity") have been prepared in accordance with applicable UK accounting standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"). Additionally, they comply with the Statement of Recommended Practice "Accounting and Reporting by Charities" published in 2015 (the "SORP") in all material respects. The Charity meets the definition of a public benefit entity under FRS 102.

(b) Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of investments, on a basis consistent with previous years. The functional currency of the Charity is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the Charity operates.

(c) Going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

THE GRAND CHARITY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

(d) Incoming resources

Revenue is recognised when the significant risks and rewards of ownership have been transferred, the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the Charity and when the specific criteria relating to each of the Charity's revenue channels have been met, as described below:

- i. Monetary donations are brought into account when received.
- ii. Legacies are recognised where there has been a grant of probate, the executors have identified that there are sufficient assets in the estate after settlement of liabilities to pay the legacy and any conditions attached to the legacy are either in control of the Charity or have been met. Legacies subject to the interest of a life tenant are not recognised during the lifetime of the life tenant.
- iii. Dividends are reinvested in the CAIF on the date that they are declared.

(e) Resources expended

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to that expenditure, it is probable that settlement will be required and the amount of any obligation can be measured reliably. All resources expended are recognised on an accruals basis, with the exception of grants as noted below.

Charitable activities are split between masonic activities and grants awarded to external institutions (designated as "non-Masonic" within the SOFA).

Masonic activities include the payment of grants directly to beneficiaries together with related welfare and support costs. Non-Masonic activities consist of the payment of grants to external institutions. Support costs are allocated to these activities on the bases laid out in note 6.

Grants are recognised as expenditure in the year in which the grant is formally approved by the Charity and has been communicated in writing to the recipient, except to the extent that it is subject to conditions that enable the Charity to revoke the award.

The provision for multi-year grants is recognised at its present value when settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the Charity that would permit it to avoid making future payments, settlement is probable and the effect of discounting is material. The discount rate used is the long-term return of inflation plus 4 percent used as the target for the Charity's investment portfolio.

THE GRAND CHARITY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

(f) Employee benefits

All staff are employed by the parent charity, The Masonic Charitable Foundation, and no recharges are made to the Charity. Information relating to those employees is given in the accounts of the Masonic Charitable Foundation.

(g) Fund accounting

Restricted funds are subject to specific conditions imposed by the donors and/or for the purposes for which they are raised.

Unrestricted funds may be utilised for any purpose in accordance with the charitable objectives of the Charity.

(h) Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are stated at market value. All realised and unrealised gains and losses are recognised within the Statement of Financial Activities. Investments which the Charity holds for resale or pending their sale and cash or cash equivalents with a maturity date of less than one year, which are held for investment purposes, are disclosed as current asset investments.

(i) Financial assets and liabilities

The Charity has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Financial assets and liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities which qualify as basic financial instruments are initially recognised at the settlement amount after any trade discounts. They are subsequently valued at amortised cost and assessed for impairment at the end of each reporting period. Where settlement is not expected within 12 months of the balance sheet date, then the asset or liability is discounted using the long term return of inflation plus 4 percent used as the target for the Charity's investment portfolio. Basic financial instruments include debtors, cash and creditors within the balance sheet.

(j) Provisions

Provisions are recognised when the Charity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are discounted to present value where the effect is material.

THE GRAND CHARITY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

(k) Foreign currencies

Transactions denominated in foreign currencies are translated into Pounds Sterling at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Pounds Sterling at the rate ruling at the balance sheet date. All foreign exchange gains and losses, realised and unrealised, are recognised in the Statement of Financial Activities.

(l) Taxation

The Charity is exempt from taxation on its income and gains falling within Part 11 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable activities. The Charity is unable to recover Valued Added Tax (VAT) incurred on expenditure. The amount of VAT that cannot be recovered is included within the underlying cost to which it relates.

2. DONATIONS AND LEGACIES

	2020	2019
	£'000	£'000
Donations to Relief Chest Fund	13,199	12,012
	<u>13,199</u>	<u>12,012</u>

3. INVESTMENT INCOME

	2020	2019
	£'000	£'000
Interest on bank deposits	278	46
	<u>278</u>	<u>46</u>

THE GRAND CHARITY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

4. CHARITABLE ACTIVITIES

	2020 £'000	2019 £'000
Masonic		
Relief Chest	10,315	8,894
	<u>10,315</u>	<u>8,894</u>
Non-Masonic		
Armed Forces	45	28
Arts, Culture & Sport	25	14
Disaster Relief	28	14
Education	527	155
Environment, Conservation and Heritage	35	11
Health and Disability	1,495	1,417
Hospices	191	158
Other Charitable Purposes	252	287
Rescue Services	76	772
Research	247	88
	<u>2,921</u>	<u>2,944</u>

5. DEBTORS

	March 2020 £'000	March 2019 £'000
Prepayments and accrued income	217	78
	<u>217</u>	<u>78</u>

6. CREDITORS

	March 2020 £'000	March 2019 £'000
Falling due within one year		
Accruals and deferred income	7	11
	<u>7</u>	<u>11</u>

THE GRAND CHARITY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

7. RELATED PARTY TRANSACTIONS

Under the Relief Chest Scheme the Charity has made charitable donations to the MCF and other fellow subsidiaries on behalf of its holders as set out on page 7 of the trustees' report.

The MCF has borne all the administrative costs of supporting the Charity.

8. POST BALANCE SHEET EVENT

Suspension of lodge activities as a result of the Covid-19 pandemic is expected to reduce income significantly over the next year at least. This will reduce the donations that can be paid out to both the MCF and external charities. However, the MCF group has sufficient liquid funds to meet the requirements of its Masonic beneficiaries and provide additional funds through its charity grants programme to support the wider community in addressing the social and economic fallout from the pandemic.

9. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is the Masonic Charitable Foundation (Registered Charity No. 1164703, Company Number 09751836). Consolidated accounts for the MCF, which include the accounts of the Charity, can be obtained from the registered office of the Charity.

