

**THE GRAND CHARITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

Charity Number: 281942

THE GRAND CHARITY

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THE GRAND CHARITY

TRUSTEES ANNUAL REPORT

The trustees are pleased to submit their report for the year ended 31st March 2018.

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 whole of the year were:

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

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

- Dr Charles A. Akle
- John Boyington, CBE
- J. Michael Codd
- Charles A.G. Cunnington
- Jean-Paul da Costa
- Timothy D. Dallas-Chapman
- Simon D'O. Duckworth, OBE, DL
- Adrian J.R. Flook
- Antony D.G. Harvey
- Christopher Head
- Michael R. Heenan (Treasurer)
- Richard M. Hone, QC (President)
- John E. Hornblow
- James H. Newman, OBE (Chairman)
- Andrew C. Ross, OBE
- Howard Ian Sabin
- Nigel J. Vaughan
- David C. Watson
- Andrew G. Wauchope
- Christopher G. White
- Sir Paul Williams, OBE, DL
- Dr Michael Woodcock

There have been two changes in the board of trustees subsequent to 31st March 2018. Dr Charles Akle and Dr Michael Woodcock completed their three-year tenure on 26th August 2018 and stood down on that date.

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TRUSTEES ANNUAL REPORT

Executive

The Executive during the year to 31st March 2018 were:

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

Auditor

Knox Cropper, Chartered Accountants, 8/9 Well Court, London, EC4M 9DN

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.

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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 |
| Communications | Maintaining effective communication with stakeholders, including existing and potential donors and beneficiaries | 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 strategy, 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.

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TRUSTEES ANNUAL REPORT

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:

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; confident in the knowledge 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.

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.

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Activities (Continued)

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.

Achievements and Performance

During the year, activity in the RCS included:

| | 2018 | 2017 |
|---|--------|--------|
| • Number of Relief Chests | 4,794 | 4,668 |
| • Average number of monthly donations into the Scheme | 50,083 | 36,755 |
| • Average number of monthly tax reclaims | 39,656 | 28,325 |
| • Average number of monthly payments from the Scheme | 501 | 470 |
| • Number of new Relief Chests opened | 241 | 147 |

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

| | 2018 | 2017 |
|--|---------------|--------------|
| | £000 | £000 |
| Masonic Charitable Foundation | 3,569 | 551 |
| The Grand Charity (General Fund) | 981 | 846 |
| The Royal Masonic Trust for Girls and Boys | 1,764 | 1,494 |
| The Royal Masonic Benevolent Institution | 1,611 | 1,832 |
| Masonic Samaritan Fund | 108 | 160 |
| Other Masonic benevolent funds | 393 | 1,843 |
| Non-Masonic charities | 2,270 | 2,444 |
| Total | 10,696 | 9,170 |

In February 2018 the RCS introduced a donor advised fund service for individual Freemasons, their family and friends, by launching (released in beta version) individual relief chests (IRCs).

An IRC is an individual charitable account which allows donors to set money aside to support both masonic and non-Masonic charities of their choice thereby helping them to manage their charitable giving efficiently

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Achievement and performance (Continued)

IRCs will offer a range of benefits to individuals, including:

- Complete control over donors' charitable giving
- Secure online regular donations
- Gift Aid tax reclaim
- Regular statements
- Supporting multiple charities
- Ease of donating to charities

Other key achievements:

- Development of HONE (honorific management IT system).
- Upgrade of IT infrastructure and applications: During the year measures were undertaken to ensure business critical applications, for example, data capture solutions and servers were upgraded to enhance performance and increase capacity.

Financial Review

Review of the Year

The figures for the prior year include unrestricted income and the Transferred Beneficiaries Fund up to 31st January. This review will consider the performance of the overall charity and the RCS separately.

The Charity

Income of £10.56 M was 15% lower than prior year, which included £1.92 M annual contributions from Lodges before this funding stream was transferred to the MCF. Expenditure of £10.70 M was 28% lower than prior year. Net expenditure of £0.13 M was transferred to reserves.

Relief Chest Scheme

Incoming receipts of £10.50 M were 24% higher than prior year, and expenditure of £10.70 M was 17% higher. Masonic grants of £8.42 M were 25% higher than prior year, whilst charity grants of £2.27 M were 7% lower. The net outflow was £0.13 M against prior year of £0.60 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.

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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 and performance monitoring of expert investment managers. 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 | 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.

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Investment Policy and Performance

The aim is to protect capital and generate a reasonable level of income by utilising the services of Royal London Asset Management Ltd (RLAM), a qualified financial expert regulated by the Financial Conduct Authority that provides investment capabilities across a range of asset classes.

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.

The majority of the investments are kept in short maturities, but where appropriate, a proportion of the funds are invested longer to take advantage of the positive yield curve. For the year ended 31 March 2018, the investment return on the cash was 0.36% after fees. This return compares to an average Bank Rate over the period of 0.50% and a benchmark return of 0.35% (Seven Day London Interbank Bid Rate).

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.

In 2018/19 the Scheme plans to:

- Introduce an online fundraising platform for all the chest holders.
- Migrate to a new direct debit management suite, to enhance capacity and efficiency to the increasing numbers of regular donors.
- Migrate the database to a new IT system.
- Trial a 'digital form' to improve the process of making charity grants.
- Design and develop a reporting tool, based on business intelligence concepts, for all external users. The aim is to enhance the quality and availability of festival based management reporting for external users.

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.

Auditors

A resolution proposing that Knox Cropper be reappointed as auditors will be put to the board of trustees.

Approval by Trustees

This report, was approved by the trustees on 13th September 2018 and signed on their behalf by



James Newman, OBE
Chairman, MCF

THE GRAND CHARITY

REPORT OF THE INDEPENDENT AUDITORS 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 2018 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 2018 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 AUDITORS 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 auditors' 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 AUDITORS 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: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. 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
Statutory Auditor
8-9 Well Court
London EC4M 9DN
13th September 2018

Knox Cropper 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 2018

| | Note | Restricted Funds 2018 £'000 | Total Funds 2017 £'000 |
|--|------|--------------------------------------|---------------------------------|
| INCOME | | | |
| Donations and legacies | 2 | 10,499 | 10,146 |
| Annual contributions from Lodges | | 0 | 1,921 |
| Investment income | 3 | 63 | 431 |
| Total income | | 10,562 | 12,498 |
| EXPENDITURE | | | |
| Cost of generating funds | | 0 | (156) |
| Investment management costs | 4 | 0 | (205) |
| | | 0 | (361) |
| Charitable activities | | | |
| Masonic grants | 5 | (8,426) | (9,886) |
| Non-Masonic grants | 5 | (2,270) | (4,667) |
| | | (10,696) | (14,553) |
| Total expenditure | | (10,696) | (14,914) |
| Net gains/(losses) on investments | 6 | 0 | 3,257 |
| Net income/(expenditure) | | (134) | 841 |
| Transfers out to Incorporated Charity | | 0 | (39,750) |
| NET MOVEMENT IN FUNDS | | (134) | (38,909) |
| Total funds brought forward | | 22,744 | 61,653 |
| Total funds carried forward | | 22,610 | 22,744 |
| All income and expenditure derive from continuing activities | | | |

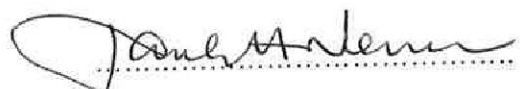
The notes on pages 18 to 26 form part of these financial statements. The prior year figures are analysed by fund in note 10 on page 25.

THE GRAND CHARITY

BALANCE SHEET as at 31 MARCH 2018


| | Note | 2018 £'000 | 2017 £'000 |
|---------------------------------------|------|---------------|---------------|
| CURRENT ASSETS | | | |
| Debtors | 7 | 153 | 116 |
| Investments | 6 | 0 | 0 |
| Short term deposits | | 19,963 | 20,968 |
| Cash at bank and in hand | | 2,498 | 1,664 |
| | | <u>22,614</u> | <u>22,748</u> |
| CURRENT LIABILITIES | | | |
| Creditors falling due within one year | 8 | (4) | (4) |
| Total net assets | | <u>22,610</u> | <u>22,744</u> |
| CHARITABLE FUNDS | | | |
| Restricted income funds | | | |
| Relief Chest | | 22,610 | 22,744 |
| Total charitable funds | | <u>22,610</u> | <u>22,744</u> |

The financial statements were approved and authorised for issue by the Trustee Board on 13th September 2018 and signed on their behalf by:



James Newman, OBE

Chairman



Michael
Heenan

Treasurer

The notes on pages 18 to 26 form part of these financial statements

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CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2018

| | 2018 £'000 | 2017 £'000 |
|---|---------------|-----------------|
| Operating Activities | | |
| Net cash provided by/(used in) Operating Activities | A | |
| | (234) | (42,506) |
| Cash flows from investing activities | | |
| Dividends and interest from investments | 63 | 431 |
| Proceeds from the sale of investments | 0 | 20,542 |
| Transfers out to Incorporated Charity | 0 | 35,302 |
| Purchase of investments | 0 | (20,490) |
| Net cash provided by/(used in) Investing Activities | 63 | 35,785 |
| Change in cash and cash equivalents in the reporting period | (171) | (6,721) |
| Cash and cash equivalents at the beginning of the reporting period | 22,632 | 29,353 |
| Cash and cash equivalents at the end of the reporting period | B | |
| | 22,461 | 22,632 |
| 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 | (134) | (38,909) |
| Adjustments for: | | |
| Dividends, interest and rents from investments (Gains)/losses in investments (excluding within cash balances) | (63) | (431) |
| Movements in defined benefit pension scheme | 0 | (3,068) |
| (Increase)/decrease in debtors | 0 | (217) |
| Increase/(decrease) in creditors | (37) | 669 |
| | 0 | (550) |
| Net cash provided by/(used in) Operating Activities | (234) | (42,506) |
| B Analysis of cash and cash equivalents | | |
| Cash held by investment managers | 0 | 0 |
| Short term deposits | 19,963 | 20,968 |
| Cash at bank and in hand | 2,498 | 1,664 |
| Total cash and cash equivalents | 22,461 | 22,632 |

THE GRAND CHARITY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2018

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.

The Charity transferred its unrestricted assets and the assets relating to the Transferred Beneficiaries Fund to TGC Company on 1st February 2017. All assets and liabilities were transferred at book value. The restricted assets relating to the Relief Chest remained with the Charity.

(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 2018

(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 recognised from the ex-dividend date when they become receivable.

(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.

Expenditure on generating funds includes costs of fundraising and maintenance of festival and donor records, together with the management of the investment portfolios. These costs include the allocation of support costs relating to these activities.

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 2018

(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 2018

(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 Value 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

| | 2018 £'000 | 2017 £'000 |
|--------------------------------|---------------|---------------|
| Festivals | 0 | 1,363 |
| Donations to Relief Chest Fund | 10,499 | 8,487 |
| Other donations | 0 | 66 |
| Legacies | 0 | 230 |
| | <u>10,499</u> | <u>10,146</u> |

3. INVESTMENT INCOME

| | 2018 £'000 | 2017 £'000 |
|-----------------------------------|---------------|---------------|
| Interest on bank deposits | 63 | 69 |
| Income from investment portfolios | 0 | 362 |
| | <u>63</u> | <u>431</u> |

THE GRAND CHARITY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2018

4. INVESTMENT MANAGEMENT COSTS

| | 2018 £'000 | 2017 £'000 |
|----------------------------|---------------|---------------|
| Investment fund management | 0 | 172 |
| Support costs | 0 | 33 |
| | <u>0</u> | <u>205</u> |

5. CHARITABLE ACTIVITIES

| | 2018 £'000 | 2017 £'000 |
|----------------|---------------|---------------|
| Masonic | | |
| Poverty relief | 0 | 2,221 |
| Relief Chest | 8,426 | 6,728 |
| Support Costs | 0 | 937 |
| | <u>8,426</u> | <u>9,886</u> |

Non-Masonic

| | | |
|-------------------------------------|--------------|--------------|
| Financial Hardship | 130 | 161 |
| Education and Employability | 605 | 328 |
| Health and Disability | 1,191 | 1,694 |
| Social Exclusion and Disadvantage | 98 | 680 |
| Medical & Social Research Programme | 56 | 137 |
| Disaster Relief | 29 | 100 |
| Hospices | 0 | 600 |
| Air Ambulance and Rescue Services | 0 | 719 |
| Relief Chest - uncategorised | 161 | 0 |
| Support Costs | 0 | 248 |
| | <u>2,270</u> | <u>4,667</u> |

THE GRAND CHARITY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2018

6. INVESTMENTS

| | March 2018 £'000 | March 2017 £'000 |
|---------------------------|---------------------|---------------------|
| Listed investments: | | |
| - Equities | 0 | 0 |
| - Fixed interest | 0 | 0 |
| - Hedge funds | 0 | 0 |
| | <hr/> | <hr/> |
| Cash and cash equivalents | 0 | 0 |
| | <hr/> | <hr/> |
| | 0 | 0 |

MOVEMENTS IN INVESTMENTS

Listed

| | | |
|---------------------------------------|-------|----------|
| Balance at 1 April 2017 | 0 | 35,631 |
| Additions | 0 | 20,490 |
| Disposals | 0 | (20,542) |
| Transfers out to Incorporated Charity | 0 | (35,302) |
| Gains/(losses) | 0 | 3,068 |
| Changes in cash balances held | 0 | (3,344) |
| Balance at 31 March 2018 | <hr/> | <hr/> |
| | 0 | 0 |

RECONCILIATION TO SOFA

| | | |
|--|-------|-------|
| Gains/(losses) on listed investments | 0 | 3,068 |
| Gains/(losses) within cash balances held | 0 | 189 |
| | <hr/> | <hr/> |
| | 0 | 3,257 |

THE GRAND CHARITY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2018

| 7. DEBTORS | March 2018 | March 2017 |
|--|------------|------------|
| | £'000 | £'000 |
| Prepayments and accrued income | 153 | 116 |
| | <u>153</u> | <u>116</u> |
| | | |
| 8. CREDITORS | March 2018 | March 2017 |
| | £'000 | £'000 |
| Falling due within one year | | |
| Accruals and deferred income | 4 | 4 |
| | <u>4</u> | <u>4</u> |
| | | |
| 9. PROVISIONS | March 2018 | March 2017 |
| | £'000 | £'000 |
| Pension Fund Deficit | | |
| Balance at 1 April 2017 | 0 | 217 |
| Payments made in the year | 0 | (33) |
| Transfers out to Incorporated Organisation | 0 | (184) |
| Balance at 31 March 2018 | <u>0</u> | <u>0</u> |

THE GRAND CHARITY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

10. STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 MARCH 2017

| | Note | Unrestricted funds 2017 £'000 | TBF Restricted funds 2017 £'001 | Relief Chest Restricted funds 2017 £'000 | Total Funds 2017 £'000 |
|--|------|--|---|--|---------------------------------|
| INCOME | | | | | |
| Donations and legacies | 2 | 1,647 | 0 | 8,499 | 10,146 |
| Annual contributions from Lodges | | 1,921 | 0 | 0 | 1,921 |
| Investment income | 3 | 213 | 149 | 69 | 431 |
| Total income | | 3,781 | 149 | 8,568 | 12,498 |
| EXPENDITURE | | | | | |
| Cost of generating funds | | (156) | 0 | 0 | (156) |
| Investment management costs | 4 | (156) | (49) | 0 | (205) |
| | | (312) | (49) | 0 | (361) |
| Charitable activities | | | | | |
| Masonic grants | 5 | (3,038) | (120) | (6,728) | (9,886) |
| Non-Masonic grants | 5 | (2,225) | 0 | (2,442) | (4,667) |
| Relief Chest Scheme support costs | | 0 | 0 | 0 | 0 |
| | | (5,263) | (120) | (9,170) | (14,553) |
| Total expenditure | | (5,575) | (169) | (9,170) | (14,914) |
| Net gains/(losses) on investments | | 1,975 | 1,278 | 4 | 3,257 |
| Net income/(expenditure) | | 181 | 1,258 | (598) | 841 |
| Transfers out to Incorporated Charity | | (30,223) | (9,527) | 0 | (39,750) |
| NET MOVEMENT IN FUNDS | | (30,042) | (8,269) | (598) | (38,909) |
| Total funds brought forward | | 30,042 | 8,269 | 23,342 | 61,653 |
| Total funds carried forward | | 0 | (0) | 22,744 | 22,744 |

THE GRAND CHARITY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2017

11. 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.

12. 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.