

**ROYAL MASONIC HOSPITAL CHARITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

Charity Number: 205793

ROYAL MASONIC HOSPITAL CHARITY

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ROYAL MASONIC HOSPITAL CHARITY

TRUSTEE'S ANNUAL REPORT

The trustee is pleased to submit its report for the year ended 31st March 2021.

Reference and Administrative Information

Name and Registered Office

The name of the charity is Royal Masonic Hospital Charity (the "Charity") and its principal office is located at 60 Great Queen Street, London, WC2B 5AZ.

Trustees

The trustee who served during the whole of the year was:

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

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

- John Boyington, CBE
- Sinead Brophy
- Charles A.G. Cunningham
- Timothy D. Dallas-Chapman
- Simon D'O. Duckworth, OBE, DL
- Clive Emerson
- Dr Simon Fellerman (appointed 1st September 2020)
- Alan P. Graham, MBE
- Antony D.G. Harvey
- Christopher Head
- Michael R. Heenan (Treasurer)
- Richard M. Hone, QC (President)
- John E. Hornblow (resigned 25th August 2020)
- James H. Newman, OBE (Deputy President and Chairman)
- Stephen Robinson (appointed 8th March 2021)
- Howard Ian Sabin
- Nigel J. Vaughan
- David C. Watson
- Andrew G. Wauchope
- Christopher G. White (resigned 25th August 2020)
- Sir Paul Williams, OBE, KStJ, DL
- Howard G. Wilson

James H. Newman resigned as Chairman of the MCF on 31st March 2021 and Trustee of the MCF on 28th April 2021, and Sir Paul Williams was appointed Chairman on 1st April 2021.

ROYAL MASONIC HOSPITAL CHARITY

TRUSTEE'S ANNUAL REPORT

Executive

The Executive during the year to 31st March 2021 were:

- David Innes, Chief Executive (resigned 18th September 2020)
- Les Hutchinson, Chief Operating Officer to, and Chief Executive from 21st September 2020
- Charles Angus, Group Finance Director
- Annette Campbell, Company Secretary

Auditor

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

Bankers

National Westminster Bank Plc, Bloomsbury Parr's Branch, 214 High Holborn, London, WC1V 7BX

Solicitors

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

ROYAL MASONIC HOSPITAL CHARITY

TRUSTEE'S ANNUAL REPORT

Structure, Governance and Management

Organisation

The Royal Masonic Hospital Charity is an unincorporated association, the rules of which are set out in its Constitution as amended by Orders of the High Court dated 21 October 1986 and 20 July 1999. It is a registered charity (number 205793). The charity formerly operated the Royal Masonic Hospital in Ravenscourt Park, London until its closure in 1996.

After a period of receivership which began in 1994, overall control of the Charity was transferred on the 28 June 2002 to the trustees. The trustees are the persons who from time to time constitute the trustees of the Masonic Samaritan Fund, company number 6876310, registered charity number 1130424 ("MSF"). On 1 April 2016, MSF became a subsidiary of the Masonic Charitable Foundation ("MCF", company number 09751836, registered charity number 1164703), and the MCF is now its sole trustee.

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.

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
Finance	Ensuring adequate procedures are in place to manage all aspects of financial planning, controlling and reporting.	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.

ROYAL MASONIC HOSPITAL CHARITY

TRUSTEE'S ANNUAL REPORT

Objectives and Activities

The objects of the Charity

The objects of the Charity are the relief of poverty amongst those Freemasons and their dependants who are sick or infirm.

The main activities

The Charity's objective for the year was to ensure the receipt of the legacy income to which the Charity was entitled, and to ensure that this income is donated to its parent charity, the MSF. This was achieved, with a total of £110,000 (2020: £107,000) being receivable during the period.

In planning the objective for the year, the trustees have had regard to the guidance on public benefit issued by the Charity Commission.

Financial Review

Legacy Income

Legacy income is by its nature unpredictable, and, following the closure of the hospital, it is anticipated that the long term trend will be downwards. However it is believed that the number of potential legacies which will come to the Charity in the future remains substantial. The Charity is not actively seeking donations or new legacies.

Charitable Expenditure

During the period a total of £141,000 (2020: £130,000) was paid in grants to MSF.

Reserves Policy

The trustee has determined that minimal reserves are maintained with annual legacy income received being transferred to the immediate parent charity, the Masonic Samaritan Fund ("MSF").

Plans for Future Periods

RMHC will continue to collect legacy income and transfer it to the MSF.

ROYAL MASONIC HOSPITAL CHARITY

TRUSTEE'S 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. Mandatory cybersecurity training in place for all staff
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.

ROYAL MASONIC HOSPITAL CHARITY

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

Statement of Responsibilities

The trustee is responsible for preparing the trustee's 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 trustee 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 trustee is 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.

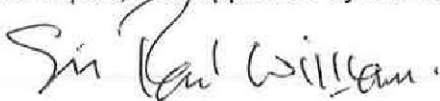
The trustee is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable it to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and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

This report, was approved by the trustee on 9th September 2021 and signed on their behalf by



Sir Paul Williams, OBE, KStJ, DL

Chairman, MCF

ROYAL MASONIC HOSPITAL CHARITY

REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEE OF THE ROYAL MASONIC HOSPITAL CHARITY

We have audited the financial statements of the Royal Masonic Hospital Charity (the "Charity") for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 2021 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

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustee with respect to going concern are described in the relevant sections of this report.

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 trustee is responsible for the other information.

ROYAL MASONIC HOSPITAL CHARITY

REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEE OF THE ROYAL MASONIC HOSPITAL CHARITY

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

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 themselves. 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 trustee's 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 Trustee

As explained more fully in the Trustee's Responsibilities Statement set out on page 8, the trustee is 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 trustee determines 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 trustee is 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 trustee either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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.

ROYAL MASONIC HOSPITAL CHARITY

REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEE*9/ OF THE ROYAL MASONIC HOSPITAL CHARITY

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The Charity is required to comply with charity law and, based on our knowledge of its activities, we identified that the legal requirement to accurately account for any restricted funds was of key significance.
- We gained an understanding of how the charity complied with its legal and regulatory framework, including the requirement to properly account for any restricted funds, through discussions with management and a review of the documented policies, procedures and controls.
- The audit team, which is experienced in the audit of charities, considered the charity's susceptibility to material misstatement and how fraud may occur. Our considerations included the risk of management override.
- Our approach was to check that all restricted income was properly identified and separately accounted for and to ensure that only valid and appropriate expenditure was charged to restricted funds. This included reviewing journal adjustments and unusual transactions.

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 trustee, 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 trustee 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 trustee 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

9/9/21

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.

ROYAL MASONIC HOSPITAL CHARITY

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 MARCH 2021

	Note	2021 £'000	2020 £'000
INCOME			
Legacies		110	107
Total income		<u>110</u>	<u>107</u>
EXPENDITURE			
Charitable activities	2	(141)	(130)
Total expenditure		<u>(141)</u>	<u>(130)</u>
NET MOVEMENT IN FUNDS		<u>(31)</u>	<u>(23)</u>
Total funds brought forward		39	62
Total funds carried forward		<u>8</u>	<u>39</u>

All income and expenditure derive from continuing activities

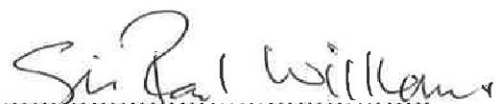
The notes on pages 15 to 17 form part of these financial statements

ROYAL MASONIC HOSPITAL CHARITY

BALANCE SHEET as at 31 March 2021

	Note	March 2021 £'000	March 2020 £'000
CURRENT ASSETS			
Debtors	4	6	34
Cash at bank and in hand		2	5
Total net assets		8	39
CHARITABLE FUNDS			
Restricted funds			
General reserves		8	39
Total charitable funds		8	39

The financial statements were approved and authorised for issue by the Trustee Board on 9th September 2021 and signed on its behalf by:



Sir Paul Williams, OBE, KStJ, DL

Chairman



Michael Heenan

Treasurer

The notes on pages 15 to 17 form part of these financial statements

ROYAL MASONIC HOSPITAL CHARITY

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2021

	2021 £'000	2020 £'000
Operating Activities		
Net cash provided by/(used in) Operating Activities	A (3)	3
Change in cash and cash equivalents in the reporting period	(3)	3
Cash and cash equivalents at the beginning of the reporting period	5	2
Cash and cash equivalents at the end of the reporting period	B 2	5
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	(31)	(23)
Adjustments for:		
Decrease in debtors	28	26
Net cash provided by/(used in) Operating Activities	(3)	3
B Analysis of cash and cash equivalents		
Cash at bank and in hand	2	5
Total cash and cash equivalents	2	5

ROYAL MASONIC HOSPITAL CHARITY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements of Royal Masonic Hospital 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" (FRS 102 second edition) published in 2019 (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 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 trustee has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustee has made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustee 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.

(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.

ROYAL MASONIC HOSPITAL CHARITY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

(e) **Resources expended**

All expenditure is accounted for on an accruals basis. Expenditure entirely relates to the donation of its income to the MSF. All support and governance costs associated with the operation of its charitable activities are accrued by the MCF.

(f) **Employee benefits**

All staff are employed by the ultimate parent charity, The Masonic Charitable Foundation. No charge is made to the Charity in respect of staff providing services to the Charity. No remuneration is paid to trustees and no expenses reimbursed.

(g) **Fund accounting**

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

(h) **Taxation**

The Charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and it is considered to pass the test set out in paragraph 1, schedule 6 of the Finance Act 2010, and therefore it meets the definition of a charity for U.K. Corporation Tax purposes. 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.

ROYAL MASONIC HOSPITAL CHARITY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

2. CHARITABLE ACTIVITIES	2021	2020
	£'000	£'000
Care and welfare support	141	130
	<u>141</u>	<u>130</u>

3. STAFF COSTS

No remuneration or expenses were paid to trustees during the current or prior year periods. No costs of staff support were recharged by the MCF to the Charity during the current or prior years.

4. DEBTORS	March 2021	March 2020
	£'000	£'000
Prepayments and accrued income	5	34
Amounts owed by group undertakings	1	0
	<u>6</u>	<u>34</u>

5. RELATED PARTY TRANSACTIONS

During the period grants totalling £141,000 (2020: £130,000) were made by the Charity to the MSF. The majority of this related to the transfer of legacies received by the Charity. At the balance sheet date, the Charity was owed £745 (2020: £Nil) by the MSF.

The MCF has borne all the administrative costs of supporting the Charity as well as its fellow subsidiary charities.

6. COVID-19 PANDEMIC

The Charity's sole source of income is from legacies, and is not expected to be directly impacted by the Covid-19 pandemic. The Charity donates whatever funds are received on to its parent charity, the MSF.

7. 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.

