

THE FREEMASONS' FUND FOR SURGICAL RESEARCH

TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

THE FREEMASONS' FUND FOR SURGICAL RESEARCH

I N D E X

Year ended 31 December 2020

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THE FREEMASONS' FUND FOR SURGICAL RESEARCH

GENERAL INFORMATION

Year ended 31 December 2020

Charity Registration number	252951
Patron	HRH The Duke of Kent KG
Trustees	Justin Ash Lord Ribeiro Kt CBE FRCS (Retired 5 October 2020) Julian Soper Jolyon Berry Antony Narula FRCS(Eng) Paul Copsey Howard Sabin FRCS(Eng), FRCS(Ed) (Appointed 6 October 2020) Jonathon Randall (Appointed 6 October 2020)
Registered office	22 Chancery Lane London WC2A 1LS
Independent examiner	Gordon Spinks ACA Dixon Wilson 22 Chancery Lane London WC2A 1LS
Secretary	Michael Messent
Principal address	7 Hansard Place Romsey Hampshire SO51 0EL
Investment bankers and advisers	Cazenove Capital Management Limited 1 London Wall Place London EC2Y 5AU
Bankers	Coutts & Co St Martin's Office 440 Strand London WC2R 0QS

THE FREEMASONS' FUND FOR SURGICAL RESEARCH

TRUSTEES' ANNUAL REPORT

Year ended 31 December 2020

This report should be read in conjunction with the information given on page 2.

Creation

The Fund was created in 1967 as a charitable foundation by contributions from Freemasons of the English Constitution to commemorate the 250th Anniversary of the original Grand Lodge Meeting.

Governing instrument

The governing instrument is a Declaration of Trust dated 8 May 1967.

Objects and public benefit

The Trustees have considered the guidance in respect of public benefit given by the Charity Commission in accordance with the requirements of the Charities Act 2011.

The object of the Fund as set out in paragraph 5 of the Declaration of Trust, as amended by resolution of the Trustees dated 20 May 2014, is to hold the Trust Fund and the income thereof upon trust firstly to pay therefrom all the proper costs and expenses incurred by the Trustees in administering the Charity and the property thereof and subject thereto to apply the same (whether by payments from capital or income) in furthering, in conjunction with the Royal College of Surgeons of England (a registered charity no. 212808), research in the science of surgery provided that in no accounting year shall the expenditure of the Trustees towards the Royal College exceed five per centum of the capital value of the Trust Fund calculated at the end of the accounting year immediately prior to incurring such expenditure. Trust capital is held in perpetuity, subject only to the deduction of all proper costs and expenses incurred by the Trustees should these not be covered by income.

All grants are made to the Royal College of Surgeons of England in accordance with the object of the Trust. The recipient charity has confirmed that, in their opinion, its activities satisfy the public benefit test. The Trustees are satisfied that this is for the public benefit and that there is no detriment or harm that might arise from carrying out this object. No person or body receives any private benefit other than as a beneficiary.

Organisational structure

The Secretary has overall control of the general conduct of the Fund's activities and is responsible for the implementation of the policies of the Trustees.

Trustees' policies

The Trustees' policies are:

- (a) to invest trust capital in order to provide a total return to further the trust objective.
- (b) to give grants to the Royal College of Surgeons of England.

Trustees

The names of the individuals who served as Trustees during the period are shown on page 2.

The power to appoint new Trustees is vested in the Grand Master of the United Grand Lodge of England.

There must be at least three and no more than seven Trustees.

The Trustees have unrestricted power of investment.

The Trustees meet at least twice each year to consider the Charity's activities and performance.

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TRUSTEES' ANNUAL REPORT

Year ended 31 December 2020

Reserves

In line with the guidance issued by the Charity Commission, the Trustees have reviewed the need for reserves. The Trustees seek to apply all income in pursuance of the stated objects of the Fund as soon as is reasonably prudent. The present intention of the Trustees is to make annual grants to the Royal College of Surgeons of England sufficient to contribute to the support of four research fellowships. The Trustees and the College seek to fund a consistent number of research fellowships, year on year, and, to achieve this objective, the Trustees may have to resort to capital, within the permitted limit. The extent to which capital has been expended over the years is reflected in the figures of net current assets as set out in note 13 on page 13.

The Trustees monitor the level of reserves regularly.

Connected charities

There are no connected charities.

Investment policy

It is the policy of the Trustees to invest in equities, in fixed interest stocks, in alternative investments, and to place money with deposit takers.

From May 2020 and currently, the benchmark ranges for asset allocation were 55-80% Global equities, 5-25% fixed interest, 5-25% alternative investments and 0-10% cash. The investment policy was updated in the year in light of market developments in order to achieve the long term objective which is to generate a total return of inflation + 4%.

The objective is to achieve growth in capital and income. Within that broad objective, the aim of the Trustees is to obtain an annual total return sufficient to allow the disbursement of £220,000 or thereabouts from these investments, after covering expenses, to be achieved with effect from and including the year 2015. The current year disbursement of £180,000 is a temporary reduction from the targeted disbursement and is in response to financial uncertainty owing to the Covid-19 pandemic.

The Trustees seek to produce the best possible financial return in order to achieve the greatest amount of money available for the furtherance of medical research, whilst investing in a manner consistent with the Fund's aims and avoiding investing in businesses which may reasonably be regarded as undertaking activities which are injurious to individuals or society in general. The Trustees have resolved to invest in ESG funds with a weighting of 5-10%, providing they meet all other investment criteria. It is recognised that it is unrealistic to have zero tolerance to holdings in securities due to the way some investments are held within funds and because businesses are reclassified from time to time. As shown in the following table, some tolerance of restricted businesses shall be permitted, however there shall be no direct investment in certain businesses, as specified:

	Direct investment	Total exposure in any one fund	Total exposure overall
Tobacco	No	7.5%	2.5%
Gambling	No	7.5%	2.5%
Pornography	No	2.5%	1%
Predatory Lending	No	2.5%	1%
Fossil Fuels	Yes	10%	5%

The Trustees have appointed Cazenove Capital Management Limited ("Cazenove") as investment advisers. Cazenove have discretion to change the investments without the specific instructions of the Trustees. Some funds are placed on deposit with Cazenove, otherwise investments are to be held in pooled funds. The performance benchmarks are the FTSE All Share Index for equity funds, the FTSE Government All Stocks Index for fixed interest funds, and 7 day LIBID for alternative investments. Cazenove report four times a year to the Trustees on the investment performance of the Fund and the investment policy is reviewed by the Trustees at least once a year.

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TRUSTEES' ANNUAL REPORT

Year ended 31 December 2020

Financial review

During the year investment income totalled £163,943 (2019 - £215,159). 2020 included a donation of £312 (2019 - £150), received from individual donors. All donations were treated as additions to the endowment (capital) fund with the aim of increasing the value of annual grants to the Royal College of Surgeons of England.

Grants amounting to £180,000 (2019 - £220,000) were made by the Trustees to the Royal College of Surgeons of England.

At the year-end the investments were valued at £7,004,427 (2019 - £6,923,863). The Trustees are aware of the impact of the Covid-19 pandemic on the valuation of and the future income from the investments. The Trustees continue to work with their investment advisers to mitigate the impact, and have reduced the expenditure on grants this year, albeit capital can be called upon to meet a shortfall in income, if one occurs. All investments are held in accordance with the Declaration of Trust.

The unrestricted fund shows a total deficit of £19,855. In accordance with the Charities SORP (FSR102) it is acceptable to carry forward a deficit, as the Trustees have a realistic expectation that future income will be received to cover the shortfall.

Cazenove levied investment management charges in the year amounting to £24,160 (2019 - £24,519).

In accordance with the terms of an Order granted by the Charity Commissioners dated 20 May 2011, the Trustees have identified the unapplied total return at 31 December 2012 based on the difference between the net funds at that date less the initial capital of £582,769. Additions to the unapplied total return have been calculated for subsequent accounting periods based on the excess total return less grants and expenses, as set out in note 13 to the financial statements. An application of the unapplied total return has been made in the year to 31 December 2020, in respect of the shortfall of income of £8,680 arising for the year ended 31 December 2019. The Trustees concluded that it was not necessary to obtain advice regarding the use of power conferred on the Trustees by the Order.

Financial statements

Accounts are set out on pages 8 to 14. They have been drawn up in compliance with the relevant provisions of the Charities Act 2011 and with the Declaration of Trust.

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the Charity's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the Trustees should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice 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 in operation.

THE FREEMASONS' FUND FOR SURGICAL RESEARCH

TRUSTEES' ANNUAL REPORT

Year ended 31 December 2020

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ensure that the financial statements comply with the regulations made under the Charities Act 2011. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Trustees

JUSTIN ASH



9 June

2021

THE FREEMASONS' FUND FOR SURGICAL RESEARCH

INDEPENDENT EXAMINER'S REPORT

Year ended 31 December 2020

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE FREEMASONS' FUND FOR SURGICAL RESEARCH

I report to the Trustees on my examination of the accounts of the Trust for the year ended 31 December 2020.

Responsibilities and basis of report

As the Charity Trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act'). You are satisfied that an audit is not required for this year under charity law and that an independent examination is needed.

I report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act. Dixon Wilson, a firm of Chartered Accountants of which I am a partner, has provided bookkeeping services to the Trust and I have applied the FRC's Revised Ethical Standard in carrying out my examination.

An independent examination does not involve gathering all the evidence that would be required in an audit and consequently does not cover all the matters than an auditor considers in giving their opinion on the accounts. The planning and conduct of an audit goes beyond the limited assurance that an independent examination can provide. Consequently, I express no opinion as to whether the accounts present a 'true and fair' view and my report is limited to those specific matters set out in the independent examiner's statement.

Independent examiner's statement

I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountants in England and Wales.

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



GORDON SPINKS ACA
Dixon Wilson
22 Chancery Lane
London WC2A 1LS

17 June 2021

THE FREEMASONS' FUND FOR SURGICAL RESEARCH

STATEMENT OF FINANCIAL ACTIVITIES

Year ended 31 December 2020

	Note	Unrestricted Funds £	Endowment Funds £	2020 Total £	Unrestricted Funds £	Endowment Funds £	2019 Total £
Income and expenditure							
Income and endowments from:							
Donations and legacies	4	-	312	312	-	150	150
Investments		163,943	-	163,943	215,159	-	215,159
Total		<u>163,943</u>	<u>312</u>	<u>164,255</u>	<u>215,159</u>	<u>150</u>	<u>215,309</u>
Expenditure on:							
Raising funds	5	-	24,160	24,160	-	24,519	24,519
Charitable activities	6	183,798	-	183,798	223,839	-	223,839
Total resources expended		<u>183,798</u>	<u>24,160</u>	<u>207,958</u>	<u>223,839</u>	<u>24,519</u>	<u>248,358</u>
Net outgoing resources before other recognised gains and losses		(19,855)	(23,848)	(43,703)	(8,680)	(24,369)	(33,049)
Other recognised (losses)/gains:							
Net investment (losses)/gains in year	9	-	(70,054)	(70,054)	-	758,060	758,060
Net movement in funds for the year		(19,855)	(93,902)	(113,757)	(8,680)	733,691	725,011
Transfer between funds	13	8,680	(8,680)	-	27,650	(27,650)	-
Total (deficit)/funds brought forward		(8,680)	7,155,126	7,146,446	(27,650)	6,449,085	6,421,435
Total (deficit)/funds carried forward (page 9)		<u>(19,855)</u>	<u>7,052,544</u>	<u>7,032,689</u>	<u>(8,680)</u>	<u>7,155,126</u>	<u>7,146,446</u>

All amounts are in respect of continuing operations.

THE FREEMASONS' FUND FOR SURGICAL RESEARCH

BALANCE SHEET

At 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Investments at market value	9	<u>7,101,893</u>	<u>7,200,442</u>
Current assets			
Debtors	10	2,191	8,947
Cash		<u>27,827</u>	<u>56,474</u>
		<u>30,018</u>	<u>65,421</u>
Creditors: amounts falling due within one year	11	<u>(99,222)</u>	<u>(119,417)</u>
Net current liabilities		<u>(69,204)</u>	<u>(53,996)</u>
Total net assets	13	<u>7,032,689</u>	<u>7,146,446</u>
Represented by:			
Capital funds – Endowment	14	7,052,544	7,155,126
Income funds – Unrestricted		<u>(19,855)</u>	<u>(8,680)</u>
		<u>7,032,689</u>	<u>7,146,446</u>

The financial statements on pages 8 to 14 were approved by the Trustees on 9 June 2021.

JUSTIN ASH
Trustee



THE FREEMASONS' FUND FOR SURGICAL RESEARCH

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

1. General information

The Charity is an unincorporated trust. The principal address of the Charity is 7 Hansard Place, Romsey, Hampshire SO51 0EL.

2. Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective October 2019) – (Charities SORP (FRS 102)).

The Freemasons' Fund for Surgical Research meets the definition of a public benefit entity under FRS 102.

Preparation of the accounts on a going concern basis

The Trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern.

These financial statements have been prepared under the historical cost convention modified to include the revaluation of investments.

The financial statements are presented in Sterling which is the functional currency of the company and rounded to the nearest £.

Income recognition

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

Donations are recognised once the Charity has entitlement to the donations, it is certain that the donations will be received, and the monetary value of the donations can be measured with sufficient reliability.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the bank. Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Expenditure recognition

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 the obligation can be measured reliably. For grants payable, this is the point at which the recipient is notified. All expenditure is accounted for on an accruals basis.

Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

Cash balances held as part of a fixed asset investment portfolio are presented as part of fixed assets.

(continued)

THE FREEMASONS' FUND FOR SURGICAL RESEARCH

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

2. Accounting policies (continued)

Realised gains and losses

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year-end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

Capital funds – Endowment

Incoming resources arising from Endowment funds are unrestricted unless otherwise specified by the donor.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities, or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

3. Staff numbers

The average number of persons employed by the charity during the year was 0 (2019 - 0).

4. Voluntary income	2020 £	2019 £
Other donations	312	150

5. Expenditure on raising funds	2020 £	2019 £
Investment management charges	24,160	24,519

6. Expenditure on charitable activities	Note	2020 £	2019 £
Grants to Royal College of Surgeons of England		180,000	220,000
Governance costs:			
Accountancy and independent examination	7	3,240	3,300
Bank charges		483	455
LEI provider fee		75	84
		<u>183,798</u>	<u>223,839</u>

THE FREEMASONS' FUND FOR SURGICAL RESEARCH

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

7. Total resources expended has been stated after charging	2020	2019
	£	£
Accountancy	1,950	1,980
Independent examination	1,290	1,320
	<u>3,240</u>	<u>3,300</u>

8. Trustees

Trustees are not remunerated, and no expenses have been incurred.

9. Investments	2020	2019
	£	£
Quoted investments:		
Carrying value (market value) at beginning of year	6,923,863	6,409,791
Less: proceeds of disposals	(2,261,474)	(1,021,988)
Add: cost of additions	2,412,092	778,000
Net (loss)/gain for the year (page 8)	(70,054)	758,060
Carrying value (market value) at end of year	<u>7,004,427</u>	<u>6,923,863</u>
Cash	97,466	276,579
Total fixed asset investments (page 9)	<u>7,101,893</u>	<u>7,200,442</u>
Quoted investments at cost	<u>5,604,017</u>	<u>5,233,549</u>

10. Debtors	2020	2019
	£	£
Accrued income	<u>2,191</u>	<u>8,947</u>

11. Creditors: amounts falling due within one year

	2020	2019
	£	£
Grants payable	90,000	110,000
Accruals	9,222	9,417
	<u>99,222</u>	<u>119,417</u>

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

12. Financial assets and liabilities

The following are financial assets that qualify as basic financial instruments and are initially recognised at their transaction value and subsequently measured at their fair value through income and expenditure:

	2020 £	2019 £
Financial assets		
Investments	7,004,427	6,923,863

13. Analysis of net assets between funds

	Fixed assets £	Net current assets £	Total £
Unrestricted funds	-	(19,855)	(19,855)
Endowment funds	7,101,893	(49,349)	7,052,544
Total at 31 December 2020	7,101,893	(69,204)	7,032,689

At 31 December 2012, the Trustees identified that the Trust had funds of £2,742,349 representing unapplied total return, calculated as the total net assets of £3,325,118 at that date, less the initial capital of £582,769. Since that date, the following movements have taken place:

	2020 £	2019 £
At 1 January	4,059,174	3,353,283
(Decrease)/increase in unapplied total return	(70,054)	758,060
Investment management fees	(24,160)	(24,519)
Allocated to trust for application (page 8)	(8,680)	(27,650)
At 31 December	3,956,280	4,059,174

After the year-end the Trustees resolved to make a transfer of £19,855 from Endowment funds to Unrestricted funds as permitted under the constitution of the Fund.

THE FREEMASONS' FUND FOR SURGICAL RESEARCH

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

14. Capital funds – Endowment

Capital funds which at 31 December 2020 amounted to £7,052,544 arise from contributions received as follows from the Supreme Grand Chapter:

Prior to 31 December 1969	£582,769
During the year ended 31 December 2014	£2,424,900
During the year ended 31 December 2016	£35,000
During the year ended 31 December 2017	£22,000
During the year ended 31 December 2018	£27,733

In light of the capital contribution from the Supreme Grand Chapter in May 2014 and the value of the Fund immediately prior to its receipt, it was resolved by the Trustees that future Freemasons' Fellowships, tenable at The Royal College of Surgeons, shall henceforth be attributed to the United Grand Lodge of England and to the Supreme Grand Chapter in the proportion of 3:2 with effect from 1 January 2015. Of the four Fellowships funded in the year ended 31 December 2020, two were attributed to the United Grand Lodge of England. The position since 1 January 2015 is as follows:

Year	Proportion	United Grand Lodge	Supreme Grand Chapter	Total
2015	2:2	2	2	4
2016	3:1	3	1	4
2017	3:2	3	2	5
2018	2:2	2	2	4
2019	2:2	2	2	4
2020	2:2	2	2	4

15. Related party transactions

There have been no related party transactions in the year.
