

MASONIC CHARITABLE FOUNDATION

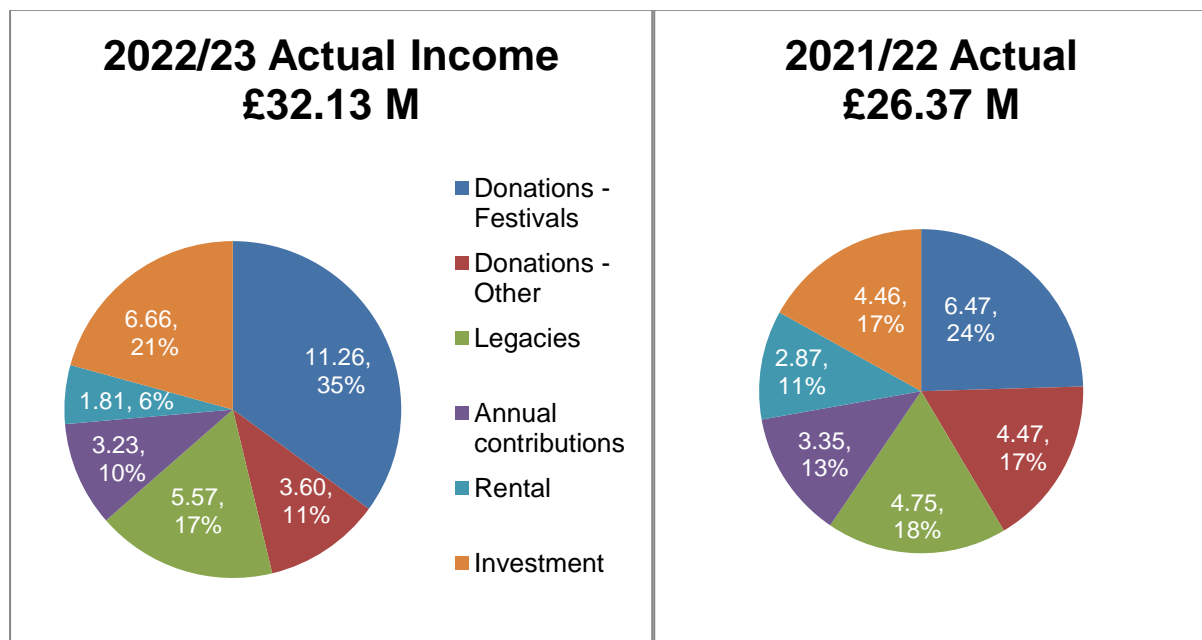
FINANCIAL SUMMARY FOR THE YEAR ENDED 31ST MARCH 2023

GROUP SOFA - 12 months to 31st March 2023

	2020/21 Actual £ M	2021/22 Actual £ M	2022/23 Actual £ M	% Change
INCOME				
Voluntary Income	9.5	10.9	13.9	27%
Legacies	3.6	4.8	5.6	17%
Annual Contribution	3.5	3.4	3.2	-4%
Investment Income	5.0	4.5	6.7	49%
Rental Income	1.5	2.9	1.8	-37%
Care Home Operations	44.7	46.4	47.1	1%
Transfer in of net assets from other trusts	0.0	0.1	1.0	N/A
Other income	0.1	0.0	0.0	N/A
	67.8	72.9	79.3	9%
EXPENDITURE				
Cost of Generating Funds	(2.4)	(2.4)	(2.9)	20%
Charitable Activities:				
- Masonic Grants	(11.5)	(12.6)	(11.1)	-11%
- Non-Masonic Grants	(11.3)	(8.6)	(10.4)	20%
- Royal Masonic School	(1.3)	(3.2)	(2.7)	-16%
- MCF Support Costs	(5.1)	(5.3)	(5.6)	6%
- Care Home Operations	(59.5)	(61.2)	(64.4)	5%
	(91.1)	(93.3)	(97.1)	4%
Net Income/(expenditure)	(23.3)	(20.4)	(17.8)	
Investment Gains/(Losses):				
- MCF CAIF and Cash Reserve	45.2	18.2	(9.2)	
- Investment Properties	2.0	2.6	(1.5)	
Defined Benefit Pension Scheme	0.1	1.9	(1.2)	
Net Movement in Funds	24.0	2.3	(29.7)	
Total Reserves carried forward	413.9	416.2	386.5	-7%

The strong recovery noted in the second half of the preceding year continued throughout the current year, with most income streams showing substantial improvement. Group income of £79.26 M was 8.7% higher than prior year. Fee income for the RMBICC increased by 7.2% to £46.98 M as occupancy continued to recover to an average of 83% in the homes (prior year: 79%). Government support through infection control grants was withdrawn during the year with reduced receipts of £0.11 M (prior year: £2.62 M).

Excluding the RMBICC, group income increased by £5.76 M from the prior year as shown below.



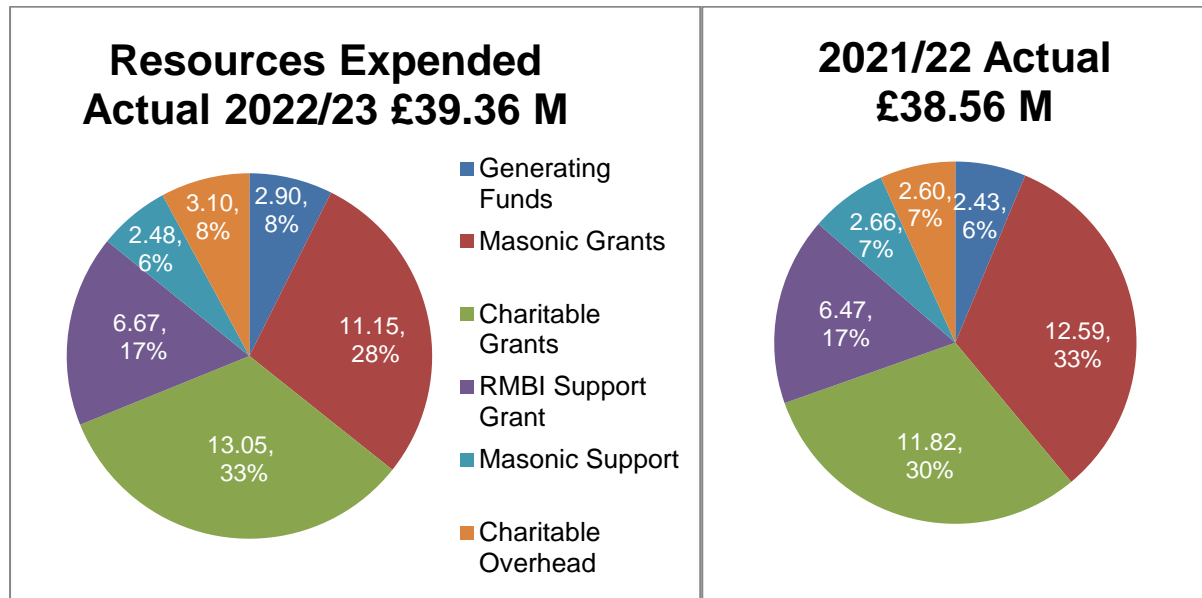
Festival income increased by 74.0% following a full year of lodge and festival activities. Other donations reduced by 19.4% to £3.60 M. These included £0.96 M received from the Cadogan Trust into the RMIG Endowment Trust, which will be used to support the education of five pupils at the Royal Masonic School, ("RMS") and £0.58 M incoming donations from the Ukraine appeal into the MCF.

Legacies of £5.57 M were 17.2% higher than prior year, having benefited from a significant number of large gifts during the year.

Rental income for the year of £1.81 M was 36.8% less than prior year. The prior year figure was distorted by the adjustment for the rent free period on the RMS interim lease. Whilst residential lettings continue to hold up well, the London commercial property market remains extremely challenged due the fundamental shift in working patterns and expectations following the Covid-19 pandemic. Our properties are currently being modernised and refurbished in order to secure high quality income streams for future years. Refurbishment of Ruspini House is expected to be complete by mid-December 2023, with the provision of six high-quality apartments for rent. Work will commence on the refurbishment of our flagship property at 31 Great Queen Street in the New Year with the building being available for marketing in early 2025.

Investment income benefitted from a combination of significantly increased rates available from bank deposits and the RLAM cash reserve together with more efficient cash management, totalling £6.08 M for the year (prior year: £4.07 M).

Expenditure of £97.09 M was 4.0% higher than prior year, including the cost of running care homes of £64.40 M (up 5.2%). Excluding care home activities, expenditure was split as follows:



84.7% of expenditure was made for charitable purposes (2022: 87.0%). Charity grants increased by 10.5% to £13.05 M including £1.15 M disbursed from the Ukraine appeal fund. Costs for the backlog works at the RMS reduced by 16.3% to £2.66 M mainly due to the delayed commencement of work on the great hall and garage refurbishments. Masonic grants reduced by 11.5% to £11.15 M mainly due to lower numbers of family and medical grants.

The net deficit before investment gains/(losses) for the year was £17.83 M (prior year: £20.40 M). The MCF CAIF experienced a very challenging year following significant turbulence in financial markets, resulting in a -1.0% return, in line with its benchmark but well ahead of its peer group mean (-4.1%). Since inception on 1st October 2018, the CAIF has returned 30.2%, ahead of both its benchmark and peer group (15.3%), but has not achieved its financial target of RPI+4% (52.9%).

As a result of continued vacancies in a number of its properties, the RMTGB property portfolio was written down by 6.1% or £2.00 M. The provision for backlog repairs within the RMIG Endowment Trust in relation to the property at the RMS was increased by £2 M to £18 M as a result of escalating construction costs.

Other recognised gains/(losses) included an actuarial loss on the RMBICC's pension scheme of £1.24 M (prior year gain: £1.88 M). The scheme now has a surplus of assets over liabilities amounting to £2.82 M

The net movement in funds for the year was a deficit of £29.76 M (prior year surplus: £2.30 M).

BALANCE SHEET - as at 31st March 2023

	2020/21 Actual £ M	2021/22 Actual £ M	2022/23 Actual £ M
FIXED ASSETS			
Intangible assets	0.1	0.1	0.0
Tangible assets	77.0	77.3	77.0
Investment properties	39.4	41.2	39.5
Investments	213.0	212.1	194.0
	<u>329.6</u>	<u>330.7</u>	<u>310.6</u>
CURRENT ASSETS			
Debtors	8.6	9.8	11.9
Investments	51.5	43.3	41.0
Short term deposits	19.8	16.0	29.1
Cash at bank and in hand	19.3	28.8	17.9
	<u>99.3</u>	<u>97.8</u>	<u>99.9</u>
CURRENT LIABILITIES			
Creditors falling due within one year	(15.7)	(14.4)	(14.9)
NET CURRENT ASSETS	<u>83.5</u>	<u>83.4</u>	<u>85.0</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	413.1	414.1	395.6
Creditors falling due after one year	(1.2)	(1.8)	(12.0)
Pension scheme asset/(liability)	2.0	4.0	2.8
TOTAL NET ASSETS	<u>413.9</u>	<u>416.2</u>	<u>386.5</u>
CHARITABLE FUNDS			
Endowment funds	14.0	10.6	11.4
Restricted funds	337.6	333.1	295.1
Unrestricted funds	62.3	72.5	80.0
TOTAL CHARITABLE FUNDS	<u>413.9</u>	<u>416.2</u>	<u>386.5</u>

Fixed asset investments consist primarily of investments in the MCF CAIF (£184.6 M) which is a highly tax-efficient platform for holding a global portfolio of assets focused for long-term growth. Investment risk is mitigated through holding two years' of operating cash requirements in the cash reserve held with Royal London Asset Management; these are disclosed as current asset investments within the balance sheet.

Short term deposits are mainly used to hold the funds collected through the Relief Chest prior to disbursement by the chest holders for charitable purposes, including the provincial festival accounts.

Long-term creditors consists mainly of the £10 M Retail Charity Bond issued by the RMBICC in March 2023, the proceeds of which will be used to support the funding of the programme to modernise its care home estate.

The group's reserves strategy is to build up reserves in the MCF parent charity from voluntary income received through festivals and other sources, whilst depleting the funds in the old legacy charities which are restricted by their objects. This will allow for full flexibility in applying funds to meet the needs of our beneficiaries, wherever they lie. Endowment funds mainly consist of the endowment contained within the RMIG Endowment Trust to support the RMS and its pupils.