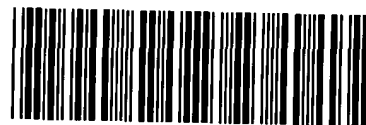




ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY
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31 MARCH 2017

WEDNESDAY



A6GDCPQQ
A07 04/10/2017 #107
COMPANIES HOUSE

Caring is our way of life

Registered Charity No: 1163245 | Company No: 1293566
60 Great Queen Street
London, WC2B 5AZ
www.rmbi.org.uk

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY
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FINANCE OVERVIEW

In the financial year 2016/17 residential and care home income from charitable activities grew by £1.2m to £40.9m. The RMBI Care Company continued to maintain an above industry average occupancy ratio of 91.2%. The Masonic community generously contributed £4.3m through donations and legacies whilst the income from investment and other trading activities amounted to £1.7m.

During the year, the cost of providing care to our residents increased by 4% to £46.7m. This above inflation cost increase was mainly driven by the requirement to deliver the highest quality care to our residents and to respond to the changing regulatory requirements of the care industry.

In order to invest on improving and maintaining 21st century care facilities, a further £4.8m was spent on capital investments, building maintenance and refurbishments during the year.

As in previous years, the payments from local authorities towards the care of supported residents were considerably lower than the cost of providing high quality care. As a result, the RMBI Care Company provided charitable contribution of £6.3m to supported residents to cover this shortfall.

The value of the investment portfolio, inclusive of social investments to Masonic beneficiaries, increased to £38.8m at the end of the current financial year.

During the year, the net assets of the company, inclusive of investments, increased by £2.6m to £123.4m.

In the coming year, the RMBI Care Company will invest in improving the operational capacity, modernising and diversifying the service provisions whilst continuing to work diligently to increase the operational efficiencies of our care homes.

REPORT OF THE TRUSTEES

The Trustees, who are also directors of the Charity for the purposes of the Companies Act 2006, present their report with the financial statements of the Charity for the period ended 31 March 2017. The Trustees have adopted the provisions of 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 1 January 2015).

Grand Officers, Trustees and Directors

Grand President

The Most Worshipful the Grand Master, HRH the Duke of Kent, KG, GCMG, GCVO, ADC

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Deputy Grand Presidents

The Pro Grand Master	MW Bro PG Lowndes
The Deputy Grand Master	RW Bro J Spence
The Assistant Grand Master	RW Bro Sir David Wootton

Grand Vice Presidents

RW Bro DA Buswell	VW Bro CJ Caine
W Bro PE Cornish	RW Bro JE Moore
VW Bro JH Newman	RW Bro RJ Race DL
W Bro J Reuther	VW Bro Willie Shackell CBE
RW Bro HB Smith	W Bro D Vine
VW Bro RJ Wade	

RMBI Care Company Board Members (Trustees)

W Bro Sir Paul Williams OBE K StJ DL	Chairman
W Bro J Boyington CBE	Director
W Bro G Leggatt- Chidgey	Director
W Bro R.W. Marks	Director
W Bro I Newby	Director
W Bro S Radia	Director
W Bro Dr J.W.A. Reuther	Director
Mrs S Short OBE	Director
W Bro D Southern	Director
Mrs S Shepherd	Director Appointed 16 th November 2016
W Bro C.G. White	Director
W Bro Dr K.R. Williams	Director

The Masonic Charitable Foundation (MCF), as Corporate Trustee, is able to appoint Trustees to the board of RMBI Care Company.

Appointment of Trustees

The Charity has adopted the Charity Commission's guidelines for best practice and has amended the selection process accordingly.

Recruitment of Trustees

The Trustees of RMBI Care Company are appointed by the MCF from time to time, in accordance with the Articles, all of whom have been considered by the Nominations Committee, recommended by the Chairman and selected by MCF for their skills, experience and status within areas of expertise required by the charity, including a Chairman appointed as such by MCF and a Treasurer appointed as such by the Trustees.

When a person having a specific skill or area of expertise is required to supplement the skills and expertise possessed by the existing Trustees, or to fill a casual vacancy, additional Trustees may be co-opted.

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Succession Planning

By these changes, succession planning has been improved, such that wider and more appropriate skill sets have been adopted for the benefit of the Board. The period of Trusteeship is limited to eight years unless a Trustee is invited to take on the appointment of Chairman of the Board or one of the ex-officio appointments, when it may be extended.

Induction and Training of Trustees

It has been the Charity's policy for some time to provide an appropriate induction and training for all Trustees to enable them to contribute effectively to the governance of the organisation. They are also made aware of their statutory obligations as a Trustee and provide with opportunities for antimutual training.

Principal Committees

Audit, (Risk) and Finance Committee

W Bro S Radia	Chairman
W Bro R.W. Marks	Treasurer
W Bro C.G. White	Director
Mr M LLoyd	Managing Director
Mr D Manek	Finance Director Resigned 4 th January 2017
Mr L Ranasinghe	Head of Finance Appointed 20 th February 2017

Property and Development Committee

W Bro D Southern	Chairman
W Bro I Newby	Trustee
Mrs S Short OBE	Trustee
Mr M LLoyd	Managing Director
Mr K Harris	Development Director
Mr M Nelson-Smith	Property Director

Care and Quality Committee

W Bro G Leggatt-Chidgey	Chairman
W Bro J Boyington CBE	Trustee
Mrs S Sheppard	Trustee
W Bro Dr K.R. Williams	Trustee
Mrs L Bateman	Human Resources Director
Mrs K Salley	Care Operations Director

Senior Leadership Team (Executive Management)

Mr M LLoyd	Managing Director Appointed 3 rd October 2016
Mr D. R. ff Innes	Chief Executive Resigned 30 th September 2016
Mrs L Bateman	Human Resources Director
Mr K Harris	Development Director
Mr D Manek	Finance Director Resigned 4 th January 2017
Mr M Nelson-Smith	Property Director
Mr L Ranasinghe	Head of Finance Appointed 20 th February 2017
Mrs K Salley	Care Operations Director

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Remuneration of Executive Management

The Charity's policy is to reward Executive Management according to their expertise and experience. The Executive Management's benefit package comprises a basic salary, pension contribution, car allowance or company car and private health provision. Basic salaries are reviewed annually against the charity sector as well as the wider professional market and information is presented to the RMBI Managing Director and Chairman for their consideration and then to the MCF Remuneration Committee. No member of the Executive Management is able to make a decision on their own pay.

Actuaries and Consultants

First Actuarial LLP, Mayesbrook House, Lawnswood Business Park, Leeds, LS16 6QY

Auditors

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

Investment Managers

Fulcrum Asset Management LLP, Marble Arch House, 66 Seymour Street, London W1H 5BT

Sarasin & Partners LLP, Juxon House, 100 St. Paul's Churchyard, London, EC4M 8BU

Solicitors

Forbes Hall, New City House, 71 Rivington Street, London, EC2A 3AY

Bates Wells Braithwaite, 10 Queen Street Place, London, EC4R 1BE

RadcliffesLeBrasseur, 85 Fleet Street, London, EC4Y 1AE

Governance Structure and Management

The Royal Masonic Benevolent Institution Care Company is a company limited by guarantee, having no share capital. It is governed by Memorandum and Articles of Association.

Objects

The Objects of the Charity are to relieve the need, suffering and distress of the Beneficiaries and for that purpose:

- (a) To support Beneficiaries who are in need of financial assistance from the Charity;
- (b) To provide Beneficiaries with accommodation in residential care facilities or sheltered accommodation and make available such care as may be required; and
- (c) To provide such other benefits to Beneficiaries as the Trustees shall from time to time think fit.

The prime objective is achieved by running fifteen care homes in England and two in Wales, and financially supporting those who are unable to pay for the full cost of care.

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The Charity has a multi-tier structure with each of the Directors responsible for the management and setting of objectives for the directorates.

Trustees

The Trustees as Charity Trustees and Directors under the Companies Act have control of the Charity and its property and funds.

Decision Making

The Strategic Direction of the RMBI Care Company is set by the Board of Trustees who meet bi-monthly. In addition, an annual Board Away day was held in September 2016 to review options for the business development and future strategic priorities.

The delivery of the approved Annual Plan rests with the Senior Leadership Team (SLT), which includes the safe delivery of care and the meeting of agreed budget requirements. Full and detailed reports by the Executive are presented bi-monthly to the Board on progress made against the Annual Plan. The SLT meet bi-weekly to review and manage all aspects of the business delivery.

Risk Management

A Corporate Risk Register is overseen by the Managing Director which includes monthly analysis and updating including the identification of key risks to the business. This is monitored by the Audit, (Risk) & Finance Committee and reported through the RMBI Board to the MCF Board to ensure clear governance visibility and oversight.

An SLT Procurement group meets bi-weekly to review all externalised contracts to quantify identified or perceived risks to service delivery.

All the care homes are regulated and inspected by the CQC in England and CSSIW in Wales with published reports in the public domain. The RMBI Care Company also undertakes its own internal inspections for care, health & safety, property, and employment matters. Each care home has in place a Continuous Improvement Plan (CIP) which is informed by external and internal inspection.

Governance and Committee Structure

Three Committees are constituted each reporting to the RMBI Care Company Board. During 2016/17 the terms of reference for all Committees were reviewed and updated by the RMBI Care Company Board. The Committees are:

- Audit (risk) & Finance Committee
- Property & Development Committee
- The Care and Quality Assurance Committee

Each Committee meets on a quarterly basis supported by the relevant lead Director with each Chairman reporting back to the main Board on key matters.

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Corporate Financial Management

The Charity has two subsidiaries; RMBI Trading Ltd and Stability Investments Ltd and two connected companies, whose boards contain Trustees that serve on the RMBI Care Company Board and Senior Leadership Team members.

- RMBI Trading Ltd – a design and build Project Management Company established to develop all our new build properties.
- Stability Investments Ltd – Established for the development of one of the Charity's properties.
- Masonic Care Ltd – a charity running a Home for those with learning disabilities near Doncaster.
- Compass Housing Ltd – a company running warden assisted accommodation in Cornwall at Robert Eliot Court.

Indemnity Insurance

Indemnity Insurance was taken out for the Trustees and the cost to the RMBI Care Company was £2k (including Insurance Premium Tax). In 2015/16, the cost was £8k.

Objectives and Activities

Mission

The RMBI Care Company provides older residential and nursing care across 17 locations for over 1,000 placements. Our mission is to provide unique individual care, with kindness, honesty and integrity helping deliver a service that we can all be proud of in making a real difference to people's everyday lives.

Operational priorities for 2016/17 included delivering strong compliance outcomes through the regulator, CQC and CSSIW, on all aspects of care delivery and achieving good occupancy levels at all our Homes. Development of new quality auditing supported the meeting of standards. Human Resources strategic focus remained on the recruitment and retention of a high calibre work force.

Finance priorities included introducing VAT recovery for Local Authority placements and a revised fee framework for new residents together with an investigation of longer term funding models to meet the requirements for the modernisation, diversity, and growth of the business.

Development priorities included the development of a new care home at Lord Harris Court, Reading, and pursuit of other new build options across the country.

Property priorities remained the upgrade and investment of all the RMBI's assets through the agreed Malcom Hollis rolling annual programme of works.

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Beneficiaries

The Charity takes great care to ensure that applications for residence in the care homes are considered fairly and without prejudice based on actual assessed need. The majority of admission decisions are made and applied by individual Home Managers. Only exceptional cases are referred to the Operations Board for consideration.

Public Benefit

The Trustees and Directors of the RMBI Care Company had regard to the Charity Commission's guidance on "public" benefit when exercising powers under the Charity's Objects. They have authorised up to 15% of residents need not have a "Masonic" connection that is normally a pre-requisite for admission.

The services provided are available to those with limited financial resources. The RMBI complies with the Charging for Residential Accommodation Guide (CRAG) issued by the Department of Health. The service users are split broadly 70:30 into those who are self-funding and those who are partially subsidised by Local Authorities.

Activities

The main activity is the provision of 1,095 registered beds for residential, dementia and nursing care in the 17 Homes throughout England and Wales. In addition, the Charity runs approximately 145 sheltered units for those who seek independence with minimal care provided. The Charity employs around 1,500 staff to meet support and care needs.

Social Investments

The RMBI Care Company administers the Victor Donaldson Fund, which was established to enable beneficiaries to remain in their own homes as long as possible. This is achieved by providing loans to make essential repairs and modifications. The value of social investments at the financial year end amounted to £1.1m, which included the issue of new loans during the year of £57k and repayments of £68K (note 11).

Learning Disabilities

Plans are in place in 2017 to transfer a 12-bedded learning disability service, Harry Priestley House in Doncaster from Masonic Care Limited. This service will become the RMBI's 18th care home.

Sheltered Accommodation

In addition to the sheltered accommodation at Harewood Court and those properties attached to the Homes, the charity administers Compass Housing Ltd, a small warden assisted complex, Robert Eliot Court, based in Cornwall. Due to the distance issues in managing Robert Eliot Court, the RMBI has appointed Devon and Cornwall Housing as the local managing agents.

Maintaining High Standards

Achievements and Performance

Primary achievement remains the delivery of safe care across all the RMBI's services with a focus on successful delivery of good regulatory outcomes from CQC (England) and CSSIW (Wales). Delivering services within budget and to a high standard remain the twin priorities of the Charity.

During the past year the roll-out of electronic care plans and medication records has continued, with the introduction of new policies and procedures to ensure best practice and remaining up to date in key fields including safeguarding, medication, and infection control.

Key Performance Indicators (KPIs)

Dashboard KPI's across all the RMBI's services have been introduced as a means for the Board to monitor progress in all key areas of the business. Overarching dashboards for Operations, HR, and Property are in place including health & safety requirements and monitoring.

The Corporate Risk Register acts as KPI for monthly review by the SLT with the top six priorities reviewed and discussed at key Committees and Boards. Up to 50 Strategic Priorities have been set with KPI targets as part of the Board approved Annual Plan.

Valuing Our Staff

The RMBI's staff has worked extremely hard this year as we continue to increase the care and support provided to the residents. Thanks are due to all staff in the Homes, Head Office and National and Regional teams. Their feedback in the 2017 Employee Engagement Survey recognised that 81% of those who provided their view would recommend the RMBI as a good place to work. The investment the RMBI continues to make in their learning and development has been well received as 91% of staff stated they are given the training necessary for them to do their job effectively.

The Homes and the management team leading them are at the heart of the RMBI's organisation and this year the teams have been strengthened this team with the appointment of Home Trainers in all locations. Many of these have been appointed from internal roles which supports the focus on succession planning. This year new Home Managers have been appointed at Barford Court, Devonshire Court, Lord Harris Court and Shannon Court.

As David Innes was appointed Chief Executive of MCF he handed over responsibility to Mark Lloyd in October 2016 as Managing Director. The Senior Leadership Team has spent time developing the new strategic plan and working with the Senior Management Team have reviewed and developed the new corporate values which will be launched later in 2017.

Volunteers

The Charity owed a great debt to the many volunteers who supported it through a vast range of activities. The Associations of Friends and Masonic Lodges supported the RMBI Care Company as well as Provinces which are in "Festival" for the charity currently and in future years.

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Many volunteers organised specific events and obtained sponsorship for parachute jumps, marathon runs, cycle rides and other activities.

Without these volunteers, the Charity would have been disadvantaged and the residents in particular seen a significant diminution in their quality of life. The Trustees owed a great debt to all those who supported it.

Support within the Wider Masonic Community

As always, this can only be achieved through the ongoing support received from the wider Masonic Community and, in particular, the Provinces that raised valuable funds for the RMBI through their Festivals.

A big thank you is required to each and every one of the Freemasons and their wives who are members of the Associations of Friends and worked very closely with our care homes throughout England and Wales. In more ways than it is possible to express here, each member provided comfort and reassurance to our residents, particularly those with minimal or no contact with relatives. Many members contributed to a number of recently held Olympic themed events at some Homes, which were thoroughly enjoyed by both residents and staff, as well as supporting the residents to keep active and engaged. The principal link with volunteers was , John Reuther, ably assisted by his wife Maggie. Thanks are due to both for their continued efforts throughout the year.

Acknowledgement and thanks are made to the Provinces of East Lancashire, Cumberland & Westmorland, Yorkshire West Riding, Suffolk, Surrey, Northumberland, and South Wales for the generous Festival funds raised during the year.

Investing for the Future

In April 2016, a new 12-year maintenance programme commenced with the aim of ensuring that residents always enjoyed the best possible standards of safety in comfortable, well appointed surroundings. By pre-planning maintenance and reducing the risk of equipment failure it will give our Home Managers more time to concentrate on providing quality care for residents.

Sharing Best Practice

At a national level, the RMBI Care Company continued to work closely with regulatory and representative bodies to ensure that the RMBI is fully aware of all the latest developments in the sector. It also allows for the opportunity to share the considerable knowledge accumulated over the last 175 years.

Fundamental Standards of Care

The Care Quality Commission inspects and rates care services in England against the fundamental standards of care, which make up the five key lines of enquiry;

- Are they safe?
- Are they effective?

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- Are they caring?
- Are they responsive to people's needs?
- Are they well-led?

Each key line is given a rating of either outstanding, good, requires improvement or inadequate.

In England, 11 of the RMBI Care Company Homes have been rated 'Good' overall by the Care Quality Commission (CQC). Three of the Homes in England have been awarded individual 'Outstanding' ratings for the key lines of 'Responsive', 'Effective' and 'Well-Led'. Continuous Improvement Plans (CIP) are in place in all Homes.

In Wales, the Care and Social Services Inspectorate Wales (CSSIW) currently inspect Homes using the framework based on Quality of Life, Staffing, Leadership and Management, and Environment. Both Welsh care homes have been rated as fully compliant by the CSSIW. A programme of internal mock inspections now informs all CIP's and agreed actions.

Improving Care Standards

At the RMBI Care Company, great pride is taken on delivering the highest possible quality of care to the residents in the 17 care homes in England and Wales. Within the Care Operations Team it is a priority to ensure all the requirements of the Care Act 2014, England and Social Services and Wellbeing Act 2014, Wales are met.

Since the last Annual Review the focus has continued to be on providing a person centred approach to delivering care by putting the residents' wellbeing at the heart of everything we do.

Following the implementation of the assessment tool last year each resident is now fully assessed using this comprehensive tool prior to admission. A detailed plan of care is designed, focused on meeting each resident's individual needs.

Each resident has a one page profile which outlines their wishes and aspirations. In addition, when a person moves into one of the RMBI's care homes they are provided with a Welcome Pack containing all relevant information about the Home. This includes information about the Senior Management Team within the Home and the local practitioners, should the resident have any concerns they would like to discuss.

The number of residents with a formal diagnosis of dementia is increasing; therefore a priority is to keep up with these needs by providing a specialist dementia service within each of our care homes. In the last year, we have opened dementia support services at Scarborough Court and Zetland Court. Sixteen RMBI Homes now have a specialist dementia support area within the Home.

Dementia Care

The 'Butterfly Service' status is a nationally recognised Kitemark, awarded by leading dementia care organisation Dementia Care Matters to care homes that are committed to delivering excellent dementia care and providing residents with a high quality of life.

Nine RMBI Care Company care homes were awarded the prestigious Kitemark for their exceptional dementia care services. Four of our Homes have achieved the highest level, demonstrating best practice in the social care sector.

Staff at our Homes have been working closely with the Dementia Care Matters team to implement the 'Butterfly Household Model,' which places a strong emphasis on emotional intelligence. Key aspects of the model include creating a family like environment for people living with dementia, and removing institutional features such as uniforms, medicine trolleys and rigid task-based routines.

Although a significant number of care homes have now received the award, only 13 homes in the UK currently hold the 'Level 1' status. Nine RMBI Homes now hold the Kitemark accolade, something no other provider has achieved across its group of homes to date.

Plans for the Future

- Continued investment in our portfolio of care homes through the 10-year Malcolm Hollis Capital Programme;
- The building of a new 72 bed care home at Lord Harris Court, Sindlesham;
- Commitment to new development opportunities in the North West of England and a second phase of development at Lord Harris Court with the introduction of 73 Assisted Living apartments;
- Longer term options to build and provide new services in parts of the country which at present have no RMBI Care Co presence;
- Continued increase in dementia placements across all our Homes reflecting the national trend of increased demand.

Developing the Workforce

With the appointment of Home's Trainers we have strengthened our approach in Mandatory Training and continue to invest and develop programmes to enhance management and leadership skills. External partners to support our Apprenticeship Levy Programme were considered and following a comprehensive tender process the RMBI Care CO is now working with a single training provider to ensure all our needs are delivered.

Leading, Managing and Working Safely

Directors regularly review the key policies including a Disaster Recovery Plan at all Home sites. Individual Health and Safety Committees are at each Home location as well as a National Committee that oversees trends and initiatives. This has included the provision of health and safety technical training for the Senior Leadership Team and all the Home Management teams.

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Succession Planning and Building Our Future Talent

We recognise the importance of developing staff and providing them with the opportunity of promotional roles. Two of the Deputy Managers have been promoted to Home Manager in the past year and a number of Shift Leaders/Nurses joining the Home Management teams as either Home Trainers or Deputy Managers.

There are three levels of Care Support Workers which enables core care teams to develop their careers and for those who are keen to become first line managers a Shift Leader role with supporting management development training in place.

An Employer of Choice

The third Employee Engagement Survey was launched in March 2017 and 815 staff provided their views. We were delighted to learn that the RMBI's engagement index was 83% which increased by 4% since the 2015 survey results and is above the benchmark median in the care sector.

A new Wellbeing Programme was launched which was provided to all care staff from their first day. This included an Employee Assistance Programme providing a range of benefits such as guidance for healthy living and support lines for those who wished to speak in confidence to experts in counselling or debt management.

The RMBI Care Co continued to benchmark salaries and hourly pay rates, within the sector and by region. The RMBI is proud to state that our pay rates are seen as competitive and would be reviewed if local intelligence indicated we were no longer competitive.

Creating 21st Century Facilities

In April 2016, a new 12-year maintenance programme was commenced with the aim of ensuring that the residents always enjoyed the best possible standards of safety in comfortable, well appointed surroundings.

Sustained capital investment over the 12-year programme will enable the RMBI to move to the planned preventative maintenance. This helps determine the lifespan of mechanical and electrical equipment and sets programmes for building maintenance to help reduce costs in the longer term.

By pre-planning maintenance and reducing the risk of equipment failure it will give the Home Managers more time to concentrate on providing quality care for residents. The 12-year programme includes a six year rolling programme to refurbish all residents' rooms and corridors. All other residents' areas are to be refurbished within 12 years.

Donations and Fundraising

Every pound donated to the RMBI Care Company goes towards looking after the people who use our services. We also cannot forget staff members in the Homes who continue to do a fantastic job supporting the RMBI Care Company through organising various fundraising activities, demonstrating that every penny really does count.

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Legacy Gifts

Legacy gifts contribute a significant amount to our charitable income and are gratefully received.

Investment Performance

The Charity's portfolio is split between two investment managers, Sarasin and Partners LLP and Fulcrum Asset Management LLP, who are given different mandates as to asset protection and investment performance required. Comments on the environment for the last financial year and performance from our investment managers are shown below:

Fulcrum

The past 12 months has been memorable for its market volatility, political surprises and dramatic reversals. Looking back, global asset returns mirrored the unfolding global growth and inflation outlook, somewhat supported by loose monetary policy in much of the developed world.

Geopolitical risks took centre stage as the UK electorate voted to leave the European Union. The result sparked a surge in volatility and a large fall in global equities – Europe, for example, saw the largest one-day loss (-8.6%) since 2008. The UK pound also depreciated sharply, posting losses in excess of 8% on the day of the referendum result alone. Equities somewhat retraced these initial sharp reactions, in contrast the pound continued to depreciate over the following months and quarters, as markets re-evaluated the long-term potential of the UK economy, losing almost 20% of its value relative to the dollar over the second half of the year.

The second half of the year proved a more profitable environment for the strategy as a number of macro surprises occurred, returning volatility to higher levels and setting the stage for a new set of trends. Most notably in Japan, the combination of easier fiscal and monetary policy, with the government announcing an expansionary fiscal package and the Bank of Japan introducing a yield target on the ten-year bond, proved to be a pivotal point and spurred the largest depreciation in the Japanese yen since the birth of "Abenomics", with it losing 12.2% of its value against the US Dollar since the end of July. Our Japanese policy theme was a key driver of returns in the second half of the year, with gains concentrated in our exposure to Japanese equities relative to Europe and our negative stance on the Japanese yen.

November produced another major macro shock as Donald Trump won the US presidential election. Equity markets reacted favourably to the surprise victory, as expectations of lower taxes and regulation, and higher infrastructure spending were factored into equity prices.

Despite the relatively strong period for global equity markets, financial markets are still vulnerable to both policy and financial shocks. It has therefore been important to control the exposure of the portfolio against these periods of heightened volatility.

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The portfolio returned +2.6% over the period 1 April 2016 to 31 Mar 2017 and +38.7% since inception.

As at 31st March 2017, the assets of the portfolio managed by Fulcrum Assets Management LLP were valued at £17.9m.

Sarasin

Despite the number of political uncertainties all the major asset classes made good progress over the year. Global equities produced the best returns, helped by improved global economic sentiment. Bond markets also performed strongly with the BoA ML Sterling Broad Market Bond Index up 7.6%. The RMBI Care Company overseas assets were boosted further by the sharp decline of Sterling post the EU referendum in June, with overseas assets appreciating nearly 15% due to currency movements over the year.

At the beginning of 2017, global economic growth forecasts improved to 3.5% for 2017 from 3.1% in 2016, boosted at last by better momentum across much of Europe, while equity markets continued to enjoy the Trump honeymoon. The President's promises of financial sector deregulation, lower taxes and a surge in infrastructure spending to be funded by the repatriation of offshore corporate profits have been winning the investor sentiment battle against his threats of protectionism, currency wars and more aggressive foreign policy.

Against this backdrop, the Fund produced a total return for the year to 31st March 2017 of +12.7% after fees. Over 3 and 5 years the Fund's annualised returns were 6.7% and 7.6% respectively.

As we finally begin to move beyond the long shadow of the financial crisis, central banks are slowing the pace of their quantitative easing and interest rates are rising in the US. However, despite this modestly positive policy shift, the outlook is for the global economic growth rate to stay relatively slow in the face of persistent longer term challenges, including high debt levels, fading demographics and low productivity. There will be continuing political initiatives to address the consequences of these growth challenges but corporate profits growth in aggregate will be similarly subdued. Therefore, our strategy is to seek out areas that benefit from secular growth trends: within the wider investment universe there are a number of rich clusters of themes that are growing faster than average and offer long-term investors areas of sustainable future profits growth.

As at 31st March 2017, the assets of the portfolio managed by Sarasin & Partners were valued at £19.5m.

The Directors are satisfied with the performance of the investment managers and will be continuing with their mandate.

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Financial Review

The summary Statement of Financial Activities for the 12 months to 31 March 2017 is set out on Page 23.

Income:

The total incoming resources amounted to £47m (2015/16: £46.4m). The major streams of income are detailed below:

Streams of income	2016/17 £m	% of income	2015/16 £m
Income from Residents' Fees	40.9	87	39.7
Festival income and Donations	3.4	7	3.6
Investment & Other Income	1.8	4	1.6
Legacies	0.9	2	1.5

A total of £272k (2015/16: £324k) was spent in generating the Festival, donation and investment income.

Resources Expended

Operating expenditure on running the Care Homes amounted to £46m (2015/16: £44.1m) whilst the Governance costs amounted to £688k (2015/16: £672k). This above inflation cost increase was mainly driven by the requirement to deliver the highest quality care to residents and to respond to the changing regulatory requirements of the care industry.

Net Operating Position

The net operating income of the Charity amounted to £2.2m (2015/16 net expenditure: £530k), mainly attributable to the gains on investment.

In addition, the actuarial gain on the defined benefit pension scheme amounted to £0.4m (2015/16 actuarial loss: £0.1m).

The overall net movement in funds for the year was a gain of £2.7m (2015/16 loss; £0.6m).

Capital Development

During 2016/17 £2.2m was spent as part of the capital programme for the Homes.

The significant project expenditures during the year were:

- 20 Great Queen Street – redevelopment: £1.2m.
- Cadogan Court - improvements to nursing/dementia facilities: £499k.
- Devonshire Court - upgrade care facilities: £136k.
- Albert Edwards Prince of Wales Court – dementia support unit: £118k.

An additional £769K was spent on computers, equipment and motor vehicles to ensure that systems and software were kept up to date.

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY
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FOR THE YEAR ENDED 31 MARCH 2017

Tangible Fixed Assets

The Charity's tangible fixed assets consist of freehold and leasehold land and buildings, vehicles, furniture and equipment. Land and buildings are shown at the original cost to the charity less depreciation.

In the opinion of the Directors, if the properties were to be sold, the total realisable sale values are likely to exceed the net book value indicated in the accounts.

Investment Policy

The underlying themes behind the Charity's investment policy have been to:

- Protect the capital investment from diminution.
- To obtain an annual distribution of 3-4% to support the operating activities of the Charity.
- For the portfolio to grow in value by achieving the return target set plus 1%.

No specific social, environmental or ethical considerations have been imposed on the investment managers.

Reserves Policy

The Directors reviewed the reserves policy on a regular basis. The funds available to the RMBI Care Company were created over many years and the income derived from the investment portfolio is an important element in securing the longer term operating and capital expenditure requirements of the Charity.

Group unrestricted reserves, after taking into account the pension scheme deficit, amounted to £117.5m (2015/16: £114.9m), of which the Trustees designated £76.4m (2015/16: £79m) in the Fixed Asset and New Building Funds. This leaves undesignated reserves of £42m, which is equivalent to approximately 10 months charitable expenditure.

The residual funds are adequate to meet the ongoing operational requirements of the Charity.

Subsidiary Funds and Connected Charities

The Charity administers a range of "Restricted" and "Endowment" funds as detailed in Note 15, with a total value of £5.96m (2015/16: £5.9m).

The Charity was also represented on the Boards of RMBI Trading Ltd, Stability Investments Ltd (project development) and Compass Housing Ltd (sheltered housing in Cornwall). The RMBI Care Company is also represented on the board of Masonic Care Ltd, a charity established to provide accommodation for persons with learning disabilities.

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY
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Employee Involvement

Employees are regularly updated and receive a bi-monthly communication from the Managing Director providing them with current and future plans. They are encouraged to discuss these with their managers at local team meetings. Employment policies and procedures are reviewed and updated and these are contained in the Employee Handbook, as well as equality and diversity training promoting the RMBI Care Company's equal opportunities approach in recruitment, development and working practices.

The RMBI Care Co. has a Care Staff Forum which meets twice a year and is represented by nominated individuals for all Home roles in each Region. This group will provide feedback to the Directors and management team on working for the RMBI Care Company and would also be consulted on new initiatives to ensure these are fully considered.

Statement of Trustees Responsibilities

The Trustees (who are also the directors of Royal Masonic Benevolent Institution Care Company for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. In preparing those financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charity SORP;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as the Trustees are aware:

- There is no relevant audit information of which the charitable company's auditors are unaware; and
- The Trustees have taken all steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

Auditors

The auditors, Knox Cropper, have expressed their willingness to continue in office for the following year.

Acknowledgements

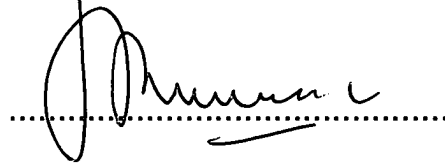
The Directors wish to extend their thanks to all the supporters, Friends and staff of the RMBI Care Company who have sustained its work by their interest and generosity.

During the year we have seen the departure of David Innes to become the newly appointed CEO of the MCF and welcomed Mark LLOYD as our newly appointed Managing Director. We have also welcomed Sarah Sheppard as a newly appointed Trustee.

As Chairman; I would like to thank my fellow Directors for the significant amount of time, energy and expertise they give to the RMBI Care Company. Their contribution makes a huge difference and helps to ensure that we remain one of the leading care providers in the not-for-profit sector and a provider of choice amongst the Masonic Community.

Approved by the Board of Directors and signed on their behalf by:

W Bro Sir Paul Williams OBE DL

A handwritten signature in black ink, appearing to be 'P Williams', written over a horizontal dotted line.

Chairman

W Bro RW Marks

A handwritten signature in black ink, appearing to be 'RW Marks', written over a horizontal dotted line.

Director

Approved on 20 September 2017

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
THE ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY**

We have audited the group and parent charitable company's financial statements of Royal Masonic Benevolent Institution Care Company for the period ended 31 March 2017, which comprise the consolidated statement of financial activities, group and charitable company's balance sheets and the group's cash flow statement and related notes on pages 23-40. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

As explained more fully in the Statement of Trustees Responsibilities set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY**

Opinion on Financial Statements

In our opinion the financial statements:

- Give a true and fair view of the state of the group and charitable company's affairs as at 31 March 2017 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.



Neil Wilkinson (Senior Statutory Auditor)
for and on behalf of Knox Cropper.
Chartered Accountants and Registered Auditors
8/9 Well Court
London
EC4M 9DN

20th September 2017

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY¹

(Charity no. 1163245, Company no. 1293566)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(Including Income and Expenditure Account)

FOR THE YEAR ENDED 31ST MARCH 2017

		Group Unrestricted funds 2017 £'000	Group Restricted funds 2017 £'000	Group Total 2017 £'000	Group Unrestricted funds 2016 £'000	Group Restricted funds 2016 £'000	Group Total 2016 £'000
	Notes						
INCOME							
Income from Charitable Activities	2	40,892	27	40,919	39,693	44	39,737
Income from Other Trading Activities	3	369	-	369	361	-	361
Income from Investments	4	1,329	21	1,350	1,213	24	1,237
Donations & Legacies	5	3,918	403	4,321	4,069	987	5,056
Net gain / (loss) on disposal of fixed assets		9	3	12	36	13	49
TOTAL INCOME		46,517	454	46,971	45,372	1,068	46,440
EXPENDITURE:							
Expenditure on Raising Funds	6	(272)	-	(272)	(324)	-	(324)
Expenditure on Charitable Activities	7,8	(46,310)	(359)	(46,669)	(44,438)	(338)	(44,776)
TOTAL EXPENDITURE		(46,582)	(359)	(46,941)	(44,762)	(338)	(45,100)
Net (Loss) / Gain on investment assets	11	2,223	-	2,223	(1,870)	-	(1,870)
Other recognised gains / losses							
Actuarial (Loss) / Gain on defined benefit pension scheme	20	433	-	433	(114)	-	(114)
NET MOVEMENTS IN FUNDS		2,591	95	2,686	(1,374)	730	(644)
Fund balances brought forward at 1st April		114,860	5,868	120,728	116,234	5,138	121,372
Fund balance carried forward at 31st March		117,451	5,963	123,414	114,860	5,868	120,728

All amounts derive from continuing activities.

All gains and losses recognised in the period are included in the statement of financial activities above.

The notes on pages 26 to 40 form part of these accounts.

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY

(Charity no. 1163245, Company no. 1293566)


CONSOLIDATED BALANCE SHEET

AS AT 31ST MARCH 2017

		RMBI	Group	RMBI	Group
		31st March	31st March	31st March	31st March
		2017	2017	2016	2016
	Notes	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	9	73,664	75,706	72,877	75,160
Investments	11	38,825	38,825	36,739	36,739
		112,489	114,531	109,616	111,899
CURRENT ASSETS					
Debtors and prepayments	12	6,509	3,903	6,823	4,372
Short term deposits		7,830	7,830	8,923	8,923
Cash at bank and in hand		1,397	1,568	2,405	2,420
		15,736	13,301	18,151	15,715
CREDITORS					
Amounts falling due within one year	13	(3,912)	(3,925)	(5,274)	(5,534)
NET CURRENT ASSETS		11,824	9,376	12,877	10,181
NET ASSETS BEFORE PENSION LIABILITY		124,313	123,907	122,493	122,080
RMBI defined benefit scheme liability	20 (g)	(493)	(493)	(1,352)	(1,352)
NET ASSETS AFTER PENSION LIABILITY		123,820	123,414	121,141	120,728
FUNDS:					
Unrestricted funds					
- Designated funds	14.1 & 2	76,435	76,435	79,000	79,000
- Accumulated fund	14.1 & 2	41,916	41,510	37,625	37,212
Unrestricted funds before Pension deficit		118,351	117,945	116,625	116,212
RMBI defined benefit scheme net deficit	20 (g)	(493)	(493)	(1,352)	(1,352)
Unrestricted funds after Pension deficit		117,858	117,452	115,273	114,860
Restricted funds	15	5,719	5,719	5,625	5,625
Endowment funds	15	243	243	243	243
TOTAL FUNDS		123,820	123,414	121,141	120,728

The financial statements on pages 23 to 40 were approved by the Trustees on 20 September 2017.

and signed on their behalf by:



Chairman (W Bro Sir Paul Williams OBE DL)



Director (W Bro RW Marks)

The notes on pages 26 to 40 form part of these accounts.

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY

(Charity no. 1163245, Company no. 1293566)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 2017

	Group 2017 £'000	Group 2016 £'000
Net income / (expenditure) for the reporting period	30	1,340
Adjustments for:		
Depreciation	2,407	2,297
(Gains) / Loss on disposal of fixed assets	(12)	(49)
Investment Income	(1,377)	(1,281)
Defined Benefit Pension Scheme	(426)	(399)
(Increase) / Decrease in debtors	480	(520)
(Decrease) / Increase in creditors	(1,609)	(1,419)
Net cash provided by (used in) operating activities	(507)	(31)
Cash flows from investing activities:		
Dividends and interest from investments	1,366	1,298
Purchase of property, plant and equipment	(2,964)	(1,685)
Proceeds from sale of property, plant and equipment	24	199
Purchase of investments	(20,914)	(24,591)
Proceeds from sale of investments	18,132	25,776
Net cash provided by (used in) investing activities	(4,356)	997
Change in cash and cash equivalents in the reporting period	(4,863)	966
Cash and cash equivalents at the beginning of the reporting period	16,571	15,605
Cash and cash equivalents at the end of the reporting period	11,708	16,571

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY

(Charity no. 1163245, Company no. 1293566)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2017

1. ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

- (a) 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 (FRS102) (effective 1 January 2015) – (Charities SORP (FRS102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

Royal Masonic Benevolent Institution Care Company meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

- (b) The trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. The most significant areas of adjustment and key assumptions that affect items in the accounts are to do with the defined benefit pension scheme. The deficit on the scheme is determined by actuarial valuation. This involves making assumptions about discount rates, mortality rates etc. Due to the complexity of the valuation, the underline assumptions and long term nature of these schemes, the estimates are subject to uncertainty. Assumptions are based on the recommendations of the actuary.

- (c) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that as a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executors intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

- (d) Expenditure and Irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on raising funds, which comprises the cost of investment management fees and fundraising costs.
- Expenditure on charitable activities includes, principally, cost of running Care Homes of the charity.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY

(Charity no. 1163245, Company no. 1293566)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2017

1. ACCOUNTING POLICIES (CONTINUED)

(e) Funds accounting

Funds held by the Institution are:

- 1 Unrestricted funds - these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.
- 2 Designated funds - these are funds set aside by the Trustees out of unrestricted general funds for specific future purposes or projects and are as follows (See note 14):
 - Fixed asset fund - To finance capital expenditure on properties and equipment.
 - New building fund - Amounts set aside to meet authorised future capital expenditure on the purchase, construction and equipping of new homes and general improvements to existing homes.
- 3 Restricted funds - these are funds that can only be used for particular restricted purposes within the objects of the Institution. Restrictions arise when specified by the donor or when funds are raised for particular purposes. Further explanations of the nature and purpose are included in note 15 to the accounts.

Victor Donaldson Fund is a restricted fund, loans from this fund have been classified as a Social Investment, as the loans are to provide financial assistance to its beneficiaries. Note 11 discloses movements in the outstanding loan balance. Interest is recognised on the redemption of the loan and is shown in note 2 to the account.

(f) Investments

Investments are stated at market value at the balance sheet date. Realised and unrealised gains and losses are credited / charged to the Statement of Financial Activities on the valuations and disposals throughout the financial period.

(g) Apportionment of support costs:

Support costs have not been apportioned between unrestricted, restricted and endowment funds.

(h) Consolidation:

The RMBI owns 100% of authorised and issued ordinary share capital of RMBI Trading Limited and of Stability Investments Limited. The financial results of these companies have been consolidated. Advantage has been taken of the exemption afforded by section 408 of the Companies act 2006 not to present a separate Income and Expenditure account for the Charity.

(i) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

(j) Cash at Bank and in Hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity, of three months or less from the date of acquisition or opening of the deposit or similar accounts.

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY

(Charity no. 1163245, Company no. 1293566)

NOTES TO THE FINANCIAL STATEMENTS :

FOR THE YEAR ENDED 31ST MARCH 2017

1. ACCOUNTING POLICIES (CONTINUED)

(k) Creditors and Provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

(l) Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

(m) Depreciation:

Tangible fixed assets have been capitalised at cost or acquisition value and where assets have been donated, at their value at date of receipt.

Depreciation is provided at the rate of 2% per annum on the cost of freehold and long leasehold properties (which have a lease life of more than 50 years). Motor vehicles and Computers & equipment are depreciated on a straight line basis at a rate of 25% per annum. Furniture and equipment are depreciated at rates between 5% to 20% on a straight line basis for items which exceed £10,000 in value, individually or for groups of related assets.

(n) Pension costs:

The Charity contributes to a defined benefits scheme which was closed to new entrants on 4th September 1996. This scheme was closed on 30 September 2010 and all existing employees were transferred to the Group Personal Pension Scheme.

For defined benefit pension schemes the amount charged in resources expended is the current service costs. These are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the interest income are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in 'Other recognised gains and losses'.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the Charity, in a separate trustee administered fund. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For the defined contribution scheme the amount charged to the Statement of Financial Activities in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY

(Charity no. 1163245, Company no. 1293566)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2017

2. INCOME FROM CHARITABLE ACTIVITIES	Unrestricted	Restricted	2017	Unrestricted	Restricted	2016
	funds 2017	funds 2017	Total	funds 2016	funds 2016	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Residents' Fee Receivable	40,892	-	40,892	39,693	-	39,693
Financial assistance to the elderly (Loan interest)	-	27	27	-	44	44
	<u>40,892</u>	<u>27</u>	<u>40,919</u>	<u>39,693</u>	<u>44</u>	<u>39,737</u>
3. INCOME FROM OTHER TRADING ACTIVITIES	Unrestricted	Restricted	2017	Unrestricted	Restricted	2016
	funds	funds	Total	funds	funds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Rental & Other Income	369	-	369	361	-	361
	<u>369</u>	<u>-</u>	<u>369</u>	<u>361</u>	<u>-</u>	<u>361</u>
4. INCOME FROM INVESTMENTS	Unrestricted	Restricted	2017	Unrestricted	Restricted	2016
	funds	funds	Total	funds	funds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends from equities & Income from fixed interest securities	718	-	718	603	-	603
Interest on cash deposits	13	21	34	22	24	46
Interest Income	598	-	598	588	-	588
	<u>1,329</u>	<u>21</u>	<u>1,350</u>	<u>1,213</u>	<u>24</u>	<u>1,237</u>
5.1 DONATIONS	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	funds	funds	2017	funds	funds	2016
	£'000	£'000	£'000	£'000	£'000	£'000
Donations	3,244	124	3,368	3,408	176	3,584
Legacies (see note 5.2)	674	279	953	661	811	1,472
	<u>3,918</u>	<u>403</u>	<u>4,321</u>	<u>4,069</u>	<u>987</u>	<u>5,056</u>

5.2 LEGACIES

The RMBI benefits from numerous legacies. In some cases probate may take several years before the full proceeds are realised. The following table itemises legacies, with a value in excess of £25k, which are receivable during the twelve months to 31st March 2017.

Name of Benefactor	Total receivable 2017 £'000
	£'000
F G Lifford	196
R A Barton	140
M B L Uncle	100
I Chesterfield	86
F M Tarran	68
F G J Brown	60
B K Bourne	60
G Jones	36
A W J Robinson	30
B J Ladd	30
A J Clark	29
Other Legacies below £25k	118
Total	<u>953</u>

6. COST OF GENERATING FUNDS:

	Staff	Other	Total - 2017	Staff	Other	Total - 2016
	£'000	£'000	£'000	£'000	£'000	£'000
Cost of generating voluntary income	33	12	45	64	32	96
Investment management cost	-	227	227	-	228	228
	<u>33</u>	<u>239</u>	<u>272</u>	<u>64</u>	<u>260</u>	<u>324</u>

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY

(Charity no. 1163245, Company no. 1293566)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2017

7. INFORMATION REGARDING EMPLOYEES AND TRUSTEES

	2017	2016
	£'000	£'000
Staff costs:		
Wages and salaries	24,066	23,154
Social security costs	1,731	1,632
Pension costs	507	393
Total	26,304	25,179

The number of employees earning greater than £60,000 are as follows:

	No.	No.
60,001 to 70,000	2	3
70,001 to 80,000	3	3
80,001 to 90,000	2	2
90,001 to 100,000	2	-
100,001 to 110,000	2	2
110,001 to 120,000	-	-
120,001 to 130,000	-	1
130,001 to 140,000	-	-
140,001 to 150,000	1	-
Total	12	11

Members of the Executive Management received £762k during the period (2016 - £525k).

Staff reorganisation costs, totalling £56k (2016 - £28k), have been accounted for in "Other staff costs" in note 8 to these accounts. Where appropriate, the reorganisation costs have been included in the bandings, above.

Eleven of the above employees are members of the Group Personal Pension Scheme. Contributions during the year to the Group Personal Pension Scheme for these employees amounted to £88k.

Average number of full and part time employees:

	No.	No.
Homes	962	904
Support	16	25
Fund raising and Marketing	2	4
Management and administration	28	27
Total	1,008	960

No Trustee, or persons related to or connected by business to them, has received any remuneration from the Charity during the year. The total expenses reimbursed to the members of the Board of Trustees amounted to £41k (2016 - £58k).

Trustees have taken out Indemnity Insurance and the cost to the Institution was £2k.

The number of trustees receiving expenses was seven (2016 - nine)

8 CHARITABLE EXPENDITURE:

	Residential & Care Homes before support costs	Support costs (Welfare and Head Office)	Sub - Total - Residential & Care Homes with Support Costs	Financial assistance for the Elderly	Governance Costs	Total 2017	Total 2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Staff Salaries, Social Security & Pension	23,220	2,482	25,702	-	570	26,272	25,114
Other Staff Costs	285	477	762	-	-	762	682
Agency staff costs	3,596	7	3,603	-	-	3,603	2,889
Catering supplies	4,218	-	4,218	-	-	4,218	4,215
Building maintenance and refurbishment	2,620	-	2,620	-	-	2,620	2,565
Light, heat, rates and water	1,751	63	1,814	-	-	1,814	1,822
Depreciation	2,280	118	2,398	-	9	2,407	2,297
Furniture and equipment	591	3	594	-	-	594	727
Cleaning and laundry	630	1	631	-	-	631	607
Insurance	259	100	359	-	4	363	361
Medical expenses	232	-	232	-	-	232	264
Other - restricted fund expenditure	73	-	73	-	-	73	79
Postage, telephone and stationery	330	115	445	-	-	445	276
Audit and accountancy	-	-	-	-	60	60	60
Legal and professional fees	20	183	203	-	-	203	250
Interest Costs	635	-	635	-	-	635	738
Miscellaneous	675	1,017	1,692	-	45	1,737	1,800
Annuities and grants	-	-	-	-	-	-	30
Total	41,415	4,566	45,981	-	688	46,669	44,776

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2017

9.1 FIXED ASSETS FOR RMBI

Tangible assets

	Freehold properties £'000	Long leasehold properties £'000	Motor Vehicles £'000	Computers & Equipment £'000	Total £'000
COST:					
At 31st March 2016	91,707	3,575	1,032	4,901	101,215
Additions	2,448	-	60	709	3,217
Disposals	-	-	(120)	-	(120)
At 31st March 2017	94,155	3,575	972	5,610	104,312
DEPRECIATION:					
At 31st March 2016	(23,939)	(845)	(808)	(2,746)	(28,338)
Charge for the year	(1,648)	(76)	(94)	(601)	(2,419)
Disposals	-	-	109	-	109
At 31st March 2017	(25,587)	(921)	(793)	(3,347)	(30,648)
NET BOOK VALUE:					
At 31st March 2017	68,568	2,654	179	2,263	73,664
At 31st March 2016	67,768	2,730	224	2,155	72,877

9.2 FIXED ASSETS FOR THE GROUP

Tangible assets

	Assets Under Construction £'000	Freehold properties £'000	Long leasehold properties £'000	Motor Vehicles £'000	Computers & Equipment £'000	Total £'000
COST:						
At 31st March 2016	2,697	91,240	3,575	1,032	4,901	103,445
Additions	259	1,936	-	60	709	2,964
Transfer of completed projects to RMBI	(507)	507	-	-	-	-
Disposals	-	-	-	(120)	-	(120)
At 31st March 2017	2,449	93,683	3,575	972	5,610	106,289
DEPRECIATION:						
At 31st March 2016	-	(23,886)	(845)	(808)	(2,746)	(28,285)
Charge for the year	-	(1,636)	(76)	(94)	(601)	(2,407)
Disposals	-	-	-	109	-	109
At 31st March 2017	-	(25,522)	(921)	(793)	(3,347)	(30,583)
NET BOOK VALUE:						
At 31st March 2017	2,449	68,161	2,654	179	2,263	75,706
At 31st March 2016	2,697	67,354	2,730	224	2,155	75,160

10. CAPITAL COMMITMENTS FOR THE GROUP

	Freehold properties £'000	Long leasehold properties £'000	Vehicles & computer equipment £'000	31st March 2017 Total £'000	31st March 2016 Total £'000
On construction and improvement of Homes and other capital expenditure:					
- Expenditure contracted for	2,028	-	-	2,028	5,709
- Expenditure authorised but not contracted for	881	-	-	881	560
	2,909	-	-	2,909	6,269

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2017

11. FIXED ASSETS

INVESTMENTS FOR RMBI AND THE GROUP

	As at 31st March 2017		As at 31st March 2016	
	Cost or acquisition values £'000	Market values £'000	Cost or acquisition values £'000	Market values £'000
(a) Listed Investments:				
EQUITIES:				
UK & Overseas	8,085	10,318	7,768	9,255
FIXED INTEREST:				
UK Government & Overseas	9,826	10,709	5,244	5,818
Hedged Funds, Forex and other Liquid Assets:				
Managed Funds	11,696	14,086	12,826	15,025
(b) Unlisted Subsidiary Companies				
L H Miles Limited - at cost	295	295	295	295
	29,902	35,408	26,133	30,393
Cash held as part of investments:				
Cash held by investment manager	2,312	2,310	5,228	5,228
	32,214	37,718	31,361	35,621
(c) Social Investments:				
VDF Loans	1,107	1,107	1,118	1,118
Total Investments	33,321	38,825	32,479	36,739
MOVEMENT FOR THE YEAR:				
	31st March 2017		31st March 2016	
(a) Listed Investments & Unlisted Subsidiaries:	£'000		£'000	
Market value at the beginning of the year	30,393		33,471	
Additions	20,925		24,568	
Proceeds from disposals	(18,132)		(25,776)	
Net investment (loss) / gain	2,223		(1,870)	
Market value at the end of the year	35,409		30,393	
(b) Social Investments - VDF Loans:	£'000		£'000	
Balance at the beginning of the year	1,118		1,095	
New loans issued	57		147	
Loans repaid	(68)		(124)	
Balance at the end of the year	1,107		1,118	

RMBI Trading Ltd. and Stability Investments Ltd. are wholly owned subsidiaries of RMBI. Their results are consolidated in these accounts. At 31 March 2017, the capital and reserves of RMBI Trading Ltd. stood at £2 (2016 - £2) and Stability Investments Ltd was £4 (2016 - £4). All profits of the subsidiaries are gifted to RMBI year on year.

The companies' principal activities are the design, build and alteration of RMBI properties.

L H Miles Ltd. was a legacy to Royal Masonic Benevolent Institution Care Company. Its assets comprised a commercial property and is recognised in the accounts at the market value. The net assets as at 31 March 2017 were not materially different to the above value. This was not consolidated with these accounts on the grounds of materiality.

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FOR THE YEAR ENDED 31ST MARCH 2017

11. FIXED ASSETS (CONTINUED)

Investments

The following investments represent those holdings that, by market value, exceed 5% of the total market value of the listed investment portfolios.

	Holding	Market values £'000	Proportion of total listed value %
Sarasin & Partners			
Alpha CIF for Income & Endowment	14,496,348	14,837	42.3
Sarasin Globalsar Strategic	218,053	2,492	7.1
Fulcrum Asset Management			
Fulcrum Ucits SICAV-Fulcrum Fixed Income & Alternative Beta-GBP	38,990	4,132	11.8
Fulcrum Alternative Managers Fund Z Class USD	28,718	2,745	7.8
Fulcrum Fixed Income - GBP	6,515,000	6,542	18.6

12. DEBTORS

	RMBI	Group	RMBI	Group
	As at	As at	As at	As at
	31-Mar-17	31-Mar-17	31-Mar-16	31-Mar-16
	Total	Total	Total	Total
	£'000	£'000	£'000	£'000
Residents' contributions	2,348	2,348	2,690	2,690
Staff loans (season tickets)	25	25	34	34
Dividends and interest	254	254	243	243
Related Companies (note 19c)	3	3	-	-
RMBI Trading Limited	2,636	-	2,521	-
VAT Recoverable	82	67	11	48
Other debtors and prepayments	1,161	1,206	1,324	1,357
	6,509	3,903	6,823	4,372

13. CREDITORS:

	RMBI	Group	RMBI	Group
	As at	As at	As at	As at
	31-Mar-17	31-Mar-17	31-Mar-16	31-Mar-16
	Total	Total	Total	Total
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade creditors	1,685	1,685	1,487	1,487
Taxation and social security costs	420	420	165	165
Other creditors	562	562	898	898
Accruals	1,245	1,258	2,724	2,984
	3,912	3,925	5,274	5,534

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2017

14.1 UNRESTRICTED FUNDS FOR RMBI

	Balance 31-Mar-16 £'000	Net movements in funds £'000	New designations £'000	Utilised / released £'000	Balance 31-Mar-17 £'000
Designated funds:					
Fixed asset fund	72,731	-	3,172	(2,377)	73,526
New building fund	6,269	-	1,776	(5,136)	2,909
	79,000	-	4,948	(7,513)	76,435
Accumulated fund	37,625	2,189	(4,948)	7,050	41,916
Unrestricted Funds before Pension Scheme	116,625	2,189	-	(463)	118,351
Defined Benefit Pension Scheme	(1,352)	396	-	463	(493)
Unrestricted Funds after Pension Scheme	115,273	2,585	-	-	117,858

14.2 UNRESTRICTED FUNDS FOR THE GROUP

	Balance 31-Mar-16 £'000	Net movements in funds £'000	New designations £'000	Utilised / released £'000	Balance 31-Mar-17 £'000
Designated funds:					
Fixed asset fund	72,731	-	3,172	(2,377)	73,526
New building fund	6,269	-	1,776	(5,136)	2,909
	79,000	-	4,948	(7,513)	76,435
Accumulated fund	37,212	2,196	(4,948)	7,050	41,510
Unrestricted Funds before Pension Scheme	116,212	2,196	-	(463)	117,945
Defined Benefit Pension Scheme	(1,352)	396	-	463	(493)
Unrestricted Funds after Pension Scheme	114,860	2,592	-	-	117,452

15. RESTRICTED FUNDS RMBI AND THE GROUP

	Balance 31-Mar-16 £'000	Movement in funds		Balance 31-Mar-17 £'000
		Incoming resources £'000	Expenditure Transfers Gains & (losses) £'000	
Victor Donaldson	2,418	37	-	2,455
Specific gifts, donations and legacies for homes	1,710	359	(294)	1,775
Hutchinson	408	2	-	410
Prince Edward Duke of Kent Court, Essex	392	2	-	394
L H Miles	595	-	-	595
Hoists & Disability Aids - Samaritans Fund	22	-	(15)	7
Good Neighbour & Friends of RMBI	5	48	(50)	3
NH Fowler	30	-	-	30
Royal Arch holidays	15	-	-	15
Jubilee Masters Nurse Training Scheme	1	-	(1)	-
Dementia Support - Grand Stewards Lodge	20	-	-	20
Other various	9	6	-	15
Sub-Total	5,625	454	(360)	5,719
Endowment Funds (note 16)	243	-	-	243
	5,868	454	(360)	5,962

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2017

15. RESTRICTED FUNDS (CONTINUED)

	<u>Purpose</u>
<u>Victor Donaldson Fund:</u>	To advance secured loans to Beneficiaries to enhance their quality of life.
<u>Specific gifts, donations and legacies for the Homes:</u>	For the specific use of the Homes towards costs of improving facilities for the benefit of the Residents.
<u>Hutchinson Fund:</u>	To assist dependants of needy Freemasons towards education costs.
<u>Prince Edward Duke of Kent Court, Essex:</u>	Donation by Mark Master Masons for the development of the Thomas Were Howard House Group.
<u>L H Miles:</u>	Provide financial relief for Essex Masons in Prince George Duke of Kent Court
<u>Hoists & Disability Aids - Samaritans Fund</u>	Donation from Masonic Samaritans Fund for hoists & disability aids
<u>Good Neighbour Fund:</u>	To assist towards Annuitants' holiday costs and make discretionary grants.
<u>Friends of R M B I:</u>	To contribute, from its fund raising ball held each year, towards Annuitants' holiday costs.
<u>N.H. Fowler:</u>	Use of income specifically for Connaught Court, York, towards the cost of improving facilities for the benefit of its Residents.
<u>Royal Arch holidays:</u>	To contribute towards the cost of an annual holiday to Malta for certain Annuitants and Residents.
<u>Jubilee Masters Nurse Training Scheme:</u>	To assist with costs towards nurse training.
<u>Dementia Support Fund</u>	Donation from Grand Stewards Lodge towards Dementia Support program.
<u>Other:</u>	Various funds consist of amounts under £3k with varying purposes.

16. ENDOWMENT FUNDS FOR RMBI AND THE GROUP

The Institution has 22 permanent endowments for varying purposes within its charitable objectives. The three largest of these funds are the Cooper and Bull fund, £81k, the Edith and Elsie Wing, £51k and the Ames Bequest £41k. None of the other funds has a significant balance and, therefore, these funds have not been listed separately.

The purpose of the Cooper and Bull fund is to provide income towards the costs of the nurse training scheme and the purpose of the remaining permanent endowments is to provide income for the Homes and general use by the Institution.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2017

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS FOR THE GROUP

	Unrestricted funds £'000	Restricted funds £'000	As at 31-Mar-17 Total £'000	As at 31-Mar-16 Total £'000
Properties and equipment	75,570	136	75,706	75,160
Investments	37,423	1,402	38,825	36,739
Current assets	8,884	4,417	13,301	15,715
Current liabilities	(3,932)	7	(3,925)	(5,534)
RMBI defined benefit scheme liability	(493)	-	(493)	(1,352)
Total Net Assets	117,452	5,962	123,414	120,728

18. CHANGES IN RESOURCES AVAILABLE FOR CHARITY USE

	Unrestricted Funds £'000	Restricted Funds £'000	31-Mar-17 Total £'000	31-Mar-16 Total £'000
Net incoming / (outgoing) resources	(65)	95	30	(530)
Net Gain on investment assets	2,223	-	2,223	(1,870)
Transfer between Funds	-	-	-	-
Exceptional Items	-	-	-	-
Actuarial gain / (loss) on defined benefit pension scheme	433	-	433	(114)
Net movements in funds	2,591	95	2,686	(2,514)
Net (Increase) / decrease in tangible fixed assets	(554)	8	(546)	762
Net movements in funds available for future activities	2,037	103	2,140	(1,752)

19. CONNECTED PARTIES:

a. Province of Yorkshire, West Riding

During the period ended 31st March 2017 no contribution was received from the Province of Yorkshire, West Riding towards the running costs of RMBI Homes in Yorkshire (2016 - £nil).

b. Masonic Foundation for the Aged and the Sick.

The Masonic Foundation for the Aged and Sick (MFAS) was dissolved in March 2011 and residual funds dispersed. However, the name remains on the Charity Commission register so that if MFAS is the beneficiary of any future legacies the RMBI will be the agreed recipient and once funds are received they will be shared with the Masonic Samaritan Fund.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2017

19. CONNECTED PARTIES (CONTINUED)

c. Masonic Care Limited

This company was incorporated on 21st October 1998 to provide accommodation and care for people with learning disabilities. It obtained charitable status on the 14th October 1999 and commenced its charitable activities shortly thereafter. Some of the Directors of this company are also members of the Board of Trustees of the Institution. During the period ended 31st March 2017, RMBI provided management and administration support, which amounted to £11k (2016 - £25k). The total amount payable to the RMBI, by the Masonic Care Limited, as at 31 March 2017 was £3k (2016 - £37k).

d. RMBI Pension Trust Limited

RMBI Pension Trust Limited is the sole Trustee of the RMBI Pension scheme, the defined benefit scheme of RMBI. RMBI pays pensions on behalf of the RMBI Pension scheme. The total amount payable to the RMBI, by the Pension (Scheme), as at 31 March 2017 was £25k (2016 - £449k).

e. Compass Housing Ltd.

During 2006/7 the RMBI took over the administration of Compass Housing Ltd, a sheltered housing complex in Cornwall, that was previously administered by Masonic Charitable Housing. The total amount payable to the RMBI, by the Compass Housing Limited, as at 31 March 2017 was £6k (2016 - £6k).

20. PENSION SCHEMES

The Charity operates two pension schemes. One of these pension schemes is a defined benefits pension scheme, which was closed to new entrants on 4th September 1996. The scheme was also closed for the existing employees in September 2010. The other scheme is a defined contribution scheme.

a. Defined contribution

The Charity operates a defined contribution pension scheme. During the year the charity made payments totalling £382k (2016 - £393k).

b. Defined benefit

The RMBI Pension and Life Assurance Fund ("the Fund") is a funded defined benefit arrangement which provides retirement benefits based on final pensionable salary.

The valuation used for FRS102 disclosures has been based on a full assessment of the liabilities of the Fund. On 30 September 2010 the scheme stopped accruing benefits to its members and all the employees at that time were transferred to the Group Personal Pension Scheme. Hence, there is no current service cost for the defined benefit scheme and all contributions in note 7 relates to the defined contribution scheme.

c. Principal actuarial assumptions at the balance sheet date:

The results of the last valuation as at 31 March 2015 have been updated to 31 March 2017 by a qualified independent actuary. The assumptions used were as follows:

<u>Significant actuarial assumptions:</u>	Year ended	Year ended
	31-Mar-17	31-Mar-16
Discount rate	2.4%	3.3%
Rate of inflation (RPI)	3.1%	2.8%
Rate of inflation (CPI)	2.1%	1.8%

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2017

20. PENSION SCHEME (CONTINUED):

Principal actuarial assumptions at the balance sheet date (continued)

	Year ended 31-Mar-17	Year ended 31-Mar-16
<u>Other actuarial assumptions:</u>		
Rate of increase in pensionable salaries	3.1%	2.8%
Rate of Increase in pensions - Post 88 GMP	1.9%	1.7%
Rate of Increase in pensions - Pre 97 XS	0.0%	0.0%
Rate of Increase in pensions - Post 97 pension	3.0%	2.7%
Rate of Increase in pensions - Post 05 pension	2.3%	2.2%
Revaluation of deferred pensions (non-GMP)	3.1%	2.8%

Mortality assumptions:

Mortality before retirement - AMC00/AFC00	70%	70%
Mortality after retirement - S2PMA/S2PFA	110%	110%

Life Expectancies (in years):

	31-Mar-17		31-Mar-16	
	Males	Females	Males	Females
For an individual age 65 in 2017	21.3	23.2	21.7	23.7
At age 65 for an individual aged 45 in 2017	22.7	24.8	23.5	25.6

d. Changes in the present value of the defined benefit obligation are as follows:

	Year ended 31-Mar-17 £'000	Year ended 31-Mar-16 £'000
Opening defined benefit obligation	19,763	20,821
Interest cost	635	631
Actuarial (Gain) / Losses	2,594	(782)
Benefit paid	(1,025)	(907)
Closing defined benefit obligation	21,967	19,763

e. Changes in the fair value of Fund assets are as follows:

Opening fair value of Fund assets	18,411	19,184
Interest income	598	588
Administration expenses	-	(107)
Actuarial (loss) / Gains	3,027	(896)
Contributions by employer	463	549
Benefits paid	(1,025)	(907)
Closing fair value of Fund assets	21,474	18,411

f. Assets:

The fair value of the assets of the Scheme were:

Equities	10,584	8,989
Corporate Bonds	1,830	1,726
Fixed Interest gilts	2,956	2,893
Index linked gilts	5,058	5,028
Cash and net current assets	1,046	(225)
Total	21,474	18,411

The return on the assets was:

Interest Income	598	588
Return on assets less interest income	3,027	(896)
Total return on assets	3,625	(308)

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2017

20. PENSION SCHEME (CONTINUED):

g. Reconciliation to the Statement of Financial Position (balance sheet)

	31-Mar-17	31-Mar-16
	£000	£000
Market value of assets	21,474	18,411
Present value of defined benefit obligation	(21,967)	(19,763)
Fund status	(493)	(1,352)
Irrecoverable surplus	-	-
Pension asset/(liability) recognised in the SOFA	(493)	(1,352)

h. The amounts recognised in Statement of Financial Activities:

	Year ended 31-Mar-17	Year ended 31-Mar-16
	£'000	£'000
<u>The amounts recognised in Statement of Financial Activities:</u>		
Current service costs	-	-
Interest on obligation	-	107
Expected return on Fund assets	37	43
Total	37	150
<u>The amounts recognised in Other Comprehensive Income::</u>		
Actuarial gains/(losses) in defined benefit obligation	(2,594)	782
Actual return on assets less interest	3,027	(896)
Total	433	(114)

i. Future Funding Obligation:

The Trustees are required to carry out an actuarial valuation every three years. The latest actuarial valuation of the scheme was performed by the Scheme Actuary for the Trustees as at 31 January 2014. This valuation revealed a funding shortfall of £2,914,000. In respect of the deficit in the scheme as at 31 January 2014, the Institution agreed to pay £463,000 pa for 7 years and a further contribution of £399,000 during the year ending 31 January 2022. In addition, the RMBI will pay the ongoing cost of administering the fund (including the PPF) directly. The Institution therefore expects to pay £463,000 plus scheme expenses to the Scheme during the accounting year beginning 1 April 2017. The actuarial valuation as at 31 January 2017 is currently underway, and so the expected contributions may change once the results of that valuations are finalised.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2017

21. TAXATION

The Royal Masonic Benevolent Institution Care Company is a registered charity and is potentially exempt from taxation in respect of income and capital gains received within the categories covered by Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

22. NOTES TO CASH FLOW STATEMENT

ANALYSIS OF CHANGE IN NET FUNDS FOR THE GROUP

	At 31st March 2016 £'000	Cash flow £'000	At 31st March 2017 £'000
Cash at bank and in hand	2,420	(852)	1,568
Short term deposits	8,923	(1,093)	7,830
Cash held by investment manager	5,228	(2,918)	2,310
Cash and cash equivalent	16,571	(4,863)	11,708

	At 31st March 2015 £'000	Cash flow £'000	At 31st March 2016 £'000
Cash at bank and in hand	1,362	1,058	2,420
Short term deposits	9,914	(991)	8,923
Cash held by investment manager	4,329	899	5,228
Cash and cash equivalent	15,605	966	16,571

23 LEGAL STATUS OF THE CHARITY

The Charity is a company limited by guarantee and no share capital. In the event of the charity been wound up, the liability of the guarantee is limited to £10 per member of the charity.

24 ULTIMATE CONTROLLING PARTY

The charity is a subsidiary of the Masonic Charitable Foundation and the Trustee Board of the Masonic Charitable Foundation is the Charities ultimate controlling party.