



ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 MARCH 2016

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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Incorporation of Royal Masonic Benevolent Institution (RMBI)

At the end of the financial year ended 31st March 2016, RMBI, an unincorporated trust, transferred its operations, assets, liabilities and reserves to this charitable company, The Royal Masonic Benevolent Institution Care Company (RMBI Care Company). Under the Statement of Recommended Practice (SORP) for charities, merger accounting applies and accordingly the attached Trustees' Report and accounts incorporate the results for both the current and comparative years of the charity, prior to the date of transfer.

FINANCE OVERVIEW

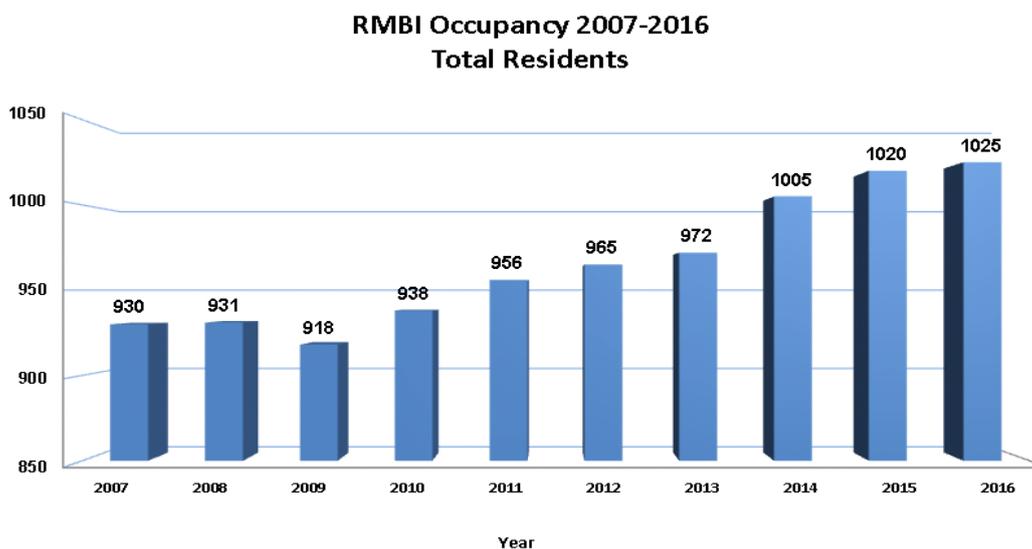
The Royal Masonic Benevolent Institution Care Company had a good year financially in 2015-16, seeing growth in income from care home operations and rising Masonic support through donations and legacies. However, our charity was also affected by overall trends in the care industry, which adversely impacted our costs, and by the lacklustre performance of investment markets, which reduced the value of our portfolio.

Income from charitable activities, almost all of which is generated by our care homes, increased by more than 6% to £39.7 million. We again maintained high occupancy rates in our Homes, averaging almost 94%, well above average for the care sector (see Figure 1). In addition, the proportion of self-funding residents who chose an RMBI Home increased over the previous year.

Revenue

As in previous years, payments from local authorities towards the care of our supported residents were far lower than the cost of providing high quality care. We were fortunate to have an overall increase in our income as a result of above average occupancy rates. In 2015-16, the RMBI Care Company provided charitable support for residents of over £6 million to cover this shortfall.

Figure 1: Residential Occupancy, Ten Year trend 2007-2016



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Operational Costs

Offsetting care home income growth was a 7% increase in Homes' running costs, a large portion of which were staffing costs. In RMBI Homes, and throughout the care industry, residents have increasingly complex care needs. This, coupled with ongoing regulatory change, has driven a need for higher staffing levels to ensure we continue to provide high quality care. Prudent cost management has been, and will continue to be, a priority for the RMBI Care Company, including investing in computer systems to make our Homes more efficient.

Charitable Donations Increase

Charitable support received from the Masonic community through donations and legacies increased in 2015-16 to £5.1 million, up 13% from the previous year. This was, however, partially offset by a drop in income from investments. As always, we are extremely grateful for the steadfast support we receive from the Masonic community who donate both their time and money.

Capital Investment Projects

Capital expenditure dropped in 2015-16 to £1.7 million. This is the lowest level for several years as our multi-year Capital Improvement programme is now complete.

The value of the RMBI Care Company's investment portfolio, inclusive of social investments, decreased in 2015-16 to £36.7 million. This decrease reflected the overall decline of the broader financial markets last year.

Looking Ahead

The 2015-16 financial year was the last for the "old" RMBI charity. The two most significant developments this year have been the formation of the Masonic Charitable Foundation (MCF) as our over arching parent charity (with effect from 1st April 2016) and the incorporation of the RMBI. The first has seen all the Central Masonic Charities consolidated under a single charity with a single Board of Trustees and a single Executive team. The second involved the transfer of assets, liabilities, reserves and operations from RMBI to a company limited by guarantee, RMBI Care Company, as a wholly owned subsidiary of MCF to run all care operations. MCF was dormant until 1st April 2016.

Our focus on providing high quality care for our residents remains unchanged, and we look forward to the continued support of the Masonic community.

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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 2016. 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).

During the financial reporting period, the assets, liabilities, reserves and operations of Royal Masonic Benevolent Institution (Charity Number 207360) were transferred to The Royal Masonic Benevolent Institution Care Company (formerly known as RMBI Trust). The Royal Masonic Benevolent Institution Care Company was previously dormant.

Grand Officers, Trustees and Directors

Grand President

The Most Worshipful the Grand Master HRH The Duke of Kent KG

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 DK Williamson

Grand Vice Presidents

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

RMBI Care Company Board Members (Trustees)

W Bro Sir Paul Williams OBE DL	Chairman
W Bro J Boyington CBE	Director
W Bro G. Leggatt- Chidgey	Appointed – 16/12/15 Director
W Bro RW Marks	Director
W Bro Ian Newby	Director
VW Bro JH Newman	Director Resigned – 26/02/16
W Bro S Radia	Director
W Bro Dr JWA Reuther	Director
Mrs Sylvia Short OBE	Director
W Bro D Southern	Director
W Bro DC Watson	Director Resigned – 26/02/16
W Bro C. G. White	Appointed – 16/12/15 Director

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W Bro Dr. K.R. Williams	Appointed – 16/12/15	Director
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On 1 April 2016, the Masonic Charitable Foundation (MCF) was appointed as Corporate Trustee. As Corporate Trustee, it is able to appoint trustees to the board of RMBI Care Company.

Appointment of Trustees

The charity has adopted the Charity Commissions guidelines for best practice and has amended the selection process accordingly.

Recruitment of Trustees

From 1st April 2016, the trustees 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.

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 antimutuation training.

Principal Committees

Audit and Risk Committee

W Bro S. Radia	Chairman
W Bro D Watson	Resigned
W Bro RW Marks	Treasurer
Mr D.R. ff Innes	Managing Director
Mr D Manek	Finance Director

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Property Committee

W Bro D Southern	Chairman
RW Bro JC Edgcumbe	Co-opted Trustee (Retired 15 October 2014)
W Bro N Vaughan	Co-opted Trustee
Mr D.R. ff Innes	Managing Director
Mr M Nelson-Smith	Director of Properties

Senior Leadership Team (Executive Management)

Mr D.R. ff Innes	Managing Director
Mrs L Bateman	Human Resources Director
Mr K Harris	Development Director
Mr D Manek	Finance Director
Mr M Nelson-Smith	Director of Properties
Mrs K Salley	Care Operations Director

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 sector as well as the wider professional market and information is presented to the Managing Director and President for their consideration. 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

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Governance Structure and Management

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 (the “Objects”) 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 other such 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. An Advice and Support Team provides support to Freemasons in the local community.

The charity has a multi-tier structure.

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 day to day running of the charity is in the hands of the Managing Director, the Directors and senior staff at Head Office along with Regional and Care Home Managers. The annual budget is prepared by the Senior Leadership Team and approved by the RMBI Care Company Board. This requires the Senior Leadership Team to meet occupancy and income levels at the same time as controlling expenditure in pursuance of the Objects.

Comprehensive monthly management reports are presented to the RMBI Care Company Board so that it is aware of the financial circumstances of the charity in a timely manner. Information is forwarded on a regular basis to the Home Managers in respect of their individual Homes and action taken in conjunction with Head Office staff to manage any variances from the budget. All capital expenditure is subject to approval by the RMBI Care Company Board.

Risk Management

The Trustees recognise that running care homes for older people has some risks and “risk management” is an on-going process covering all aspects of the business. The Audit and Risk Committee reviews the overall strategic, financial, care, IT, legal and general business

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risks to ensure appropriate policies and practices are in place to minimise detriment to the beneficiaries and employees.

The care homes are formally inspected by the Care Quality Commission (CQC) and the Care and Social Services Inspectorate in Wales (CSSIW) with both announced and unannounced inspections. The results and issues arising from these inspections are made available to the Board to enable them to evaluate whether or not appropriate levels of care are being achieved.

Committees

There are two standing Committees.

Audit and Risk Committee

This Committee meets twice each year to assess all risks affecting the Company, review reports submitted by the external auditors, monitor internal controls, and takes note of and mitigates the various risks to which the charity is exposed. The Audit and Risk Committee reports to the subsequent RMBI Care Company Board meeting.

Based on the information and reports provided, the Audit and Risk Committee was satisfied that the procedures and controls in place were operating effectively and that the risks to which the charity is exposed were being identified and mitigated, where appropriate.

Property Committee

This Committee meets twice a year under the Chairmanship of David Southern. The purpose is to ensure the charity remains compliant with all property legislation including fire regulations, and to review all annual revenue and capital spending programmes.

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.

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Indemnity Insurance

Trustees have taken out Indemnity Insurance and the cost to the RMBI Care Company was £8k (including Insurance Premium Tax). In 2014/15, the cost was £4k.

Objectives and Activities

Mission

We provide residential care in 17 locations, together with nursing care, specialist dementia care, sheltered accommodation, short stay breaks and day services. We are committed to ensuring the individual's right to dignity, respect, choice and control over their own lives is upheld and maintained.

In 2016, work has continued towards implementing the corporate plan drawn up by the Board of Trustees. Our focus has remained the same and, as an organisation, we are continually striving to meet our four strategic priorities. These are: Improving Care Standards; Increasing Operational Efficiency; Developing the Workforce and Creating 21st Century Facilities.

In each area, maintaining the highest possible standards and quality of care is at the heart of what we do. An example of this can be demonstrated by nine of our care homes receiving a dementia Kitemark award from Dementia Care Matters in 2015 for their exceptional commitment to dementia care services. Furthermore, four of our care homes received top marks for this award.

We continue to strive towards delivering services that are truly person centred. An update on the dementia care developments at several of our Homes and the ongoing progression of our workforce is also detailed in this report.

Beneficiaries

The charity takes great care to ensure that applications for residence in the care homes are considered fairly and without prejudice. The majority of admission decisions are made using a standard series of approved "eligibility" rules, 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 have had regard to the Charity Commission's guidance on "public" benefit when exercising powers under the charity's Objects. They have authorised that up to 15% of residents need not have a "Masonic" connection that is normally a pre-requisite for admission.

The services we provide are available to those with limited financial resources. We comply with the Charging for Residential Accommodation Guide (CRAG) issued by the Department of Health. Our service users are split broadly 60:40 into those who are self-funding and those who are partially subsidised by Local Authorities.

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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 and can still look after themselves. Many of these tenants later become residents in our Homes. Residents are encouraged to consult with their Care Teams in every aspect of their daily living and to become involved in the numerous activities provided.

To look after the residents, the charity employs on average approximately 960 staff (959 2014/15) to manage the care of residents on a 24 hour/365 days a year basis and in the support roles of providing domestic assistance, catering, administration and maintenance of the Homes.

Advice and Support Team

The Advice and Support Team provides a free, independent and confidential service to Freemasons and their families on behalf of MCF. They offer guidance and support. They are also able to give advice about the services offered by the four Masonic charities and by statutory and voluntary agencies.

As well as providing information and support to Almoners, the Advice and Support team works directly with individuals who need assistance.

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. New loans at £147K were issued during the year and £124K of which was repaid (note 11).

Learning Disabilities

Many years ago the charity decided to use its experience in "care" to assist another sector and established Masonic Care Ltd, providing accommodation for twelve adults with learning disabilities in Thorne, Doncaster.

Sheltered Accommodation

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

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Maintaining High Standards

Achievements and Performance

As always, the focus throughout the year has been to provide the best possible care to all our residents in what are increasingly challenging financial times during which the unit cost of care continues to rise, despite a number of efficiency measures.

Continuing changes in legislation have placed much greater emphasis on person centred care and individual customer satisfaction, which is to be welcomed. However, these changes coupled with an adverse media environment throughout the health and social care sector have put increased pressure on everyone.

Key Performance Indicators (KPIs)

Because of the long term nature of caring for older people and the considerable capital investment required, the RMBI Care Company has developed a corporate plan which outlines the strategic context in which it operates. The RMBI Care Company Board monitors key performance indicators for all of the key strands of work that are undertaken under each of the four strategic priorities; Improving Care Standards, Increasing Operational Efficiency, Developing the Workforce and Creating 21st Century Facilities. The RMBI Care Company Board also monitors the People Dashboard as part of overall staff management.

The key targets include occupancy and vacancy levels, Care Quality Commission gradings, compliance issues, as well as financial targets. Monthly management information reports are available to all levels of the charity.

In addition, annual budgets and targets are set and agreed for each Home, then monitored throughout the year.

Valuing Our Staff

Credit for our performance lies with our staff, both in the Homes and at the Head Office who have worked tirelessly throughout the year and we would like to thank them for their dedication and commitment. Whilst talking about our staff, we have continued to invest heavily in the training and development of all our staff and have improved their support, recognition and reward programmes to reflect the fantastic work they do.

Our Home Managers lie right at the heart of everything we do in the RMBI Care Company and provide the pivotal leadership in our Homes. They have an extraordinarily broad remit and carry significant responsibility. We are delighted to welcome new Home Managers at Prince Edward Duke of Kent Court, Scarbrough Court, Barford Court and Cadogan Court.

Within the Executive Team, Kevin Harris has become the Development Director and we welcomed Karen Salley as the new Care Operations Director at the beginning of 2016. The final change is that David Innes has been appointed as the Chief Executive of MCF and

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hands over the reins as Managing Director of RMBI Care Company to Mark LLOYD at the beginning of October 2016.

We are indebted to the Senior Leadership Team who have ensured that a significant number of initiatives including the formation of the Masonic Charitable Foundation (MCF) as our overarching parent charity and the incorporation of the RMBI Care Company have been handled professionally and as smoothly as possible whilst also ensuring we retain focus on the strategic objectives.

Volunteers

The charity owes a great debt to the many volunteers who support it through a vast range of activities. Numerous individuals and Lodges have chosen to support the RMBI Care Company at certain times in addition to Lodges within Provinces which are in "Festival" for the charity over several years.

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

Without these volunteers, the charity would be disadvantaged and the residents in particular would see a significant diminution of their quality of life. The Trustees owe a great debt to all those who support it.

Support within the Wider Masonic Community

As always, this can only be achieved through the ongoing support we receive from the wider Masonic Community, and in particular the Provinces that raise valuable funds for us 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 work very closely with our care homes throughout England and Wales. In more ways than it is possible to express here, each member provides comfort and reassurance to our residents, particularly those with minimal or no contact with relatives. Many members have contributed to a number of our recently held Olympic themed events amongst some of our Homes, which were thoroughly enjoyed by both residents and staff, as well as supporting our residents to keep active and engaged.

Our principal link with volunteers remains our Deputy President, John Reuther, ably assisted by his wife Maggie. We would like to thank them both for their continued efforts throughout the year.

We have a hairdressers/beauty salon in all our care homes which are very popular among residents, who can choose to make an appointment at a time that suits them. Residents at Albert Edward Prince of Wales Court in Mid Glamorgan enjoyed a newly opened salon this year, thanks to the Home's fundraising efforts which were matched by their Association of Friends. They raised a collective total of £35,000 to create a fresh and modern environment for residents to enjoy beauty treatments.

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The 169th Annual RMBI Festival reached a successful conclusion during 2015/16 with a final figure announcement of £2.6m.

Many thanks go to the East Lancashire Provincial Grand Master, Sir David Trippier, the Festival Fundraising Committee under the Chairmanship of John Scott, and all members of the Province. The RMBI Care Company is immensely grateful for all the generous support of the Festival, which will enable the Institution to continue and develop its important work.

Investing for the Future

All businesses need investment and the RMBI Care Company is no different. The cutting edge project to implement electronic care plans and medication records continues to make excellent progress and deliver major benefits.

In April 2016, we commenced a new 12-year maintenance programme with the aim of ensuring that our residents always enjoy the best possible standards of safety in comfortable, well appointed surroundings. By pre-planning maintenance and reducing the risk of equipment failure we 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 continues to work closely with regulatory and representative bodies to ensure that we are fully aware of all the latest developments in the sector. It also gives us the opportunity to share the considerable knowledge we have accumulated over the last 174 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?
- 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, 10 of our Homes have been rated 'good' overall by the Care Quality Commission (CQC). Four of our care homes in England have yet to be inspected using the new method which was introduced by the CQC in 2014. Two of our Homes in England have been awarded individual 'outstanding' ratings for the key lines of 'Responsive' and 'Well-Led'.

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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 our Welsh care homes have been rated as fully compliant by the CSSIW.

A key focus for our Compliance Team for the coming year will be how we share information, particularly examples of practice, across all our Homes and our staff to ensure we aim for more individual, and overall, 'outstanding' ratings. For the services that have been inspected so far, our best overall key line is 'Caring' with 10 out of 12 services rated as 'good' overall.

The changes we have seen in the way English services are inspected has also prompted changes to legislation in Wales, which will come into force in 2018. This means we can expect changes to the way our Welsh services are inspected.

Priority over the coming year will be placed on reviewing how we audit our services internally, and setting out new guidelines for quality and safety. This will further ensure that all our services are fully compliant and we promote continuous improvement in all our Homes to enhance the lives of our residents.

Improving Care Standards

At the RMBI Care Company, we pride ourselves on delivering the highest possible quality of care to our residents in our 17 care homes in England and Wales. Within the Care Operations Team it is our priority to ensure we meet the requirements of the Care Act 2014, England and Social Services and Wellbeing Act 2014, Wales.

Since the last Annual Review, we have continued to focus on providing a person centred approach to delivering care by putting our 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 our 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 for us 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. Fourteen RMBI Homes now have a specialist

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dementia support area within the Home. A new unit is scheduled to open at Cadogan Court in Exeter in autumn 2016.

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.

In 2015, 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.

Barford Court in Hove, Prince Edward Duke of Kent Court in Essex, The Tithebarn in Liverpool and Cornwallis Court in Suffolk, were all awarded a 'Level 1.'

The Dementia Care Matters team inspects Homes annually to ensure that residents continue to receive the highest quality of dementia care.

RMBI Care Company Developments

In 2015, a new development directorate was formed to focus on the development of existing services within our Homes and to expand the range of services to help us reach the wider Masonic community.

Key priorities:

- To continue to extend the number of specialist places for people with a dementia
- To research additional sites for future RMBI care home developments
- To explore potential venues, using Masonic centres, for day services in areas where the RMBI Care Company does not have a presence
- To examine why a small proportion of Homes cannot cover their costs and identify options for providing sustainable services.

Work to increase the number of specialist places for people with a dementia has continued with the opening of a Dementia Support House at Zetland Court in Bournemouth in June 2016, and at Cadogan Court in Exeter in the autumn. Work is also planned to introduce a

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second Dementia Support House at Albert Edward Prince of Wales Court in Mid Glamorgan. Two of our Homes do not have a specialist dementia service, Lord Harris Court in Berkshire and Prince George Duke of Kent Court in Kent. Plans are being developed to ensure that we are able to maximise the potential of both care homes to meet the changing needs of current and future residents

Research is being undertaken and plans developed for a new dementia service, and possible day service, at Prince George Duke of Kent Court, using the area previously occupied by a small block of flats. Similarly, a review of the opportunities at Lord Harris Court is also being considered.

We are conscious that in some parts of the country there is a lack of RMBI Care Company services. Long-term, if the opportunity arises, the RMBI Care Company may seek to address some of these gaps. However, opening a new care home needs considerable planning to ensure charitable money is used wisely.

Currently, we operate one Day Care Service at Barford Court in Hove. Plans are also underway to offer a similar service at Tipton Hall Masonic Centre, Sheffield, which will open in early autumn 2016. The aim of this pilot project is to support the local Masonic community and other people living in the immediate area, by providing a service at a location where we do not have a care home. This will help increase the profile of both the RMBI Care Company and Tipton Hall in providing a care service for older people in Sheffield. We have been supported in this initiative by the Directors of Tipton Hall and the local Province of Yorkshire, West Riding.

Developing the Workforce

We have continued to invest in the training and development of our staff. This includes providing our management teams with a range of tools to ensure our residents can continue to enjoy a safe, caring environment and a happy place to live, delivered by well motivated and well led staff teams.

Leading, Managing and Working Safely

Following a number of years of outsourcing health and safety support, it was agreed to appoint an Internal Assistant Director for Health and Safety to ensure the way we work and support our residents continues within a safe environment.

Over the past few months, an in-depth review of our policies and practises has been undertaken to ensure they are updated and to provide new skills to our management and leadership teams.

Succession Planning and Building Our Future Talent

Over the last three years a significant investment has been made in our Homes' management teams, including a comprehensive leadership and development programme. This is being rolled out to our front line managers, shift leaders and nurses, and will continue

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into the next financial year. The success of this programme has seen many individuals achieving a promotional role and the teams they manage receiving greater support and coaching as they work.

Our Trustees have supported the appointment of a trainer based at each Home to continue our focus on mandatory and soft skills learning programmes. We believe that when staff improve their knowledge and competencies, the delivery of care will improve. We are currently determining our approach to develop Apprenticeship Programmes in all our Homes, based on current initiatives that have been very successful.

Improved Systems

A new HR and integrated payroll system has now been launched which will provide increased benefits for our staff and administration teams. This new system will enable us to develop recruitment and training platforms to attract new staff and support their ongoing learning and development plans.

An Employer of Choice

We listen to the feedback provided by our staff through bi-annual staff engagement surveys and the Care Staff Forum which meets every six months. From June 2016, staff based at our Homes will receive a wider Wellbeing at Work programme. This includes an Employee Assistance Programme, providing them with a range of benefits such as guidance for healthy living, and support lines if they require someone to speak to confidentially. This has been very well received.

We review our pay rates each year against our peers and by region to ensure we can attract and retain quality staff. The RMBI Care Company is meeting and in some instances exceeding, the National Living Wage requirements.

Creating 21st Century Facilities

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

Sustained capital investment over the 12-year programme will enable us to move to the planned preventative maintenance. This helps us to 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 we will give our 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.

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This year, we completed the provision of new rooms and upgraded bathrooms at Scarborough Court in Northumberland to create a new dementia facility. Work is currently underway at Cadogan Court, Exeter to create new dementia facilities. This will be completed in autumn 2016. Work is also underway to install standby generators to keep our Homes fully operational in the event of a power loss.

This year, we have appointed a National Estates Manager and National Project Manager, both of whom work alongside our dedicated maintenance teams in each Home, to deliver projects and high standards of property, health and safety compliance.

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 our 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.

In April 2016, Karen Geddes, Business Administrator at Shannon Court in Surrey, completed the Virgin London Marathon in just over six hours and raised over £650 in sponsorship money for the RMBI Care Company.

Legacy Gifts

Legacy gifts contribute a significant amount to our charitable income. In August 2015, we received a very generous legacy gift from the late Mary Prior Hassan. Mary moved to the US following the death of her mother, who was a resident at Cadogan Court in Exeter. Mary was so pleased with the care her mother received during her time at the Home that she left a sum of over £318,000 to the RMBI Care Company to be used for general purposes.

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 dominated by significant volatility, which proved to be a challenging environment for markets, resulting in negative returns across most asset classes. The volatility stemmed from the continued fall in commodity prices, fears over global growth and uncertainty surrounding Chinese currency policy; these factors weighed on global equities as they experienced sharp declines. Following a stabilisation in commodity prices and the re-affirmation from the Chinese authorities

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of their intentions for a stable effective exchange rate, equities recovered some of their earlier losses however still ended the period in negative territory.

Despite the partial recovery in equities, 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.

The portfolio returned -5.5% over the period 1 April 2015 to 31 Mar 2016 and 35.7% since inception.

Sarasin

Equity markets fell across all of the primary regions with the exception of North America and the MSCI All Countries World Index was down 1.2% (the FTSE All Share was down 3.9%, suffering from a relatively high exposure to energy and materials stocks). Property as an asset class remained strong and while bonds had fallen in price earlier in the year they rebounded strongly in the final quarter as low inflation, negative interest rates and more QE forced investors to pay a high price for yield. The portfolio is underweight Government Bonds against benchmark although overweight Corporate Bonds where Sarasin still find yield at a more appropriate price. In a challenging environment Sarasin continue to base the equity portfolio on blue chip companies that have the ability to deliver profits and dividend growth over time.

The long-term context for the investment strategy is slow economic growth, a relentless drive for efficiency & automation and very low inflation requiring a focus on differentiated investments that benefit from long-term change and thus have the ability to deliver profits and dividend growth over time. Sarasin believe that it is prudent to retain a balanced strategy across asset classes.

As at 31st March 2016, the assets of the portfolio managed by Sarasin & Partners were valued at £17.6m, a total return of -2.9% after fees over the previous 12 months. Since inception in September 2008 the portfolio has generated a total return of 59.4% (6.4% annualised) after fees.

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

Financial Review

The summary Statement of Financial Activities for the 12 months to 31 March 2016 is set out on Page 28.

Income Generation: The total incoming resources amounted to £46.4 m (£45.4m 2014/15)

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The major streams of income are detailed below.

Streams of income	2016 £m	% of total income	2015 £m
Residents' Fees amounted to	39.7	86	37.3
Investment Income totalled	1.2	3	1.4
Festival Income and Donations	3.6	8	2.9
Legacies produced	1.5	3	1.6

A total of £324k (£348k 2014/15) was spent in generating the Festival, donation and investment income detailed above.

Resources Expended

Direct expenditure on running the care homes amounted to £44.1m (£41m 2014/15) and a further £30k (£18k 2014/15) was used to support former RMBI residents in other care homes and pay each of our former annuitants a small Christmas disbursement.

Governance costs amounted to £672k (£636k 2014/15).

Net Operating Position

Net expenditure of the charity amounted to £530K (net income £6.2m 2014/15). These figures take into account a net loss on our investment assets amounting to £1.9m (gain of £2.9m 2014/15). In addition there was an actuarial loss on the defined benefit pension scheme of £0.1m (£0.5m 2014/15).

The overall net movement in funds is a negative £0.6m (positive £5.7m 2014/15).

Capital Development

This year £787k has been spent as part of our capital programme for our Homes.

The significant project expenditures in our care homes this year were:

- 20 Great Queen Street - redevelopment - £368k.
- Cadogan Court – improvements to nursing / dementia facilities - £224k.
- Scarbrough Court - creation of additional rooms – £116k

An additional £783K was spent on computers and equipment to ensure that our systems and software are kept up to date.

Our future capital development plans include:

- Prince George Duke of Kent – possible increase in room numbers and day service

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- Day Services – at Masonic Centres and internally at Albert Edward Princes of Wales and Zetland Court
- Albert Edward Princes of Wales –relocation of nursing space and increased number of rooms for people with a dementia

We are also reviewing services and facilities at:

- Ecclesholme, Tithebarn, Barford Court and Lord Harris Court with a view to making firm recommendations to their future strategic direction which will include capital expenditure (if appropriate).

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 review the reserves policy on a regular basis. The funds available to the RMBI Care Company have been 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, amounts to £114.9m (£116.2m 2014/15), of which the Trustees have designated £79.0m (£76.8m 2014/15) in the Fixed Asset and New Building Funds. This leaves undesignated reserves of £35.9m, which is equivalent to approximately 9 months charitable expenditure.

The residual funds are adequate to meet the on-going operational requirements of the charity.

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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 £5.9m (£5.1m 2014/15).

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.

Employee Involvement

Employees are regularly updated and receive quarterly communications from the Directors providing them with current and future plans. They are encouraged to discuss these with their managers at local team meetings. A quarterly newsletter written by staff sharing their news and achievements is well received by all.

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. An employee engagement survey has also provided staff with the opportunity to provide their feedback on working at the RMBI Care Company and this has resulted in new schemes that promote praise and recognition for great work.

Plans for Future Periods

The RMBI Care Company is looking at development opportunities such as the addition of new Homes, expanding current facilities within our Homes, researching geographic voids in the RMBI Care Company coverage and the introduction of new services.

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;

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- 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.

In so far 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 that 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.

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.

There have also been some significant changes within the Board of Trustees during the year. James Newman, David Watson and Chris Head have all left the Board to become Trustees of MCF and we would like to thank them for their huge contribution to the RMBI Care Company over many years. Chris Caine also stood down as a Trustee but continues to provide support to the charity in a number of ways for which we are grateful.

We are delighted to welcome three new Trustees; Graham Leggatt-Chidgey, Chris White and Dr. Kevin Williams.

Last but by no means least, 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.

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

W Bro Sir Paul Williams OBE DL

W Bro RW Marks



.....



.....

Chairman

Director

Approved on 21 September 2016

**ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY
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**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
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 2016, which comprise the consolidated statement of financial activities, group and charitable company's balance sheets and the charitable company's cash flow statement and related notes on pages 28-45. 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 23, 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
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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 2016 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

21st September 2016

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY

(Charity no. 1163245, Company no. 1293566)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

(Including Income and Expenditure Account)

FOR THE PERIOD ENDED 31ST MARCH 2016

		Group Unrestricted funds 2016 £'000	Group Restricted funds 2016 £'000	Group Total 2016 £'000	Group Unrestricted funds 2015 £'000	Group Restricted funds 2015 £'000	Group Total 2015 £'000
	Notes						
INCOME							
Income from Charitable Activities	2	39,693	44	39,737	37,319	18	37,337
Income from Other Trading Activities	3	361	-	361	346	-	346
Income from Investments	4, 20 (i)	1,213	24	1,237	1,351	24	1,375
Donations & Legacies	5	4,069	987	5,056	3,410	1,078	4,488
Net gain / (loss) on disposal of fixed assets		36	13	49	1,833	-	1,833
TOTAL INCOME		45,372	1,068	46,440	44,259	1,120	45,379
EXPENDITURE:							
Expenditure on Raising Funds	6	(324)	-	(324)	(348)	-	(348)
Expenditure on Charitable Activities	7, 8, 20 (i)	(44,438)	(338)	(44,776)	(41,643)	(145)	(41,788)
TOTAL EXPENDITURE		(44,762)	(338)	(45,100)	(41,991)	(145)	(42,136)
Net (Loss) / Gain on investment assets	11	(1,870)	-	(1,870)	2,925	-	2,925
Other recognised gains / losses							
Actuarial (Loss) / Gain on defined benefit pension scheme	20 (h) & (i)	(114)	-	(114)	(499)	-	(499)
NET MOVEMENTS IN FUNDS		(1,374)	730	(644)	4,694	975	5,669
Fund balances brought forward at 1st April		116,234	5,138	121,372	111,540	4,163	115,703
Fund balance carried forward at 31st March		114,860	5,868	120,728	116,234	5,138	121,372

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 34 to 45 form part of these accounts.

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY

(Charity no. 1163245, Company no. 1293566)

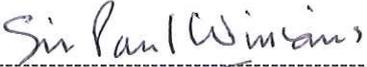
CONSOLIDATED BALANCE SHEET

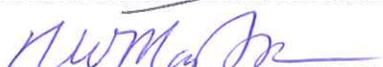
AS AT 31ST MARCH 2016

		RMBI	Group	RMBI	Group
		31st March	31st March	31st March	31st March
		2016	2016	2015	2015
	Notes	£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	9	72,877	75,160	73,860	75,922
Investments	11	36,739	36,739	38,895	38,895
		<u>109,616</u>	<u>111,899</u>	<u>112,755</u>	<u>114,817</u>
CURRENT ASSETS					
Debtors and prepayments	12	6,823	4,372	5,985	3,869
Short term deposits		8,923	8,923	9,914	9,914
Cash at bank and in hand		2,405	2,420	1,154	1,362
		<u>18,151</u>	<u>15,715</u>	<u>17,053</u>	<u>15,145</u>
CREDITORS					
Amounts falling due within one year	13	(5,274)	(5,534)	(6,381)	(6,953)
		<u>12,877</u>	<u>10,181</u>	<u>10,672</u>	<u>8,192</u>
NET CURRENT ASSETS					
		<u>122,493</u>	<u>122,080</u>	<u>123,427</u>	<u>123,009</u>
NET ASSETS BEFORE PENSION LIABILITY					
RMBI defined benefit scheme liability	20 (g)	(1,352)	(1,352)	(1,637)	(1,637)
NET ASSETS AFTER PENSION LIABILITY					
		<u>121,141</u>	<u>120,728</u>	<u>121,790</u>	<u>121,372</u>
FUNDS:					
Unrestricted funds					
- Designated funds	14.1 & 2	79,000	79,000	76,838	76,838
- Accumulated fund	14.1 & 2	37,625	37,212	41,451	41,033
Unrestricted funds before Pension deficit		116,625	116,212	118,289	117,871
RMBI defined benefit scheme net deficit	20 (g)	(1,352)	(1,352)	(1,637)	(1,637)
Unrestricted funds after Pension deficit		115,273	114,860	116,652	116,234
Restricted funds					
	15	5,625	5,625	4,896	4,896
Endowment funds					
	15	243	243	242	242
TOTAL FUNDS					
		<u>121,141</u>	<u>120,728</u>	<u>121,790</u>	<u>121,372</u>

The financial statements on pages 28 to 45 were approved by the Trustees on 21 September 2016.

and signed on their behalf by:


 ----- Chairman


 ----- Director

The notes on pages 31 to 45 form part of these accounts.

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY

(Charity no. 1163245, Company no. 1293566)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31ST MARCH 2016

	Notes	Group 2016 £'000	Group 2015 £'000
Net income / (expenditure) for the reporting period		1,340	3,472
Adjustments for:			
Depreciation		2,297	2,062
(Gains) / Loss on disposal of fixed assets		(49)	(1,833)
Investment Income		(1,281)	(1,511)
Defined Benefit Pension Scheme		(399)	(631)
(Increase) / Decrease in debtors		(520)	(644)
(Decrease) / Increase in creditors		<u>(1,419)</u>	<u>(1,567)</u>
Net cash provided by (used in) operating activities		<u>(31)</u>	<u>(652)</u>
Cash flows from investing activities:			
Dividends and interest from investments		1,298	1,527
Purchase of property, plant and equipment		(1,685)	(6,557)
Proceeds from sale of property, plant and equipment		199	2,438
Purchase of investments		(24,591)	(13,414)
Proceeds from sale of investments		25,776	17,570
Net cash provided by (used in) investing activities		<u>997</u>	<u>1,564</u>
Change in cash and cash equivalents in the reporting period	22	966	912
Cash and cash equivalents at the beginning of the reporting period	22	15,605	14,693
Cash and cash equivalents at the end of the reporting period	22	<u>16,571</u>	<u>15,605</u>

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY

(Charity no. 1163245, Company no. 1293566)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MARCH 2016

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 a 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 PERIOD ENDED 31ST MARCH 2016

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 overheads:

Overhead 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

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MARCH 2016

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.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MARCH 2016

2. INCOME FROM CHARITABLE ACTIVITIES	Unrestricted	Restricted	2016	Unrestricted	Restricted	2015
	funds 2016	funds 2016	Total	funds 2015	funds 2015	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Residents' Fee Receivable	39,693	-	39,693	37,319	-	37,319
Financial assistance to the elderly (Loan interest)	-	44	44	-	18	18
	<u>39,693</u>	<u>44</u>	<u>39,737</u>	<u>37,319</u>	<u>18</u>	<u>37,337</u>
3. INCOME FROM OTHER TRADING ACTIVITIES	Unrestricted	Restricted	2016	Unrestricted	Restricted	2015
	funds	funds	Total	funds 2015	funds 2015	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Rental & Other Income	361	-	361	346	-	346
	<u>361</u>	<u>-</u>	<u>361</u>	<u>346</u>	<u>-</u>	<u>346</u>
4. INCOME FROM INVESTMENTS	Unrestricted	Restricted	2016	Unrestricted	Restricted	2015
	funds	funds	Total	funds 2015	funds 2015	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Dividends from equities & Income from fixed inter	603	-	603	596	-	596
Interest on cash deposits	22	24	46	28	24	52
Interest Income	588	-	588	727	-	727
	<u>1,213</u>	<u>24</u>	<u>1,237</u>	<u>1,351</u>	<u>24</u>	<u>1,375</u>
5.1 DONATIONS	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	funds	funds	2016	funds 2015	funds 2015	2015
	£'000	£'000	£'000	£'000	£'000	£'000
Donations	3,408	176	3,584	2,607	248	2,855
Legacies (see note 5.2)	661	811	1,472	803	830	1,633
	<u>4,069</u>	<u>987</u>	<u>5,056</u>	<u>3,410</u>	<u>1,078</u>	<u>4,488</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 2016.

Name of Benefactor	Total receivable 2016 £'000
L H Miles	386
M P Hassan	319
F G Lifford	300
M B Haslam	97
F M Tarran	67
I Chesterfield	40
P E Machin	36
J Hall	27
Other Legacies below £25k	200
Total	<u>1,472</u>

6. COST OF GENERATING FUNDS:	Staff	Other	Total - 2016	Staff	Other	Total - 2015
	£'000	£'000	£'000	£'000	£'000	£'000
Cost of generating voluntary income	64	32	96	59	38	97
Investment management cost	-	228	228	-	251	251
	<u>64</u>	<u>260</u>	<u>324</u>	<u>59</u>	<u>289</u>	<u>348</u>

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MARCH 2016

7. INFORMATION REGARDING EMPLOYEES AND TRUSTEES

	2016	2015
	<u>£'000</u>	<u>£'000</u>
Staff costs:		
Wages and salaries	23,154	22,219
Social security costs	1,632	1,597
Pension costs	393	404
Total	25,179	24,220

<u>The number of employees earning greater than £60,000 are as follows:</u>	<u>No.</u>	<u>No.</u>
60,001 to 70,000	3	4
70,001 to 80,000	3	3
80,001 to 90,000	2	1
90,001 to 100,000	-	-
100,001 to 110,000	2	1
110,001 to 120,000	-	-
130,001 to 140,000	1	1
	11	10

Members of the Executive Management received £525k during the period (2015 - £478k).

Five 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 £79k.

<u>Average number of full and part time employees:</u>	<u>No.</u>	<u>No.</u>
Homes	904	907
Support	25	24
Fund raising and Marketing	4	4
Management and administration	27	24
	960	959

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 £58k (2015 - £55k).

Trustees have taken out Indemnity Insurance and the cost to the Institution was £8k.

The number of trustees receiving expenses was nine (2015 - ten)

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 2016	Total 2015
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Staff Salaries, Social Security & Pension	22,295	2,283	24,578	-	536	25,114	24,162
Other Staff Costs	223	459	682	-	-	682	503
Agency staff costs	2,875	14	2,889	-	-	2,889	1,597
Catering supplies	4,215	-	4,215	-	-	4,215	4,127
Building maintenance and refurbishment	2,564	1	2,565	-	-	2,565	2,440
Light, heat, rates and water	1,763	59	1,822	-	-	1,822	1,802
Depreciation	2,163	124	2,287	-	10	2,297	2,062
Furniture and equipment	724	3	727	-	-	727	868
Cleaning and laundry	606	1	607	-	-	607	583
Insurance	254	98	352	-	9	361	347
Medical expenses	264	-	264	-	-	264	294
Other - restricted fund expenditure	79	-	79	-	-	79	91
Postage, telephone and stationery	206	70	276	-	-	276	301
Audit and accountancy	-	-	-	-	60	60	61
Legal and professional fees	15	235	250	-	-	250	133
Interest Costs	738	-	738	-	-	738	897
Miscellaneous	826	917	1,743	-	57	1,800	1,502
Annuities and grants	-	-	-	30	-	30	18
Total	39,810	4,264	44,074	30	672	44,776	41,788

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FOR THE PERIOD ENDED 31ST MARCH 2016

9.1 FIXED ASSETS FOR RMBI

Tangible assets	Freehold	Long	Motor	Computers &	Total
	properties	leasehold	Vehicles	Equipment	
	£'000	£'000	£'000	£'000	£'000
COST:					
At 31st March 2015	91,301	3,575	1,102	4,118	100,096
Additions	575	-	115	783	1,473
Disposals	(169)	-	(185)	-	(354)
At 31st March 2016	<u>91,707</u>	<u>3,575</u>	<u>1,032</u>	<u>4,901</u>	<u>101,215</u>
DEPRECIATION:					
At 31st March 2015	(22,317)	(769)	(914)	(2,236)	(26,236)
Charge for the year	(1,643)	(76)	(77)	(510)	(2,306)
Disposals	21	-	183	-	204
At 31st March 2016	<u>(23,939)</u>	<u>(845)</u>	<u>(808)</u>	<u>(2,746)</u>	<u>(28,338)</u>
NET BOOK VALUE:					
At 31st March 2016	<u>67,768</u>	<u>2,730</u>	<u>224</u>	<u>2,155</u>	<u>72,877</u>
At 31st March 2015	<u>68,984</u>	<u>2,806</u>	<u>188</u>	<u>1,882</u>	<u>73,860</u>

9.2 FIXED ASSETS FOR THE GROUP

Tangible assets	Assets	Freehold	Long	Motor	Computers &	Total
	Under Construction	properties	leasehold properties	Vehicles	Equipment	
	£'000	£'000	£'000	£'000	£'000	£'000
COST:						
At 31st March 2015	2,485	90,834	3,575	1,102	4,118	102,114
Additions	283	504	-	115	783	1,685
Transfer of completed projects to RMBI	(71)	71	-	-	-	-
Disposals	-	(169)	-	(185)	-	(354)
At 31st March 2016	<u>2,697</u>	<u>91,240</u>	<u>3,575</u>	<u>1,032</u>	<u>4,901</u>	<u>103,445</u>
DEPRECIATION:						
At 31st March 2015	-	(22,273)	(769)	(914)	(2,236)	(26,192)
Charge for the year	-	(1,634)	(76)	(77)	(510)	(2,297)
Disposals	-	21	-	183	-	204
At 31st March 2016	<u>-</u>	<u>(23,886)</u>	<u>(845)</u>	<u>(808)</u>	<u>(2,746)</u>	<u>(28,285)</u>
NET BOOK VALUE:						
At 31st March 2016	<u>2,697</u>	<u>67,354</u>	<u>2,730</u>	<u>224</u>	<u>2,155</u>	<u>75,160</u>
At 31st March 2015	<u>2,485</u>	<u>68,561</u>	<u>2,806</u>	<u>188</u>	<u>1,882</u>	<u>75,922</u>

10. CAPITAL COMMITMENTS FOR THE GROUP

	Freehold	Long	Vehicles	31st March	31st March
	properties	leasehold	& computer	2016	2015
	£'000	properties	equipment	Total	Total
	£'000	£'000	£'000	£'000	£'000
On construction and improvement of Homes and other capital expenditure:					
- Expenditure contracted for	5,709	-	-	5,709	2,101
- Expenditure authorised but not contracted for	560	-	-	560	967
	<u>6,269</u>	<u>-</u>	<u>-</u>	<u>6,269</u>	<u>3,068</u>

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MARCH 2016

11. FIXED ASSETS

INVESTMENTS FOR RMBI AND THE GROUP	As at		As at	
	31st March 2016		31st March 2015	
	Cost or acquisition values £'000	Market values £'000	Cost or acquisition values £'000	Market values £'000
(a) Listed Investments:				
EQUITIES:				
UK & Overseas	7,768	9,255	12,232	15,427
FIXED INTEREST:				
UK Government & Overseas	5,244	5,818	6,751	7,606
Hedged Funds, Forex and other Liquid Assets:				
Managed Funds	12,826	15,025	8,459	10,438
(b) Unlisted Subsidiary Companies				
L H Miles Limited - at cost	295	295	-	-
	26,133	30,393	27,442	33,471
Cash held as part of investments:				
Cash held by investment manager	5,228	5,228	4,329	4,329
	31,361	35,621	31,771	37,800
(c) Social Investments:				
VDF Loans	1,118	1,118	1,095	1,095
Total Investments	32,479	36,739	32,866	38,895
MOVEMENT FOR THE YEAR:				
		31st March 2016		31st March 2015
(a) Listed Investments & Unlisted Subsidiaries:				
		£'000		£'000
Market value at the beginning of the year		33,471		34,690
Additions		24,568		13,426
Proceeds from disposals		(25,776)		(17,570)
Net investment (loss) / gain		(1,870)		2,925
Market value at the end of the year		30,393		33,471
(b) Social Investments - VDF Loans:				
		£'000		£'000
Balance at the beginning of the year		1,095		1,107
New loans issued		147		43
Loans repaid		(124)		(55)
Balance at the end of the year		1,118		1,095

RMBI Trading Ltd. and Stability Investments Ltd. are wholly owned subsidiaries of RMBI. Their results are consolidated in these accounts. At 31 March 2016, the capital and reserves of RMBI Trading Ltd. stood at £2 (2015 - £2) and Stability Investments Ltd was £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 2016 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 PERIOD ENDED 31ST MARCH 2016

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 Endowment	12,322,965	11,108	36.9
Sarasin Globalsar Strategic	260,589	2,687	8.9
Fulcrum Asset Management			
Fulcrum Ucits SICAV Fixed Income GBP	24,978	2,771	9.2
Fulcrum Alternative Managers Fund Z Class USD	33,598	2,708	9.0
Fulcrum Ucits SICAV - Global Equity GBP	16,089	2,211	7.3
United States Of America Notes - Fixed .375% - USD	2,505,000	1,783	5.9

12. DEBTORS

	RMBI	Group	RMBI	Group
	As at	As at	As at	As at
	31-Mar-16	31-Mar-16	31-Mar-15	31-Mar-15
	Total	Total	Total	Total
	£'000	£'000	£'000	£'000
Residents' contributions	2,690	2,690	2,253	2,253
Staff loans (season tickets)	34	34	30	30
Dividends and interest	243	243	260	260
Related Companies (note 19c)	-	-	4	4
RMBI Trading Limited	2,521	-	2,126	-
VAT Recoverable	11	48	215	225
Other debtors and prepayments	1,324	1,357	1,097	1,097
	<u>6,823</u>	<u>4,372</u>	<u>5,985</u>	<u>3,869</u>

13. CREDITORS:

	RMBI	Group	RMBI	Group
	As at	As at	As at	As at
	31-Mar-16	31-Mar-16	31-Mar-15	31-Mar-15
	Total	Total	Total	Total
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade creditors	1,487	1,487	1,621	1,628
Taxation and social security costs	165	165	653	653
Other creditors	898	898	1,502	1,502
Accruals	2,724	2,984	2,605	3,170
	<u>5,274</u>	<u>5,534</u>	<u>6,381</u>	<u>6,953</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH 2016
14.1 UNRESTRICTED FUNDS FOR RMBI

	Balance 31-Mar-15 £'000	Net movements in funds £'000	New designations £'000	Utilised / released £'000	Balance 31-Mar-16 £'000
Designated funds:					
Fixed asset fund	73,770	-	1,376	(2,415)	72,731
New building fund	3,068	-	3,861	(660)	6,269
	76,838	-	5,237	(3,075)	79,000
Accumulated fund	41,451	(1,115)	(5,237)	2,526	37,625
Unrestricted Funds before Pension Scheme	118,289	(1,115)	-	(549)	116,625
Defined Benefit Pension Scheme	(1,637)	(264)	-	549	(1,352)
Unrestricted Funds after Pension Scheme	116,652	(1,379)	-	-	115,273

14.2 UNRESTRICTED FUNDS FOR THE GROUP

	Balance 31-Mar-15 £'000	Net movements in funds £'000	New designations £'000	Utilised / released £'000	Balance 31-Mar-16 £'000
Designated funds:					
Fixed asset fund	73,770	-	1,376	(2,415)	72,731
New building fund	3,068	-	3,861	(660)	6,269
	76,838	-	5,237	(3,075)	79,000
Accumulated fund	41,033	(1,110)	(5,237)	2,526	37,212
Unrestricted Funds before Pension Scheme	117,871	(1,110)	-	(549)	116,212
Defined Benefit Pension Scheme	(1,637)	(264)	-	549	(1,352)
Unrestricted Funds after Pension Scheme	116,234	(1,374)	-	-	114,860

15. RESTRICTED FUNDS RMBI AND THE GROUP

	Balance 31-Mar-15 £'000	Movement in funds		Balance 31-Mar-16 £'000
		Incoming resources £'000	Expenditure Transfers Gains & (losses) £'000	
Victor Donaldson	2,365	54	(1)	2,418
Specific gifts, donations and legacies for homes	1,377	556	(223)	1,710
Hutchinson	408	2	(2)	408
Prince Edward Duke of Kent Court, Essex	390	2	-	392
L H Miles	259	386	(50)	595
Hoists & Disability Aids - Samaritans Fund	22	-	-	22
Good Neighbour & Friends of RMBI	-	64	(59)	5
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	10	2	(3)	9
Sub-Total	4,896	1,067	(338)	5,625
Endowment Funds (note16)	242	1	-	243
	5,138	1,068	(338)	5,868

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FOR THE PERIOD ENDED 31ST MARCH 2016

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 £40k. 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 PERIOD ENDED 31ST MARCH 2016

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS FOR THE GROUP

	Unrestricted funds £'000	Restricted funds £'000	As at 31-Mar-16 Total £'000	As at 31-Mar-15 Total £'000
Properties and equipment	75,016	144	75,160	75,922
Investments	35,326	1,413	36,739	37,800
Current assets	11,372	4,343	15,715	16,240
Current liabilities	(5,501)	(33)	(5,534)	(6,953)
RMBI defined benefit scheme liability	(1,352)	-	(1,352)	(1,637)
Total Net Assets	114,861	5,867	120,728	121,372

18. CHANGES IN RESOURCES AVAILABLE FOR CHARITY USE

	Unrestricted Funds £'000	Restricted Funds £'000	31-Mar-16 Total £'000	31-Mar-15 Total £'000
Net incoming / (outgoing) resources	(1,260)	730	(530)	3,472
Net Gain on investment assets	(1,870)	-	(1,870)	2,925
Transfer between Funds	-	-	-	-
Exceptional Items	-	-	-	-
Actuarial gain / (loss) on defined benefit pension scheme	(114)	-	(114)	(728)
Net movements in funds	(3,244)	730	(2,514)	5,669
Net (Increase) / decrease in tangible fixed assets	817	(55)	762	(3,890)
Net movements in funds available for future activities	(2,427)	675	(1,752)	1,779

19. CONNECTED PARTIES:

a. Provinces of Yorkshire, West Riding

During the period ended 31st March 2016 no contribution was received from the Province of Yorkshire, West Riding towards the running costs of RMBI Homes in Yorkshire (2015 - £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.

ROYAL MASONIC BENEVOLENT INSTITUTION CARE COMPANY

(Charity no. 1163245, Company no. 1293566)

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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 2015, RMBI provided management and administration support, which amounted to £25k (2015 - £24k). The total amount payable to the RMBI, by the Masonic Care Limited, as at 31 March 2016 was £37 (2015 - £4k).

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 2016 was £449k (2015 - £42k).

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 2016 was £6k (2015 - £2k).

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 £393k (2015 - £404k).

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 FRS17 valuation as at 31 March 2015 have been updated to 31 March 2016 by a qualified independent actuary. The assumptions used were as follows:

<u>Significant actuarial assumptions:</u>	<u>Year ended 31-Mar-16</u>	<u>Year ended 31-Mar-15</u>
Discount rate	3.3%	3.1%
Rate of inflation (RPI)	2.8%	2.9%
Rate of inflation (CPI)	1.8%	2.4%

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20. PENSION SCHEME (CONTINUED):

Principal actuarial assumptions at the balance sheet date (continued)

Other actuarial assumptions:	Year ended		Year ended	
	31-Mar-16		31-Mar-15	
Rate of increase in pensionable salaries	2.8%		2.9%	
Rate of Increase in pensions - Post 88 GMP	1.7%		2.0%	
Rate of Increase in pensions - Pre 97 XS	0.0%		0.0%	
Rate of Increase in pensions - Post 97 pension	2.7%		2.8%	
Rate of Increase in pensions - Post 05 pension	2.2%		2.0%	
Revaluation of deferred pensions in excess of GMP	2.8%		2.9%	
Mortality assumptions:				
Mortality before retirement - AMC00/AFC00	70%		70%	
Mortality after retirement - S2PMA/S2PFA	110%		110%	
Life Expectancies (in years):				
	31-Mar-16		31-Mar-15	
	Males	Females	Males	Females
For an individual age 65 in 2016	21.7	23.7	21.7	23.7
At age 65 for an individual aged 45 in 2016	23.5	25.6	23.5	25.6

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

	Year ended		Year ended	
	31-Mar-16		31-Mar-15	
	£'000		£'000	
Opening defined benefit obligation	20,821		18,668	
Interest cost	631		786	
Actuarial (Gain) / Losses	(782)		2,283	
Benefit paid	(907)		(916)	
Closing defined benefit obligation	<u>19,763</u>		<u>20,821</u>	

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

	Year ended		Year ended	
	31-Mar-16		31-Mar-15	
Opening fair value of Fund assets	19,184		17,128	
Interest income	588		727	
Administration expenses	(107)		(111)	
Actuarial (loss) / Gains	(896)		1,784	
Contributions by employer	549		572	
Benefits paid	(907)		(916)	
Closing fair value of Fund assets	<u>18,411</u>		<u>19,184</u>	

f. Assets:

The fair value of the assets of the Scheme were:

	Year ended		Year ended	
	31-Mar-16		31-Mar-15	
Equities	8,989		9,355	
Corporate Bonds	1,726		1,770	
Fixed Interest gilts	2,893		2,867	
Index linked gilts	5,028		4,933	
Cash and net current assets	(225)		259	
Total	<u>18,411</u>		<u>19,184</u>	

The return on the assets was:

	Year ended		Year ended	
	31-Mar-16		31-Mar-15	
Interest Income	588		727	
Return on assets less interest income	(896)		1,784	
Total return on assets	<u>(308)</u>		<u>2,511</u>	

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MARCH 2016

20. PENSION SCHEME (CONTINUED):

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

	31-Mar-16	31-Mar-15
	£000	£000
Market value of assets	18,411	19,184
Present value of defined benefit obligation	(19,763)	(20,821)
Fund status	(1,352)	(1,637)
Irrecoverable surplus	-	-
Pension asset/(liability) recognised in the SOFA	(1,352)	(1,637)

h. The amounts recognised in Statement of Financial Activities:

	Year ended 31-Mar-16	Year ended 31-Mar-15
	£'000	£'000
<u>The amounts recognised in Statement of Financial Activities:</u>		
Current service costs	-	-
Interest on obligation	107	111
Expected return on Fund assets	43	59
Total	150	170
<u>The amounts recognised in Other Comprehensive Income::</u>		
Actuarial gains/(losses) in defined benefit obligation	782	(2,283)
Actual return on assets less interest	(896)	1,784
Total	(114)	(499)

i. Transition to FRS102:

Under previous UK GAAP the expected return on defined benefit plan assets was recognised in the Statement of Financial Activities. Under FRS102, the interest income is calculated by reference to discount rate and does not reflect the expected return on the assets. In addition, expenses met by the scheme are now shown as a separate item in the Income Statement and no longer allowed for as a reduction to the expected return on assets. Prior year figures have been restated to reflect this change.

For the year ended 31 March 2015, under FRS 17 the expected return on assets was calculated as £845,000. This has been restated under FRS102 to be £727,000 (interest income). In addition, Scheme expenses of £111,000 have been allowed for under FRS102. Therefore, the overall effect on the change to FRS102 has been to increase the charge to the 2014/15 Statement of Financial Activities by £229,000 and decrease the charge to other recognised gains / (losses) by the same amount.

j. 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 appropriate contributions to cover administration expenses. The Institution therefore expects to pay £463,000 plus scheme expenses to the Scheme during the accounting year beginning 1 April 2016.

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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 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

	At 31st March 2014 £'000	Cash flow £'000	At 31st March 2015 £'000
Cash at bank and in hand	735	627	1,362
Short term deposits	12,139	(2,225)	9,914
Cash held by investment manager	1,819	2,510	4,329
Cash and cash equivalent	14,693	912	15,605

23. INCORPORATION OF ROYAL MASONIC BENEVOLENT INSTITUTION (Registered Charity number 207360)

During the financial reporting period, the assets, liabilities, reserves and operations of Royal Masonic Benevolent Institution were transferred to this company. Under FRS102, when a charity changes its legal form but its purposes and beneficiary class remain the same, merger accounting should be used. Accordingly, the result for the period to 31 March 2016 represents the transactions for the year to 31 March 2016 and the comparative figures are the year to 31 March 2015 as previously disclosed in Royal Masonic Benevolent Institution's accounts. Up until the transfer, this company, formally known as RMBI Trust, was dormant.

24 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.

25 RECONCILIATION WITH PREVIOUS GAAP

In preparing the accounts, the trustees considered whether in applying the accounting policies required by FRS102 and the Charity SORP FRS102 a restatement of comparative figures was needed. No restatements were required, except that certain adjustments were required to the analysis of income and expenditure for the defined benefit pension scheme, as set out in note 20(i). The reported reserves remained unchanged.

26 POST BALANCE SHEET EVENTS

On 1st April 2016, as noted on page 4 of the trustees' report, Masonic Charitable Foundation became the parent charity of RMBI Care Company.