

**THE UNITED GRAND LODGE
OF
ANTIENIENT FREE AND ACCEPTED MASONS OF ENGLAND**

STATEMENT OF ACCOUNTS

31 DECEMBER 2023

PRESIDENT'S REPORT ON THE 2023 ACCOUNTS

2023 was, as the Board expected, a year with very significant financial challenges. Inflation and the cost of living were at their highest levels for many years, affecting members, their families and our employees. Our suppliers were also faced with similar pressures with the utilities passing on to us major increases in their charges. The Grand Secretary and his team took action to mitigate the impact of the cost increases, while the increase in Annual Dues was set at below the prevailing rate of inflation.

Income in the year increased by approximately 2% with net investment income substantially lower than last year reflecting the prevailing market conditions. We were pleased by the increase in trading income as we look to capitalise on the commercial opportunities at Freemasons' Hall.

The cost base, on the other hand, increased by 11% (c£1.5m). Utilities and services costs increased by £800k and increases in project expenditure related to essential maintenance to the Tower entrance at Freemasons' Hall drove the year on year increase of £0.7m. All other costs were tightly managed by the Grand Secretary, with total staff costs being held broadly flat year-on-year despite wage inflation.

The Operating Deficit for the year of £1.1m was in line with the forecasted deficit and compares to the small surplus last year (£62k). Action will continue to be taken to increase commercial and investment income in 2024, whilst maintaining tight control over operating costs. We have continued to invest in maintaining the fabric of Freemasons' Hall which was built as a Masonic Peace Memorial following the First World War. It is an imposing Art Deco building but as it approaches its 100th birthday it is, unsurprisingly, showing signs of age, and placing significant demands on investment income to fund key restoration work. Freemasons' Hall is a unique asset and a landmark building, housing a world famous Library and Museum.

The Net Deficit rose from £530k last year to £2.4m this year following the accounting loss resulting from the revaluation of our property portfolio. This is a result of market conditions but, as a non-cash item, has little effect on our overall operations. The balance sheet remains strong with net assets of £65.7m although this has fallen slightly from £68.4m last year as a result of the property revaluation. This position does not include the actuarial surplus on the defined benefit pension scheme, which is specifically excluded.

The Board has set a challenging budget for 2024 and will be working hard to ensure that any rise in Annual Dues is kept as low as possible while we continue to recognise the impact of the cost of living crisis on all of our members.

I would like to put on record the Board's grateful thanks for the dedication of our staff and all members who generously give their time to so many projects and Working parties. They are helping to deliver the key changes in our operations as part of building the Strong Foundations which underpin the *Strategy for Freemasonry, 2022 and Beyond* as set out by the ProGM.



M L Ward
President, Board of General Purposes
19 March 2024

Independent Auditor's Report to the Members of United Grand Lodge of England

Opinion

We have audited the financial statements of United Grand Lodge of England for the year ended 31 December 2023 which comprise the Consolidated Statement of Income and Expenditure and Retained Funds, the Group and Parent Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the United Grand Lodge of England's affairs as at 31 December 2023 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of United Grand Lodge of England in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other Information

The Board of General Purposes are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the board of General Purpose

The Board of General Purposes are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of General Purposes determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of General Purposes are responsible for assessing United Grand Lodge of England's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of General Purposes either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which United Grand Lodge of England operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were financial reporting standards. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to United Grand Lodge of England's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within United Grand Lodge of England for fraud. The laws and regulations we considered in this context for the UK operations were health and safety legislation, employment legislation, anti-fraud, bribery and corruption legislation and taxation legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board of General Purposes and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of rental income, estimates and judgements applied by management on property investments and the defined benefit pension scheme and the override of controls by management. Our audit procedures to respond to these risks included enquiries of

management, and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, sample testing and analytical review of rental income, reviewing accounting estimates for biases in relation to Property and DB scheme valuation assumptions, reviewing regulatory correspondence with regulators and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to United Grand Lodge of England's members, as a body. Our audit work has been undertaken so that we might state to United Grand Lodge of England's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than United Grand Lodge of England and United Grand Lodge of England's members as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
London UK
Date: 28 March 2024

UNITED GRAND LODGE OF ENGLAND
CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE
AND RETAINED FUNDS FOR
THE YEAR ENDED 31 DECEMBER 2023

		2023	2022
	Notes	£000	£000
OPERATING INCOME			
Receipts from Lodges	2	9,345	8,936
Investment income	3	1,989	2,278
Freemasonry Today advertising revenue		184	183
Trading income		1,809	1,668
Other receipts	4	685	614
		<u>14,012</u>	<u>13,679</u>
OPERATING COST			
Trading cost of sales		1,076	994
Staff emoluments	5	6,380	6,476
Repairs, renewals and upkeep		1,129	1,135
Utilities and services		2,459	1,639
Office services		1,050	728
Publications and communications	6	1,529	1,622
Consultancy and professional fees	7	509	517
Donations to charity	8	560	558
Depreciation and loss on disposal		665	703
Projects	9	1,284	578
		<u>16,641</u>	<u>14,949</u>
Recharges	10	(1,486)	(1,332)
NET OPERATING COST		<u>15,155</u>	<u>13,617</u>
OPERATING (DEFICIT)/ SURPLUS FOR THE YEAR		(1,143)	62
Taxation	11	663	(45)
Revaluation of investments and properties	12	(1,974)	(548)
NET DEFICIT		(2,454)	(530)
Pension scheme actuarial adjustment	19	(204)	711
NET CHANGE IN FUNDS FOR THE YEAR		<u>(2,658)</u>	<u>181</u>
TOTAL FUNDS AT 1 JANUARY		<u>68,373</u>	<u>68,192</u>
TOTAL FUNDS AT 31 DECEMBER		<u><u>65,715</u></u>	<u><u>68,373</u></u>

GROUP AND UGLE BALANCE SHEET AS AT 31 DECEMBER 2023

		2023		2022		
		Group	UGLE	Group	UGLE	
Notes		£000	£000	£000	£000	
FIXED ASSETS						
	Property investments	12	57,609	57,609	60,067	60,067
	Listed investments	12	11,997	11,997	11,927	11,927
	Tangible fixed assets	14	5,912	5,629	6,597	6,242
			75,518	75,235	78,591	78,236
CURRENT ASSETS						
	Stocks		301	35	374	9
	Debtors and prepayments	15	2,747	4,370	2,221	3,848
	Financial assets - bank and cash		3,753	3,663	4,316	4,222
			6,801	8,068	6,911	8,079
CURRENT LIABILITIES						
	Creditors	17	(2,445)	(2,348)	(2,307)	(2,220)
NET CURRENT ASSETS						
			4,356	5,720	4,604	5,859
TOTAL ASSETS LESS CURRENT LIABILITIES						
			79,874	80,955	83,195	84,095
	Deferred tax	18	(14,159)	(14,159)	(14,822)	(14,822)
	Defined benefit pension scheme	19	0	0	0	0
			65,715	66,796	68,373	69,273

Approved



M L WARD

President, Board of General Purposes



A R T MARSH

Grand Secretary

19th March 2024.

**CONSOLIDATED CASH FLOW STATEMENT FOR
THE YEAR ENDED 31 DECEMBER 2023**

	2023	2022
	£000	£000
CASH FLOW FROM OPERATING ACTIVITIES		
Net cash used in operating activities (note a)	(2,669)	(2,075)
CASH FLOW FROM INVESTING ACTIVITIES		
Investment income		
Dividends received	175	156
Interest received	72	61
Net investment property income received	1,742	2,061
	1,989	2,278
Taxation paid	0	0
Capital expenditure		
Acquisition of tangible fixed assets	(297)	(134)
Purchase of investments	(4,220)	(3,841)
Sale of investments	4,634	3,975
	2,106	2,278
Net cash flow provided by investing activities	2,106	2,278
CASH MOVEMENT (note b)	(563)	203

NOTES TO THE CASH FLOW STATEMENT

a Reconciliation of operating surplus to net cash outflow from operating activities		
Operating (deficit) / surplus for the year before taxation	(1,143)	62
Investment income	(1,989)	(2,278)
Decrease/(increase) in stock	73	(3)
Increase in debtors	(526)	(622)
Increase in creditors	138	84
Actuarial difference to pension scheme	(204)	(21)
Depreciation	665	703
Loss on disposal	317	0
	(2,669)	(2,075)
Net cash used in operating activities	(2,669)	(2,075)
b Analysis of change in cash		
Balance at 1 January	4,316	4,113
Net cash (outflow) / inflow	(563)	203
	3,753	4,316
Balance at 31 December	3,753	4,316

NOTES TO THE CONSOLIDATED ACCOUNTS

1 Accounting policies

a) Accounting convention

UGLE is an unincorporated association. The accounts are prepared in full accordance with the provisions of Financial Reporting Standard 102 (FRS102) issued in September 2015, under generally accepted accounting principles and under the historical cost convention except in the case of the investment properties and listed investments, which are accounted for at their fair values (market value).

b) Recognition of income

Receipts from Lodges for annual dues and fees are accounted for when received.

Income from annual dues is stated exclusive of Charitable donations from Freemasons, which are passed through directly to the Masonic Charitable Foundation, who then disburse them on behalf of Freemasonry. Other Charitable fundraising by Freemasons, whether from individuals, Lodges, Provinces or other sources, is similarly not included because it is paid directly to the Charities concerned and does therefore not go through the accounts of the Grand Lodge.

Rental income from investment properties is recognised when it falls due.

All other income is accounted for on an accruals basis.

c) Basis of consolidation

Consolidated financial statements have been prepared in respect of UGLE and its wholly owned subsidiaries as disclosed in Note 13.

d) Depreciation

Expenditure which increases the facilities of our building is capitalised. Depreciation is provided on tangible fixed assets, but not property investments, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life.

No depreciation charge is made in respect of the freehold land and buildings at Freemasons' Hall on the grounds that such depreciation would not be material because of the length of its estimated remaining economic life, and because the residual value of Freemasons' Hall is not less than its carrying amount in the accounts.

Depreciation is charged evenly over the life of each asset as follows:

IT and office equipment	5 to 7 years
Furniture and fittings	10 years
Improvements to Freemasons' Hall	20 years

The carrying values of tangible fixed assets are reviewed for impairment at the end of each year if events or changes in circumstances indicate the carrying value may not be recoverable.

e) Property investments

Investment properties, which comprise the UGLE freehold properties other than Freemasons' Hall, are measured annually at their estimated fair values with any changes in value recognised in the income and expenditure account. The policy is for all property investments to be valued annually on the basis of the RICS appraisal and valuation standards, by either internal valuers or external independent professional valuers, with the intention that each investment in the portfolio will be subject to external independent valuation at least every three years (see Note 12).

f) Financial instruments

UGLE has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

(i) Listed investments, including fixed interest securities and cash held for investment, are measured at fair value through income and expenditure and are reported at their market values at the balance sheet date.

(ii) Other financial instruments, which comprise bank and cash, debtors, other creditors and accruals are initially recognised at transaction value and are subsequently measured at amortised cost using the effective interest method.

Assets, other than those measured at their fair value, are assessed for indicators of impairment at each balance sheet date.

g) Taxation

Current tax is provided at amounts expected to be paid (or received) using the tax rates and laws at the balance sheet date.

Deferred tax liabilities are recognised in respect of all timing differences, including the restatement of fixed asset investment properties and other investments at market values, that are likely to result in an obligation to pay more tax in the future.

Deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

1 Accounting policies (continued)

h) Significant areas of estimated uncertainty

The following amounts in the financial statements involve a significant level of estimation.

- (i) Pension Liabilities - UGLE recognises its liabilities to its defined benefit pension scheme which involves a number of estimations as disclosed in note 19.
- (ii) Valuation of investment properties - The investment properties are stated at their estimated fair values based on professional valuations as disclosed in note 12.
- (iii) Provisions - Recoverability of all debtors has been assessed at the year end. Where recoverability is doubtful, either in whole or part, a provision has been made to reduce the debt to its expected recoverable amount.

i) Pension contributions

Defined benefit pension scheme current service costs and the net amount of the scheme interest cost and the expected return on the scheme assets for the year are charged to the income and expenditure account within staff costs. Actuarial gains and losses are recognised immediately within the change in Funds for the year.

The defined benefit pension scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date 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 term to the scheme liabilities. Any resulting defined benefit liability is presented separately after other net assets on the face of the balance sheet. Defined benefit assets are not recorded except to the extent that they are considered to be recoverable.

Contributions to the defined contribution scheme are charged to the income and expenditure account as they fall due.

j) Heritage assets

Heritage assets for which information on their acquisition cost or value is available are included as fixed assets in the financial statements. Heritage assets where this information is not available, and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements, are not recognised in the balance sheet. No depreciation is provided on heritage assets as these are considered to have indefinite lives.

k) Going Concern

The Board believes that our future income, cash reserves and investment portfolio are sufficient to ensure the ability of UGLE to continue as a going concern for the foreseeable future. It therefore remains appropriate to prepare these financial statements on a going concern basis.

2 Receipts from Lodges

	2023	2022
	£000	£000
Fees for registration, warrants, etc. on a cash received basis	584	630
Annual dues on a cash received basis	7,867	7,439
Rents of Lodge rooms at Freemasons' Hall	978	867
Provision for doubtful debts	(84)	-
	<u>9,345</u>	<u>8,936</u>

Receipts from Lodges do not include £3,260k (2022 - £3,228k) which was collected by UGLE and passed through directly to the Masonic Charitable Foundation (see note 8).

3 Investment income	2023	2022
	£000	£000
Gross rental income	2,433	2,509
Less:		
Repairs, renewals and insurance	(333)	(356)
Provision for doubtful debts	(231)	(8)
Legal and professional fees	(128)	(84)
Net property income	<u>1,741</u>	<u>2,061</u>
Income from listed securities	175	213
Custody fees	(61)	(57)
Interest	134	61
	<u><u>1,989</u></u>	<u><u>2,278</u></u>

The minimum future lease income from investment property operating leases is as follows:

	2023	2022
	£000	£000
Not later than one year	2,131	2,038
Later than one year and not later than five years	7,912	7,755
Later than five years	36,635	37,880

4 Other Receipts	2023	2022
	£000	£000
Gross income	1,040	1,173
Less:		
Room hire	(19)	(17)
Lodge/Chapter dining	(336)	(542)
	<u><u>685</u></u>	<u><u>614</u></u>

5 Staff emoluments	2023	2022
	£000	£000
Salaries	5,455	5,003
Employer National Insurance contributions	537	538
UGLE Defined Benefit Scheme contributions	37	65
UGLE Defined Contribution Scheme contributions	431	396
Pension adjustments (note 19)	(204)	362
Life assurance and other staff costs	124	111
	<u><u>6,380</u></u>	<u><u>6,476</u></u>

Average number of employees during the year was 121.2 (2022 - 124.4).

Total salaries roll of key management (including all Heads of Department) is £1,253k (2022 - £1,292k), covering 17 employees (2022 - 16).

6 Publications and communications	2023	2022
	£000	£000
Cost of publications	764	749
Travel and subsistence	265	245
Other	500	628
	<u><u>1,529</u></u>	<u><u>1,622</u></u>

7 Consultancy and professional fees	2023	2022
	£000	£000
Legal advice	241	170
Audit fees	42	35
Bank charges	48	44
Taxation advice	19	14
Actuarial advice	56	16
HR consultants	4	29
PR consultants	26	45
Other consultants	14	49
Recruitment	59	115
	<u><u>509</u></u>	<u><u>517</u></u>

8 Donations to Charity

Donations to Charity primarily represent donations to support the operation of the Museum of Freemasonry. It does not include the £3,260k (2022 - £3,228k) paid across to the Masonic Charitable Foundation (Note 2).

9	Projects	2023 £000	2022 £000
	Repairs to Freemasons Hall	1,076	189
	Internal reorganisation of Freemasons' Hall	25	-
	IT projects	148	253
	Other projects	35	136
		<u>1,284</u>	<u>578</u>
10	Recharges	2023 £000	2022 £000
	Museum of Freemasonry	(343)	(287)
	Masonic Charitable Foundation	(360)	(290)
	Metropolitan Grand Lodge	(103)	(76)
	Supreme Grand Chapter	(680)	(679)
		<u>(1,486)</u>	<u>(1,332)</u>

The entities listed above are collectively described as "related parties" for the purpose of note 15.

Related Party Transactions

The following entities receive a recharge from UGLE, as noted above, representing a share of operational costs or costs relating to their occupation of space at Freemasons' Hall. One or more members of the UGLE Board are also members of the Boards or Committees of these entities.

Museum of Freemasonry. UGLE's collections of Masonic artefacts and artwork are on loan to the Museum as detailed in a signed Loan Agreement. The amount owed by the Museum at the end of financial year 2023 was £162k (2022 £125k)

Masonic Charitable Foundation (MCF). Charitable contributions from members are collected by UGLE and passed through to MCF, as disclosed in Note 2. Amounts collected on behalf of MCF due to be paid over was £272k (2022 - £204k). The amount owed by MCF at the financial year 2023 was nil (2022 £1k).

Metropolitan Grand Lodge (MetGL). The amount owed by MetGL at the end of financial year 2023 was nil (2022 £13k)

Supreme Grand Chapter (SGC). The amount owed by SGC at the end of the financial year 2023 was £733k (2022 £506k)

In addition to the above, insurance cover for UGLE is arranged through the Masonic Mutual Limited; one member of the UGLE Board is also a member of the Board of the Masonic Mutual. The total amount paid to Masonic Mutual in 2023 was £1.3m (2022 £990k) and no amounts were outstanding at year end.

11 Taxation

The taxation charge for the year on the operating surplus arises on investment income after allowing for payments made under gift aid. Tax on chargeable gains arises on sales of assets less realised losses in the year.

Tax on ordinary activities

	UGLE Trading Co.		Total 2023 £000	2022 £000
	UGLE 2023 £000	Ltd 2023 £000		
UK corporation tax	-	-	-	-
Adjustments in respect of previous periods	-	-	-	-
Total current tax charge	-	-	-	-
Deferred tax	(48)	-	(48)	3
Tax on property revaluation	(615)	-	(615)	42
Total deferred tax	(663)	-	(663)	45
Tax (credit) / charge for the year	<u>(663)</u>	<u>-</u>	<u>(663)</u>	<u>45</u>

Factors affecting the tax charge for the year

The tax assessed on the surplus on ordinary activities for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	UGLE Trading Co.		Total 2023 £000	2022 £000
	UGLE 2023 £000	Ltd 2023 £000		
Surplus on ordinary activities before tax	(1,250)	(184)	(1,434)	368
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK	(313)	(35)	(348)	70
Effect of:				
Disallowed expenses and non-taxable income	(211)	13	(198)	(231)
Tax on property revaluation	(615)	-	(615)	42
Unutilised losses carried forward	524	22	546	161
Effect of increased tax rate on opening liability	-	-	-	-
Tax underprovided in previous years	-	-	-	-
Tax repayable	-	-	-	-
Other adjustment	(48)	-	(48)	3
Current year tax charge as above	<u>(663)</u>	<u>-</u>	<u>(663)</u>	<u>45</u>

11 Taxation (continued)

Net gains of £484k at 31 December 2023 on the listed investments included £254k of realised gains. No provision has been made for any taxation that would arise should the investments be sold as no taxable gain is expected. Deferred tax on the £2,458k revaluation of the properties has been provided for in these accounts should they be sold.

12 Property and listed investments

	Cost	Market	Cost	Market value
	2023	2023	2022	2022
	£000	£000	£000	£000
Property investments	384	57,609	384	60,067
Government securities and fixed interest	1,759	1,941	2,110	2,140
Other listed securities	9,167	10,034	8,636	9,425
Cash deposits	22	22	362	362
Listed investments	10,948	11,997	11,108	11,927
	<u>11,332</u>	<u>69,606</u>	<u>11,492</u>	<u>71,994</u>
		2023		2022
		£000		£000
Listed investments market value as at 1 January		11,927		12,776
Net monies disinvested		(414)		(133)
Net gains / (losses) on listed investments		484		(716)
Listed investments market value as at 31 December		<u>11,997</u>		<u>11,927</u>

The movement in the market value of the property investments arises from revaluation only.

Property investments comprise the Grand Connaught Rooms and a number of retail, office and residential units all of which are located in Great Queen Street, London. The Grand Connaught Rooms and Sway were valued as of 31 December 2023 by Farebrother, Chartered Surveyors, and the remaining properties subject to an internal valuation.

13 Investment in subsidiary undertakings

UGLE has three wholly owned subsidiaries, whose activities are consolidated into these accounts and whose activities are as described below:

UGLE Trading Company Limited, a company limited by guarantee whose principal activity is a retail shop selling Masonic regalia, other items of Masonic significance, and relevant souvenirs and memorabilia, as well as operating a café & bar.

GQS Properties Limited and GQS Properties 2 Limited, whose sole activity is to hold the Titles to Freemasons' Hall and investment properties on trust for UGLE and Supreme Grand Chapter as their beneficial owners. Other than this, they are dormant.

Grand Lodge Publications Limited ("GLP"), which from January 1st 2019 has been dormant.

14 Tangible fixed assets

	UGLE			
	FMH, fixtures and fittings £000	Computers and computer systems £000	Office furniture and equipment £000	Total £000
Cost				
At 1 January 2023	11,776	1,062	528	13,366
Additions at cost	-	255	42	297
Disposal	(87)	(524)	(14)	(625)
	<u>11,689</u>	<u>793</u>	<u>556</u>	<u>13,038</u>
Depreciation				
At 1 January 2023	6,390	526	206	7,122
Charge for the year	434	157	21	612
Disposal	(81)	(230)	(14)	(325)
	<u>6,743</u>	<u>453</u>	<u>213</u>	<u>7,409</u>
Net book value				
At 31 December 2023	<u>4,946</u>	<u>340</u>	<u>343</u>	<u>5,629</u>
<i>At 31 December 2022</i>	<u>5,385</u>	<u>536</u>	<u>321</u>	<u>6,242</u>

	Group			
	FMH, fixtures and fittings £000	Computers and computer systems £000	Office furniture and equipment £000	Total £000
Cost				
At 1 January 2023	12,166	1,133	530	13,829
Additions at cost	0	255	42	297
Disposal	(93)	(566)	(14)	(673)
	<u>12,073</u>	<u>822</u>	<u>558</u>	<u>13,453</u>
Depreciation				
At 1 January 2023	6,473	551	208	7,232
Charge for the year	472	172	21	665
Disposal	(87)	(254)	(14)	(355)
	<u>6,858</u>	<u>468</u>	<u>215</u>	<u>7,541</u>
Net book value				
At 31 December 2023	<u>5,215</u>	<u>354</u>	<u>343</u>	<u>5,912</u>
<i>At 31 December 2022</i>	<u>5,693</u>	<u>583</u>	<u>321</u>	<u>6,597</u>

15 Debtors

	Group 2023 £000	UGLE 2023 £000	Group 2022 £000	UGLE 2022 £000
Trade and other debtors	754	751	668	662
Amounts due from related parties (Note 10)	896	2,535	636	2,270
Prepayments	1,097	1,084	917	916
	<u>2,747</u>	<u>4,370</u>	<u>2,221</u>	<u>3,848</u>

16 Financial instruments

At the balance sheet date UGLE held financial assets at fair value through income and expenditure of £11,997k (2022 £11,927k), financial assets at amortised cost of £5,704k (2022 £5,995k) and financial liabilities at amortised cost of £2,445k (2022 £2,307k).

17 Creditors

	Group	UGLE	Group	UGLE
	2023	2023	2022	2022
	£000	£000	£000	£000
Trade and other creditors	1,338	1,306	1,500	1,473
Accruals	781	767	545	535
Corporation tax	-	-	-	-
Other taxes	326	275	262	212
	<u>2,445</u>	<u>2,348</u>	<u>2,307</u>	<u>2,220</u>

18 Deferred tax - group and UGLE

	2023	2022
	£000	£000
Deferred tax as at 1 January	14,822	14,777
Charged for the year	<u>(663)</u>	<u>45</u>
	<u>14,159</u>	<u>14,822</u>

19 Pension disclosures

UGLE operates a defined benefit pension arrangement, the Staff Pension and Life Assurance Scheme of the United Grand Lodge (the "Scheme"). The Scheme provides benefits based on final salary and length of service on retirement, leaving service or death. The scheme includes members from the Metropolitan Grand Lodge.

The Scheme is subject to the Statutory Funding Objective under the Pensions Act 2004. A valuation of the Scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process, UGLE must agree with the Trustees of the Scheme the contributions to be paid to address any shortfall against the Statutory Funding Objective, and also contributions to pay for future accrual of benefits.

The most recent comprehensive actuarial valuation of the Scheme was carried out as at 1 January 2022 and updated to 31 December 2023 by a qualified independent actuary. The next full valuation of the Scheme is due as at 1 January 2025.

The Scheme was closed to new members with effect from 31 December 2002. UGLE now operates a defined contribution scheme for which the pension costs charged to income and expenditure amounted to £430,707 (2022 - £396,000). The remainder of this note relates to the defined benefit scheme.

Change in benefit obligation	2023	2022
	£000	£000
Benefit obligation at beginning of year	22,101	33,851
Current service cost	70	192
Interest cost	1,051	601
Member contributions	32	40
Increase / (decrease) in obligation through changes in actuarial and demographic assumptions	603	(11,649)
Benefits paid	<u>(896)</u>	<u>(934)</u>
Benefit obligation at end of year	<u>22,961</u>	<u>22,101</u>
Change in plan assets	2023	2022
	£000	£000
Fair value of plan assets at beginning of year	30,652	33,119
Interest on assets	1,469	595
Actuarial adjustments	171	(2,938)
Employer contribution	271	934
Member contributions	32	40
Benefits and administration costs paid	<u>(1,040)</u>	<u>(1,098)</u>
Fair value of plan assets at end of year	<u>31,555</u>	<u>30,652</u>
Funded status	<u>8,594</u>	<u>8,551</u>

19 Pension disclosures (continued)

Change in net liability	2023	2022
	£000	£000
Net liability at beginning of year	8,551	(732)
Employer contribution (other employers - excluding Section 75 payment in 2022)	44	223
Employer contribution (UGLE only - excluding Section 75 payment in 2022)	227	383
Pension cost recognised in the Income and Expenditure Account for the year (see note 5)	204	(362)
Actuarial (losses) / gains recognised in Change of Funds for the year	(432)	8,711
Section 75 payment	-	328
Net asset at end of year	8,594	8,551

As it is not considered to be recoverable, the net asset at 31 December 2023 has not been recognised in the balance sheet.

Components of pension cost	2023	2022
	£000	£000
Current service cost	214	356
Interest cost	1,051	601
Expected return on plan assets	(1,469)	(595)
Past service costs	-	-
Pension cost recognised in the Income and Expenditure Account for the year	(204)	362

The actuarial valuation as at 31 December 2023 showed a modest improvement in the net surplus, from £8,551k to £8,594k. The surplus increased due to the impact of reduced life expectancy, investment returns and contributions received, offset by the effect of lower bond yields, higher inflation and costs incurred. The employer contribution rate as from 1 January 2023 is 12.5% of members' Scheme salary, with additional monthly contributions of £18,333 also being made by the employers to cover death in service benefits and costs of Scheme administration. Pension benefits accrued after April 2006 are increasing at a rate of RPI subject to a maximum of 2.5% per annum. The above contributions include amounts paid by Metropolitan Grand Lodge. Active members of the Scheme pay contributions at the rate of 8% of Scheme salary.

Scheme assets

The weighted-average asset allocation at the year-end was as follows:

Asset category	2023		2022	
	% of Plan Assets	Expected Return on Plan Assets	% of Plan Assets	Expected Return on Plan Assets
Equities	60%		59%	
Gilts	30%		29%	
Cash	3%		2%	
Other	8%		10%	
	100%	4.6%	100%	4.9%

Under the FRS102 standard, the discount rate used to value the liabilities is now effectively based on the expected return on assets (i.e. the returns available on high quality corporate bonds) with no allowance made for any outperformance expected from the Scheme's actual asset holding. This resulted in the 4.6% assumption which was applied in respect of the year to 31 December 2023.

The principal assumptions used to determine benefit obligations are:

	2023	2022
Discount rate	4.60%	4.85%
Inflation assumption (RPI)	3.30%	3.40%
Inflation assumption (CPI)	2.95%	3.00%
Salary increases	2.95%	3.00%
Rate of increase of pensions in payment (RPI max 5%)	3.00%	3.10%
Rate of increase of pensions in payment (RPI min 3%)	3.90%	4.00%
Rate of increase of pensions in payment (RPI max 2.5%)	2.10%	2.15%
GMP equalisation cost	1.50%	1.50%

Commutation: 70% of members are assumed to take the maximum tax free cash possible.

19 Pension disclosures (continued)

The future life expectancy at age 65 from mortality tables used to determine benefit obligations is as follows:

	31 December 2023		31 December 2022	
	Male	Female	Male	Female
Member currently aged 65	22.0	24.5	22.3	24.8
Member currently aged 45	23.3	25.9	23.6	26.2

Contributions

The employer expects to contribute £0.17 million to its pension scheme in 2024.

20 Heritage assets

UGLE owns a collection of heritage assets comprising objects, books and documents which are held and maintained for their contribution to historical knowledge about freemasonry and fraternalism. These assets are on loan to the Library and Museum of Freemasonry which maintains and catalogues the assets and provides access for researchers, and permanent displays and temporary exhibitions for the enjoyment of visitors to the Library and Museum and online resources.

These assets which are not held for resale have generally been held by UGLE for a significant period.

These heritage assets do not have readily verifiable values. In the view of the Board of General Purposes there would be significant costs in obtaining a valuation and this cost would outweigh the benefits of undertaking such an exercise. Accordingly the assets are not reported on the balance sheet of UGLE.