

**THE UNITED GRAND LODGE
OF
ANTIENT FREE AND ACCEPTED MASONS OF ENGLAND
STATEMENT OF ACCOUNTS**

31 DECEMBER 2022

PRESIDENT'S REPORT ON THE 2022 ACCOUNTS

2022 marks the first full year with no disruption from the Coronavirus pandemic; however, the fallout from the virus continues to cast a shadow in the form of reduced membership and increased cost inflation.

Our operating income rose by 11% compared to 2021, and has now returned to its pre-pandemic level. Income from annual dues, at £7.4 million, is below the pre-pandemic level of £8.1 million, reflecting the 9% fall in membership over the period of the pandemic. Registration fees doubled to £0.6 million as initiations resumed. We hope that our new strategy will drive a return to growth in our membership over the next few years. Room hire income has recovered, though not as strongly as had been hoped as economic conditions deterred some third party bookings. We have offset these difficulties by maximising our income from other sources. Investment income rose by 22% to £2.3 million, driven by returning rental income from our property portfolio. Our trading income, mostly comprising the shop and the café and bar at Freemasons' Hall, increased strongly to £1.7 million (2021 - £0.7 million) as activity returned to normal levels.

We maintained tight management of costs, as well as managing the timing of major projects. Trading cost of sales increased to £1.0 million (2021 - £0.6 million) as volumes increased, but our trading margin also improved so trading costs rose less quickly than income. Utility costs increased by 34% as the rates holiday during the pandemic came to an end; this also affected the increase in costs recharged to other occupants of Freemasons' Hall. Energy cost increases were muted as we benefited from fixed price contracts for the majority of 2022, so the full impact of energy price rises, estimated at some £0.5 million, will not be seen until next year. Travel costs increased significantly as activity resumed following the lockdowns. Offsetting these increases, project costs reduced to £0.6 million (2021 - £1.0 million) as a number of projects we had undertaken during the lockdowns were concluded, and the timing of new projects was managed to protect our cash flow. Priority was given to those projects with greatest benefit to the membership, such as Hermes. Meanwhile, given the deficits experienced during the pandemic years, we were compelled to reduce our funding of the Museum to £0.6 million (2021 - £1.0 million).

Our overall operating surplus was £0.1m (2021 – deficit of £0.2m). After the revaluation of investments and properties, which was in line with market conditions, and the actuarial adjustment to the pension scheme, the net change in funds for the year was £0.2m.

Our balance sheet remains strong, with net assets of £68.4 million. The annual revaluation of the defined benefit pension scheme showed a surplus for the first time for many years; as this is not a realisable asset for UGLE, it has not been included as an asset in the accounts.

I would like to thank all the staff and members at Grand Lodge for their help and support through the challenges of the past year. Together we have laid a strong foundation on which to build our future through our new strategy.



G G Dearing
President, Board of General Purposes
21 March 2023

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 2022 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 2022 and of its surplus 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: 30 March 2023

UNITED GRAND LODGE OF ENGLAND
CONSOLIDATED STATEMENT OF INCOME AND EXPENDITURE
AND RETAINED FUNDS FOR
THE YEAR ENDED 31 DECEMBER 2022

		2022	2021
	Notes	£000	£000
OPERATING INCOME			
Receipts from Lodges	2	8,936	8,902
Investment income	3	2,278	1,866
Freemasonry Today advertising revenue		183	179
Government grants receivable		0	161
Trading income		1,668	738
Other receipts	4	614	519
		<hr/> 13,679	<hr/> 12,365
OPERATING COST			
Trading cost of sales		994	571
Staff emoluments	5	6,475	5,387
Repairs, renewals and upkeep		1,135	1,018
Utilities and services		1,639	1,227
Office services		728	828
Publications and communications	6	1,622	1,359
Consultancy and professional fees	7	517	480
Donations to charity	8	558	1,006
Depreciation and loss on disposal		703	607
Projects	9	578	966
		<hr/> 14,949	<hr/> 13,449
Recharges	10	(1,332)	(895)
NET OPERATING COST		<hr/> 13,617	<hr/> 12,554
OPERATING SURPLUS / (DEFICIT) FOR THE YEAR		62	(189)
Taxation	11	(45)	(3,965)
Revaluation of investments and properties	12	(548)	3,117
NET SURPLUS / (DEFICIT)		<hr/> (531)	<hr/> (1,037)
Pension scheme actuarial adjustment	19	712	7,288
NET CHANGE IN FUNDS FOR THE YEAR		<hr/> 181	<hr/> 6,251
TOTAL FUNDS AT 1 JANUARY		<hr/> 68,192	<hr/> 61,941
TOTAL FUNDS AT 31 DECEMBER		<hr/> 68,373	<hr/> 68,192

GROUP AND UGLE BALANCE SHEET AS AT 31 DECEMBER 2022

		<u>2022</u>		<u>2021</u>	
		Group	UGLE	Group	UGLE
	Notes	£000	£000	£000	£000
FIXED ASSETS					
Property investments	12	60,067	60,067	59,898	59,898
Listed investments	12	11,927	11,927	12,776	12,776
Tangible fixed assets	14	6,597	6,242	7,167	6,771
		<u>78,591</u>	<u>78,236</u>	<u>79,841</u>	<u>79,445</u>
CURRENT ASSETS					
Stocks		374	9	371	43
Debtors and prepayments	15	2,221	3,848	1,599	3,033
Financial assets - bank and cash		4,316	4,222	4,113	4,014
		<u>6,911</u>	<u>8,079</u>	<u>6,083</u>	<u>7,090</u>
CURRENT LIABILITIES					
Creditors	17	(2,307)	(2,220)	(2,223)	(2,090)
		<u>4,604</u>	<u>5,859</u>	<u>3,860</u>	<u>5,000</u>
NET CURRENT ASSETS					
		<u>83,195</u>	<u>84,095</u>	<u>83,701</u>	<u>84,445</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
Deferred tax	18	(14,822)	(14,822)	(14,777)	(14,777)
Defined benefit pension scheme	19	0	0	(732)	(732)
		<u>68,373</u>	<u>69,273</u>	<u>68,192</u>	<u>68,936</u>

Approved



G G DEARING

President, Board of General Purposes



A MARSH

Grand Secretary

21 March 2023

**CONSOLIDATED CASH FLOW STATEMENT FOR
THE YEAR ENDED 31 DECEMBER 2022**

	2022	2021
	£000	£000
CASH FLOW FROM OPERATING ACTIVITIES		
Net cash used in operating activities (note a)	(2,075)	(1,408)
CASH FLOW FROM INVESTING ACTIVITIES		
Investment income		
Dividends received	156	145
Interest received	61	19
Net investment property income received	2,061	1,702
	<u>2,278</u>	<u>1,866</u>
Taxation paid	0	0
Capital expenditure		
Acquisition of tangible fixed assets	(134)	(447)
Purchase of investments	(3,842)	(4,215)
Sale of investments	3,975	2,503
Net cash flow provided by investing activities	<u>2,277</u>	<u>(293)</u>
CASH MOVEMENT (note b)	<u><u>202</u></u>	<u><u>(1,701)</u></u>

NOTES TO THE CASH FLOW STATEMENT

a Reconciliation of operating surplus to net cash outflow from operating activities		
Operating surplus / (deficit) for the year before taxation	62	(189)
Investment income	(2,278)	(1,866)
Increase in stock	(3)	(54)
(Increase)/ decrease in debtors	(622)	417
Increase/ (decrease) in creditors	84	(222)
Difference between payments to DB pension scheme and amount charged to expenditure	(21)	(101)
Depreciation and loss on disposal	703	607
Net cash used in operating activities	<u><u>(2,075)</u></u>	<u><u>(1,408)</u></u>
b Analysis of change in cash		
Balance at 1 January	4,113	5,814
Net cash inflow / (outflow)	<u>203</u>	<u>(1,701)</u>
Balance at 31 December	<u><u>4,316</u></u>	<u><u>4,113</u></u>

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 property operating leases is recognised on a straight-line basis over the term of the relevant lease. 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) Government grants

No government grants have been recognised in 2022 (2021 - £161k). In 2021 grants in connection to the Coronavirus Job Retention Scheme were recognised in the period to which the underlying furloughed staff costs related.

k) 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.

l) 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

	2022	2021
	£000	£000
Fees for registration, warrants, etc. on a cash received basis	630	287
Annual dues on a cash received basis	7,439	8,006
Rents of Lodge rooms at Freemasons' Hall	867	609
	<u>8,936</u>	<u>8,902</u>

Receipts from Lodges do not include £3,228k (2021 - £3,525k) which was collected by UGLE and passed through directly to the Masonic Charitable Foundation (see note 8).

3 Investment income	2022	2021
	£000	£000
Gross rental income	2,509	2,130
Less:		
Repairs, renewals and insurance	(356)	(268)
Provision for doubtful debts	(8)	(73)
Legal and professional fees	(84)	(87)
Net property income	2,061	1,702
Income from listed securities	213	196
Custody fees	(57)	(51)
Interest	61	19
	<u>2,278</u>	<u>1,866</u>

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

	2022	2021
	£000	£000
Not later than one year	2,038	1,981
Later than one year and not later than five years	7,755	7,480
Later than five years	37,880	35,590

4 Other Receipts	2022	2021
	£000	£000
Gross income	1,173	810
Less:		
Room hire	(17)	(9)
Lodge/Chapter dining	(542)	(282)
	<u>614</u>	<u>519</u>

5 Staff emoluments	2022	2021
	£000	£000
Salaries	5,003	4,187
Employer National Insurance contributions	538	433
UGLE Defined Benefit Scheme contributions	65	63
UGLE Defined Contribution Scheme contributions	396	342
Pension adjustments (note 19)	362	245
Life assurance and other staff costs	111	117
	<u>6,475</u>	<u>5,387</u>

Average number of employees during the year was 124.4 (2021 - 113.7).

Total salaries roll of key management (including all Heads of Department) is £1,291,986 (2021 - £1,170,157), covering 16 employees (2021 - 14).

Termination benefits due to employees as at 31 December 2022 were £16,200.

6 Publications and communications	2022	2021
	£000	£000
Cost of publications	749	830
Travel and subsistence	245	75
Other	628	454
	<u>1,622</u>	<u>1,359</u>

7 Consultancy and professional fees	2022	2021
	£000	£000
Legal advice	170	182
Audit fees	35	22
Bank charges	44	27
Taxation advice	14	30
Actuarial advice	16	28
HR consultants	29	13
PR consultants	45	37
Other consultants	49	57
Recruitment	115	84
	<u>517</u>	<u>480</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 £3,228k (2021 - £3,525k) paid across to the Masonic Charitable Foundation (Note 2).

9	Projects	2022 £000	2021 £000
	Repairs to Freemasons Hall	189	78
	Internal reorganisation of Freemasons' Hall	-	456
	IT projects	253	432
	Other projects	136	-
		<u>578</u>	<u>966</u>
10	Recharges	2022 £000	2021 £000
	Museum of Freemasonry	(287)	(217)
	Masonic Charitable Foundation	(290)	(237)
	Metropolitan Grand Lodge	(76)	(44)
	Supreme Grand Chapter	(679)	(397)
		<u>(1,332)</u>	<u>(895)</u>

The entities listed above are collectively described as "related parties" for the purpose of note 13.

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 2022 was £125k (2021 £56k)

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 £240k (2021 - £261k). The amount owed by MCF at the financial year 2022 was £1k (2021 £4k).

Metropolitan Grand Lodge (MetGL). The amount owed by MetGL at the end of financial year 2022 was £13k (2021 £12k)

Supreme Grand Chapter (SGC). The amount owed by SGC at the end of the financial year 2022 was £506k (2021 £337k)

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 2022 was £990k (2021 £836k) 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		Total	
	UGLE 2022 £000	Co. Ltd 2022 £000	2022 £000	2021 £000
UK corporation tax	-	-	-	-
Adjustments in respect of previous periods	-	-	-	-
Total current tax charge	-	-	-	-
Deferred tax	3	-	3	6
Effect of change in anticipated rate on opening liability	-	-	-	3,414
Tax on property revaluation	42	-	42	545
Total deferred tax	45	-	45	3,965
Tax charge for the year	45	-	45	3,965

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		Total	
	UGLE 2022 £000	Co. Ltd 2022 £000	2022 £000	2021 £000
Surplus on ordinary activities before tax	536	(168)	368	(11)
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK	102	(32)	70	(3)
Effect of:				
Disallowed expenses and non-taxable income	(241)	10	(231)	(325)
Tax on property revaluation	42	-	42	545
Unutilised losses carried forward	139	22	161	328
Effect of increased tax rate on opening liability	-	-	-	3,414
Tax underprovided in previous years	-	-	-	-
Tax repayable	-	-	-	-
Other adjustment	3	-	3	6
Current year tax charge as above	45	-	45	3,965

11 Taxation (continued)

Net losses of £716k at 31 December 2022 on the listed investments included £283k 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 £169k revaluation of the properties has been provided for in these accounts should they be sold.

12 Property and listed investments

	Cost	Market	Cost	Market
	2022	value	2021	value
	£000	£000	£000	£000
Property investments	384	60,067	384	59,898
Government securities and fixed interest	2,110	2,140	1,462	1,794
Other listed securities	8,636	9,425	9,287	10,749
Cash deposits	362	362	233	233
Listed investments	11,108	11,927	10,982	12,776
	<u>11,492</u>	<u>71,994</u>	<u>11,366</u>	<u>72,674</u>
		2022		2021
		£000		£000
Listed investments market value as at 1 January		12,776		10,127
Net monies invested / (disinvested)		(133)		1,712
Net gains / (losses) on listed investments		(716)		937
Listed investments market value as at 31 December		<u>11,927</u>		<u>12,776</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 majority of the properties in the portfolio was valued as of 31 December 2022 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 activities are 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

Cost

At 1 January 2022
Additions at cost
Disposal

Depreciation

At 1 January 2022
Charge for the year
Disposal

Net book value

At 31 December 2022

At 31 December 2021

UGLE			
FMH, fixtures and fittings £000	Computers and computer systems £000	Office furniture and equipment £000	Total £000
11,776	986	482	13,244
-	76	46	122
-	-	-	-
11,776	1,062	528	13,366
5,944	345	184	6,473
446	181	23	650
-	-	-	-
6,390	526	207	7,123
5,385	536	321	6,242
5,832	641	298	6,771

Group			
FMH, fixtures and fittings £000	Computers and computer systems £000	Office furniture and equipment £000	Total £000
12,165	1,048	484	13,697
1	87	46	134
-	(1)	-	(1)
12,166	1,134	530	13,830
5,987	357	186	6,530
486	194	23	703
-	-	-	-
6,473	551	209	7,233
5,693	583	321	6,597
6,178	691	298	7,167

Cost

At 1 January 2022
Additions at cost
Disposal

Depreciation

At 1 January 2022
Charge for the year
Disposal

Net book value

At 31 December 2022

At 31 December 2021

15 Debtors

	Group 2022 £000	UGLE 2022 £000	Group 2021 £000	UGLE 2021 £000
Trade and other debtors	668	662	715	709
Amounts due from related parties (Note 10)	636	2,270	231	1,699
Prepayments	917	916	653	625
	2,221	3,848	1,599	3,033

16 Financial instruments

At the balance sheet date UGLE held financial assets at fair value through income and expenditure of £11,927k (2021 £12,776k), financial assets at amortised cost of £5,995k (2021 £5,430k) and financial liabilities at amortised cost of £2,307k (2021 £2,223k).

17 Creditors

	Group 2022 £000	UGLE 2022 £000	Group 2021 £000	UGLE 2021 £000
Trade and other creditors	1,500	1,473	1,232	1,167
Accruals	545	535	838	794
Corporation tax	-	-	-	-
Other taxes	262	212	153	129
	<u>2,307</u>	<u>2,220</u>	<u>2,223</u>	<u>2,090</u>

18 Deferred tax - group and UGLE

	2022 £000	2021 £000
Deferred tax as at 1 January	14,777	10,812
Charged for the year	45	3,965
	<u>14,822</u>	<u>14,777</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 Museum of Freemasonry has left the scheme during the year.

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 2022 by a qualified independent actuary. The next full valuation of the Scheme is due as at 1 January 2025.

During the year, the Museum of Freemasonry, who were one of the participating employers in the Scheme, withdrew from the Scheme in a Section 75 procedure. In order to do so, they contributed a one-off final payment of £328,000, which is included in Employer Contributions for the year.

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 £396,000 (2021 - £342,000). The remainder of this note relates to the defined benefit scheme.

Change in benefit obligation	2022 £000	2021 £000
Benefit obligation at beginning of year	33,851	38,487
Current service cost	192	237
Past service cost	-	-
Interest cost	601	456
Member contributions	40	45
(Decrease)/Increase in obligation through changes in actuarial and demographic assumptions	(11,649)	(4,340)
Benefits paid	(934)	(1,034)
Benefit obligation at end of year	<u>22,101</u>	<u>33,851</u>
Change in plan assets	2022 £000	2021 £000
Fair value of plan assets at beginning of year	33,119	30,366
Expected return on plan assets	595	361
Actuarial adjustments	(2,938)	2,948
Employer contribution	934	676
Member contributions	40	45
Benefits and administration costs paid	(1,098)	(1,277)
Fair value of plan assets at end of year	<u>30,652</u>	<u>33,119</u>
Funded status	<u>8,551</u>	<u>(732)</u>

19 Pension disclosures (continued)

Change in net liability	2022	2021
	£000	£000
Net liability at beginning of year	(732)	(8,121)
Employer contribution (other employers - excluding Section 75 payment)	223	676
Employer contribution (UGLE only - excluding Section 75 payment)	383	
Pension cost recognised in the Income and Expenditure Account for the year (see note 5)	(362)	(575)
Actuarial gains recognised in Change of Funds for the year	8,711	7,288
Section 75 payment	328	-
Net asset / (liability) at end of year	8,551	(732)

As it is not considered to be recoverable, the net asset at 31 December 2022 has not been recognised in the balance sheet.

Components of pension cost	2022	2021
	£000	£000
Current service cost	356	480
Interest cost	601	456
Expected return on plan assets	(595)	(361)
Past service costs	-	-
Pension cost recognised in the Income and Expenditure Account for the year	362	575

The actuarial valuation as at 31 December 2022 showed a movement from a net deficit of £732k to a surplus of £8,551k. This is primarily a result of improvements in bond yields, which reduce the value of liabilities, offset by a much smaller reduction in asset values. 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	2022		2021	
	% of Plan Assets	Expected Return on Plan Assets	% of Plan Assets	Expected Return on Plan Assets
Equities	59%		65%	
Gilts	29%		26%	
Cash	2%		2%	
Other	10%		7%	
	100%	4.9%	100%	1.8%

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 4.85% assumption which was applied in respect of the year to 31 December 2022.

The principal assumptions used to determine benefit obligations are:

	2022	2021
Discount rate	4.9%	1.8%
Inflation assumption (RPI)	3.4%	3.5%
Inflation assumption (CPI)	3.0%	3.1%
Salary increases	3.0%	3.1%
Rate of increase of pensions in payment (RPI max 5%)	3.1%	3.2%
Rate of increase of pensions in payment (RPI min 3%)	4.0%	4.0%
Rate of increase of pensions in payment (RPI max 2.5%)	2.2%	2.2%
GMP equalisation cost	1.5%	1.5%
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 2022		31 December 2021	
	Male	Female	Male	Female
Member currently aged 65	22.3	24.8	22.2	24.7
Member currently aged 45	23.6	26.2	23.5	26.1

Contributions

The employer expects to contribute £0.31 million to its pension scheme in 2023.

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.