

**ANNEX A**  
**GRAND LODGE OF MARK MASTER MASONS OF**  
**ENGLAND AND WALES AND ITS DISTRICTS AND LODGES OVERSEAS**  
**REPORT FOR THE YEAR ENDED 31 AUGUST 2009**

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The Trustees and Members of the General Board of the Grand Lodge of Mark Master Masons present their report and the financial statements for the year ended 31 August 2009.

**TRUSTEES**

The Trustees of The Grand Lodge of Mark Master Masons who served during the year are:

J N G Howitt  
P H Rollin  
J A Wright

**GENERAL BOARD**

The responsibilities of the General Board of The Grand Lodge of Mark Master Masons are as follows:

- The day to day management of The Grand Lodge of Mark Master Masons.
- To manage the finances of the Integrated Fund of The Grand Lodge of Mark Master Masons in order to be able to discharge any financial liability that they may correctly incur.
- To install the correct policies and procedures in order to monitor and control all financial transactions that they deem necessary.

The General Board is also required to ensure that the future commitments of The Grand Lodge of Mark Master Masons are considered and the appropriate provisions are made.

The members of the General Board of The Grand Lodge of Mark Master Masons are:

J Brackley  
J P Croft  
His Honour Judge K C Cutler QC  
S I Edwards  
G T Herbert  
M E Herbert  
J N G Howitt  
N H Matthews  
P H Rollin  
R J Smith  
J A Wright  
Dr J L W Wright

**GRAND LODGE OF MARK MASTER MASONS OF  
ENGLAND AND WALES AND ITS DISTRICTS AND LODGES OVERSEAS  
REPORT FOR THE YEAR ENDED 31 AUGUST 2009 (CONTINUED)**

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**INVESTMENT POLICY**

The Grand Lodge of Mark Master Masons seeks to invest to meet two objectives.

- 1) To provide funds to meet any excess of the replacement cost of the current lease over the annual amount, which the Charity Commissioners required The Grand Lodge of Mark Master Masons to reimburse The Grand Lodge of Mark Master Masons Fund of Benevolence for the amount originally expended; and
- 2) To provide funds which in time of rapid inflation could reduce the immediate demands for increases in dues paid by brethren.

In accordance with this policy the Board has concentrated on investing in equities.

The Investment Committee, appointed by the Trustees, only change investments by an unanimous vote following advice from Rensburg Sheppards Investment Managers, the brokers to The Grand Lodge of Mark Master Masons. The intention is to concentrate on those investments likely to increase in value, usually as a result of increased dividends.

**AUDITOR**

Horwath Clark Whitehill LLP have indicated their willingness to continue in office and a resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the General Board on 21 January 2010  
and signed on its behalf

**M E Herbert**

**J Brackley**

**PRESIDENT**

**GRAND SECRETARY**

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE GRAND LODGE OF MARK MASTER MASONS OF ENGLAND AND WALES AND ITS DISTRICTS AND LODGES OVERSEAS**

We have audited the financial statements of The Grand Lodge of Mark Master Masons for the year ended 31 August 2009 set out on pages 9 to 15. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the members, as a body. Our audit work has been undertaken so that we might state to the 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 The Grand Lodge of Mark Master Masons and the members as a body, for our audit work, for this report, or for the opinion we have formed.

## **Respective responsibilities of the General Board and auditor**

The General Board has control and management of all the property and the finances of The Grand Lodge of Mark Master Masons including the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards. The Constitutions of The Grand Lodge of Mark Master Masons do not contain any detailed requirements as to the form and contents of the financial statements or accounting records, other than requiring them to be audited by a professional auditor. The General Board selects suitable accounting policies and then applies them on a consistent basis, making judgements and estimates that are prudent and reasonable, and the financial statements are prepared on a going concern basis.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view. We also report to you if, in our opinion, the Report of the General Board is not consistent with the financial statements, if The Grand Lodge of Mark Master Masons has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law is not disclosed.

We read the Report of the General Board and consider the implications for our report if we become aware of any apparent misstatements within it.

## **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the General Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of The Grand Lodge of Mark Master Masons, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the affairs of The Grand Lodge of Mark Master Masons as at 31 August 2009 and of its surplus for the year then ended.

**GRAND LODGE OF MARK MASTER MASONS**  
**GENERAL FUND**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 AUGUST 2009**

	Notes	£	2009 £	2008 £
<b>INCOME</b>				
Annual dues	1b	1,760,864		1,579,948
Registration fees and warrants		173,368		207,416
Fees of honour and dispensations		104,207		87,583
Year Book sales		28,931		29,453
Meetings and dining receipts		113,910		85,614
Hire of lodge rooms		170,766		161,310
Management fees		402,460		282,530
			<b>2,754,506</b>	<b>2,433,854</b>
<b>Deduct: EXPENDITURE</b>				
Year Book printing		36,945		37,546
Meeting costs		150,971		125,086
Staff emoluments		1,307,041		1,224,561
Rent, rates and insurance		238,888		246,892
Lighting and heating		70,213		51,593
Repairs, replacements and cleaning		297,894		293,194
Depreciation of furniture and equipment		21,172		5,215
Depreciation of computers		12,554		12,554
Amortisation of leasehold improvements		9,060		9,060
Engrossing, postages, printing and stationery		127,903		137,114
Office expenses and telephone		254,861		192,088
Travelling		316,163		297,463
Auditor's remuneration		22,575		24,525
Professional fees		61,254		61,329
Additional pension fund contribution	8	-		100,000
			<b>2,927,494</b>	<b>2,818,220</b>
			<b>(172,988)</b>	<b>(384,366)</b>
<b>SUNDRY INCOME</b>				
Keystone Fund		125,690		-
Gain on sale of investments		44,387		342,067
Income from investments		34,064		64,900
Interest received		3,664		15,228
Sundry income		14,832		17,820
			<b>222,637</b>	<b>440,015</b>
<b>NET INCOME</b>				
Corporation tax – current year	3		49,649	55,649
Corporation tax – overprovision in prior year			-	(86,902)
Transfer to Premises Replacement Fund	6		4,213	-
			<b>(44,005)</b>	<b>(44,005)</b>
<b>INCREASE/(DECREASE) IN CAPITAL FUND</b>	5		<b>9,857</b>	<b>(75,258)</b>

The Income and Expenditure Account contains all the gains and losses recognised in the year and the surplus / (deficit) for the year is the only movement in the Capital Fund.

The notes on pages 11 to 15 form part of these financial statements.

**GRAND LODGE OF MARK MASTER MASONS  
GENERAL FUND  
BALANCE SHEET  
31 AUGUST 2009**

	Notes	£	2009 £	2008 £
<b>FIXED ASSETS</b>				
Tangible fixed assets	2 & 4	<b>688,652</b>		683,569
Investments				
Unquoted at cost	7a	<b>85,392</b>		60,245
Quoted at cost	7b	<b>1,237,686</b>		<u>1,496,109</u>
(Market value £1,315,116 (2008 £1,830,329))			<b>2,011,730</b>	<u>2,239,923</u>
<b>CURRENT ASSETS</b>				
Debtors due within one year		<b>1,159,106</b>		691,294
Debtors due after more than one year		<b>270,000</b>		200,000
Cash at bank and in hand		<b>16,197</b>		<u>67,345</u>
			<b>1,445,303</b>	<u>958,639</u>
<b>Deduct: CURRENT LIABILITIES</b>				
Creditors		<b>434,915</b>		161,520
Corporation tax		<b>-</b>		<u>86,902</u>
			<b>434,915</b>	<u>248,422</u>
<b>NET CURRENT ASSETS</b>			<b>1,010,388</b>	<u>710,217</u>
<b>NET ASSETS</b>			<b>3,022,118</b>	<u>2,950,140</u>
<b>FUNDS</b>				
<b>BUILDING MAINTENANCE FUND</b>			<b>100,000</b>	100,000
<b>PREMISES REPLACEMENT FUND</b>	6		<b>924,324</b>	862,203
<b>CAPITAL FUND</b>	5		<b>1,997,794</b>	<u>1,987,937</u>
			<b>3,022,118</b>	<u>2,950,140</u>

**S I Edwards**

Chartered Accountant  
Grand Treasurer

The notes on pages 11 to 15 form part of these financial statements.

**GRAND LODGE OF MARK MASTER MASONS**  
**GENERAL FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2009**

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**1. ACCOUNTING POLICIES**

**(a) Basis of Accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards. All activities contained within these financial statements are continuing. The accounts represent information about The Grand Lodge of Mark Master Masons as an individual entity, and not about its group.

The income and expenditure account has been grossed up to show income and expenditure associated with the Year Book and meetings separately. The loan due from Mark Catering Limited has also been reclassified from a short term to a long term debtor. Comparative figures have been restated in both cases.

**(b) Annual Dues**

This is the amount of dues receivable at The Grand Lodge of Mark Master Masons in the current year. Each of the other orders surrenders their income to The Grand Lodge of Mark Master Masons in return for the management of and expenses applicable to that order.

**(c) Depreciation**

Depreciation and amortisation is charged to write off the cost of the assets over the following periods in equal instalments:-

Leasehold premises	- 98 years (term of the lease)
Furniture and equipment	- 3 years
Computers	- 5 years

The residual economic life of leasehold improvements is reviewed on a regular basis. The General Board have determined the position with regard to depreciation and the cost of the leasehold improvements is being amortised over the life of the lease. The General Board are also of the view that the carrying value of these assets is not impaired having assessed their service delivery and will undertake future reviews in accordance with Financial Reporting Standard 11.

**(d) Investments**

Fixed asset investments are stated at cost less provision for impairment or diminution in value.

**(e) Pension Costs**

Costs of providing pensions for employees are charged to the income and expenditure account on a basis that spreads expected costs over the employees' working lives.

The Grand Lodge of Mark Master Masons pension scheme falls under the definition of a multi-employer scheme within FRS17 and the necessary information is disclosed in note 8.

The above scheme is now closed. For new employees the company pays contributions into either a money purchase scheme or a stakeholder scheme. The contributions are charged to the income and expenditure account as they become payable.

**GRAND LODGE OF MARK MASTER MASONS**  
**GENERAL FUND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2009**

**2. 86 ST. JAMES'S STREET, LONDON SW1**

The Grand Lodge of Mark Master Masons occupies these premises under a sub-lease from the Fund of Benevolence.

<b>3. CORPORATION TAX</b>		<b>2009</b>	<b>2008</b>
		£	£
	Tax on investment income receivable in the year at 30% (2008: 28%)	-	86,902
		<u>          </u>	<u>          </u>

The Grand Lodge of Mark Master Masons is liable to Corporation Tax on its investment income. Tax losses available to be carried forward are £18,098 (2008: £Nil).

**4. TANGIBLE FIXED ASSETS**

	Leasehold improvements £	Furniture and equipment £	Computers £	Total £
Cost				
At 1 September 2008	887,850	48,789	62,769	999,408
Additions	-	47,869	-	47,869
Disposals	-	-	-	-
<b>At 31 August 2009</b>	<b><u>887,850</u></b>	<b><u>96,658</u></b>	<b><u>62,769</u></b>	<b><u>1,047,277</u></b>
Depreciation				
At 1 September 2008	259,711	43,574	12,554	315,839
Charge for the year	9,060	21,172	12,554	42,786
Disposals	-	-	-	-
<b>At 31 August 2009</b>	<b><u>268,771</u></b>	<b><u>64,746</u></b>	<b><u>25,108</u></b>	<b><u>358,625</u></b>
<b>Net book values</b>				
<b>At 31 August 2009</b>	<b><u>619,079</u></b>	<b><u>31,912</u></b>	<b><u>37,661</u></b>	<b><u>688,652</u></b>
<i>At 1 September 2008</i>	<u>628,139</u>	<u>5,215</u>	<u>50,215</u>	<u>683,569</u>

<b>5. CAPITAL FUND</b>		<b>2009</b>	<b>2008</b>
		£	£
	Balance at 1 September 2008	1,987,937	2,063,195
	Surplus/(deficit) on income and expenditure account	9,857	(75,258)
		<u>          </u>	<u>          </u>
	Balance at 31 August 2009	<b><u>1,997,794</u></b>	<b><u>1,987,937</u></b>

**GRAND LODGE OF MARK MASTER MASONS  
GENERAL FUND  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2009**

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**6. PREMISES REPLACEMENT FUND**

The premises replacement fund has been set up to set aside funds to replace the premises at the end of the lease. The funds have been invested and the income arising on the investment is transferred to the premises replacement fund each year.

	£	£
Balance on premises replacement fund as at 1 September 2008		862,203
Income from investments	18,116	
Transfer from capital fund	<u>44,005</u>	
		<u>62,121</u>
Balance on premises replacement fund as at 31 August 2009		<u>924,324</u>

**7. INVESTMENTS**

	2009 £	2008 £
<b>a) Unquoted</b>		
At cost:		
Mark Catering Limited	9	9
Mark Masons Hall Limited	<u>85,383</u>	<u>60,236</u>
	<u>85,392</u>	<u>60,245</u>
<b>b) Quoted</b>		
Listed on a recognised stock exchange		
At cost	<u>1,237,686</u>	<u>1,496,109</u>

Market Value £1,315,116 (2008 - £1,830,329)

**GRAND LODGE OF MARK MASTER MASONS**  
**GENERAL FUND**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 AUGUST 2009**

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**8. PENSION SCHEME**

Staff of GLMMM and Mark Catering Limited could be members of the GLMMM Pension and Life Assurance Scheme. This scheme is administered by Scottish Equitable plc. The scheme is now closed to new entrants.

As noted below, the valuations show the scheme to be in deficit. The General Board of The Grand Lodge of Mark Master Masons and the directors of Mark Catering Limited are aware that the deficit is likely to have increased and are currently consulting with their advisers regarding the future contribution rate, but no information is available at the date of signing these financial statements. In addition to this the General Board of The Grand Lodge of Mark Master Masons are setting aside additional funds to cover future contributions.

FRS17 disclosure:

The scheme is being accounted for as a defined contribution scheme, under FRS17, as the assets and liabilities of this multi-employer scheme cannot be separately identified.

The following information therefore, relates to the whole GLMMM Pension and Life Assurance Scheme.

The valuation position of the scheme was re-assessed at 31 August 2009 by a qualified independent actuary for the purposes of the financial reporting standard FRS17.

The scheme assets valued below are invested in an insurance policy with Scottish Equitable and the analysis between equities, bonds and cash shows the underlying investments in these policies.

**GRAND LODGE OF MARK MASTER MASONS  
GENERAL FUND  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 AUGUST 2009**

**8. PENSION SCHEME (CONTINUED)**

	<b>31 August 2009</b>	<i>31 August 2008</i>
	%	%
Rate of increase in salaries	<b>3.3</b>	2.5
Rate of increase in pensions payment	<b>3.0</b>	3.0
Discount rate	<b>5.4</b>	6.8
Inflation assumption	<b>3.3</b>	4.1

The assets in the scheme and the expected rate of return were:

	<b>Long term rate of return expected at 31 August 2009</b>	<b>Value at 31 August 2009</b>	<i>Long term rate of return expected at 31 August 2008</i>	<i>Value at 31 August 2008</i>	<i>Long term rate of return expected at 31 August 2007</i>	<i>Value at 31 August 2007</i>
	%	£	%	£	%	£
Equities	7.3	327,100	9.3	318,300	8.2	483,100
Bonds	5.4	33,200	6.8	23,500	5.8	16,500
Property	6.5	62,600	7.2	66,400	6.6	104,100
Trustees' bank account	<b>0.5</b>	<b>113,200</b>	5.0	46,100	5.75	421,100
Current market value of assets		<b>536,100</b>		454,300		1,024,700
Present value of future liabilities		<b><u>(2,494,600)</u></b>		<i><u>(1,707,700)</u></i>		<i><u>(2,257,100)</u></i>
Deficit		<b><u>(1,958,500)</u></b>		<i><u>(1,253,400)</u></i>		<i><u>(1,232,400)</u></i>

**9 RELATED PARTY TRANSACTIONS**

The Grand Lodge of Mark Master Masons (GLMMM) owns and controls Mark Catering Limited and Mark Masons Hall Limited. GLMMM charged a management fee of £140,000 (2008: £140,000) to Mark Catering Limited and £62,460 (2008: £31,230) to Mark Masons Hall Limited. The Mark Masons Hall Limited 2008 charge represented the 6 month period from its incorporation in February 2008.

At the year-end Mark Catering Limited owed GLMMM £1,056,248 (2008: £634,812) and Mark Masons Hall Limited owed GLMMM £128,524 (2008: £39,370).

GLMMM administers a Fund of Benevolence known as the Mark Benevolent Fund (MBF). GLMMM charged a management fee of £200,000 (2008: £111,300) to cover staff and administration costs to the MBF. MBF charged rent of £90,000 (2008: £90,000) to GLMMM.

At the year-end MBF owed GLMMM £Nil (2008: £5,300).