



FREEMASONS
New Zealand

Freemasons New Zealand
Financial Report

For the year ended 30 June 2016

Freemasons New Zealand

Statement of Financial Performance

For the year ended 30 June 2016

Note	2016 \$	2015 \$
INCOME		
Brokerage Commission Received	286,086	380,264
Capitation Fees	513,865	512,455
Interest Received	398,559	390,421
Other Income	277,985	365,208
Rental Revenue	824,682	1,055,525
	2,301,177	2,703,873
EXPENDITURE		
Audit Fees	23,478	19,708
Other Administrative Expenses	1,105,398	979,960
Other Building Expenses	715,722	636,861
Mortgage Interest	444,125	471,750
Grants	16,812	8,500
	2,305,535	2,116,779
Operating surplus/(deficit) before tax	(4,358)	587,094
Taxation	(16,869)	-
Operating Surplus/(deficit) after tax	(21,227)	587,094
Unrealised Gain/(loss) on Freemason House	(50,000)	320,000
Unrealised Gains/(Losses)	(50,000)	320,000
Surplus/(Deficit) for the year	(71,227)	907,094

The Surplus/(Deficit) has been allocated to the various reserves as follows:

General Fund	55,137	64,350
Freemason House	(468,225)	215,017
Building Fund	303,601	351,340
Communication Fund	6,514	(156)
Special Reserve Fund	31,746	276,543
	(71,227)	907,094

These special purpose financial statements should be read in conjunction with the accompanying notes.

Signed for and on behalf of the Grand Lodge of Antient, Free and Accepted Masons of New Zealand who approve these financial statements for issue.



President, Board of General Purposes

Date: 20 October 2016



Grand Treasurer

Date: 20 October 2016



Freemasons New Zealand

Statement of Financial Position

As at 30 June 2016

		2016	2015
	Note	\$	\$
CURRENT ASSETS			
Cash on Hand		200	200
Bank Accounts	2	5,304,603	5,159,232
Accounts Receivable	3	158,445	135,179
Taxation Receivable	5	98,844	60,398
Building Fund Loans	10	333,806	372,797
Stock on Hand		63,635	63,537
Total current assets		5,959,533	5,791,343
NON CURRENT ASSETS			
Investment Property	7	6,050,000	6,100,000
Investments	10	891,748	891,748
Plant & Equipment	6	314,853	379,625
Accounts Receivable	3	12,000	-
Building Fund Loans	10	1,306,808	4,214,477
Total non current assets		8,575,409	11,585,850
TOTAL ASSETS		14,534,942	17,377,193
CURRENT LIABILITIES			
Accounts Payable	4	63,072	92,613
Employee Entitlements		65,253	85,481
Total current liabilities		128,325	178,094
NON CURRENT LIABILITIES			
Mortgage to The Freemasons Charity	10	5,775,000	8,500,000
Total non current liabilities		5,775,000	8,500,000
TOTAL LIABILITIES		5,903,325	8,678,094
NET ASSETS		8,631,617	8,699,099
ACCUMULATED FUNDS			
Accumulated funds and reserves		8,631,617	8,699,099
TOTAL ACCUMULATED FUNDS		8,631,617	8,699,099

NOTE: This Statement is to be read in conjunction with the Notes to the Financial Statements.



Freemasons New Zealand

Notes to and Forming Part of the Special Purpose Financial Statements For the year ended 30 June 2016

Statement of Accounting Policies

Reporting Entity

Freemasons New Zealand includes the operations of Freemason House. Freemasons New Zealand are governed by the Grand Lodge of Freemasons of New Zealand Trustees Act 1903 as unincorporated societies. The purpose of Freemasons New Zealand is to provide support to their lodges throughout New Zealand while Freemason House is responsible for the upkeep and general operations of the property. All amounts stated are in New Zealand dollars.

Accounting Principles

These special purpose financial statements have been prepared in accordance with the accounting policies set out below.

Measurement Base

The special purpose financial statements have been prepared on a historic cost basis, as modified by the revaluation of certain assets as identified in specific accounting policies below.

Specific Accounting Policies

The following specific accounting policies that materially affect the measurement of reporting of financial performance and financial position have been applied:

(a) Revenue Recognition

- i) *Rental Income*: Lease receipts under an operating Lease are recognised as revenue on a straight line basis over the Lease term.
- ii) *Brokerage Commission*: 0.4% per annum is paid by Heartland Bank for total deposits held in the Freemasons Deposit Scheme. This is received monthly and recorded on a cash basis.
- iii) *Capitation Fees*: Fees are invoiced to the individual lodges on a quarterly basis and recognised as revenue at this point.
- iv) *Interest Received*: Interest is recognised on an accruals basis in the year to which it relates.
- v) *Other Income: Revenue* is reported on an accruals basis.

(b) Expenditure - Expenditure is recognised on an accrual basis in the year to which it relates.

(c) Depreciation - Assets have been depreciated on a straight-line basis at the following rates:

Office Equipment	18 - 36% pa
Furniture & Fittings	10 - 20% pa
Library & Museum	2% pa
Freemason House Furniture & Fittings	8 - 33%pa

(d) Income Tax - Both entities are subject to taxation on revenue earned from external sources.

Transactions arising during the year are allocated between the two activities in order to determine the current tax liability.

(e) Unrealised gain / (loss) on revaluation - Freemasons House is held as an investment property and revalued each year.

The gain / (loss) on revaluation is recorded in the statement of financial performance.

(f) Bank Accounts and Cash - Bank and Cash amounts are recognised at fair value at reporting date.

(g) Receivables - Receivables are valued at the amount expected to be realised after allowing for doubtful debts.

An invoice is recorded as a receivable when it is raised. Loans to lodges are recorded at cost when the funds are transferred.

(h) Building fund loans - These are amounts advanced to the lodges under a signed agreement and are recognised

when the funds are transferred to the lodge. Subsequent movements are for interest accrued on the loans and payments received from the lodges.



Freemasons New Zealand

Notes to and Forming Part of the Special Purpose Financial Statements

For the year ended 30 June 2016

(i) **Inventory** - Inventories are stated at lower of cost and net realisable value.

(j) **Investment Property**

Freemason House is held as an Investment property and revalued each year. It is valued at market value and is not depreciated.

(k) **Investment**

Shares held in Auckland Masonic Centre Ltd, Dunedin Masonic Hall Company Ltd and Nelson Masonic Hall Company Ltd are shown at cost.

(l) **Plant & Equipment** - Office Equipment, Furniture & Fittings and Library & Museum are shown at cost less accumulated depreciation, Regalia & Jewels are shown at cost with no depreciation (Note 6.)

(m) **Goods and Services Tax** - These special purpose financial statements have been prepared on a GST - exclusive basis except Accounts Receivable and Payables which are stated inclusive of GST.

(n) **Employee Entitlements**

Employee entitlements are expenses expected to be settled with 12 months of the reporting date and are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to the reporting date and annual leave earned but not yet taken at each reporting date.

(o) **Mortgage**

A mortgage was granted by The Freemasons Charity to buy the Freemason House building. This was recorded at the amount received in the bank. Subsequent movements are in relation to mortgage interest paid to The Freemasons Charity each month and any capital repayment amounts off the mortgage.

(p) **Comparatives** - Certain items have been reclassified for comparative purposes.

Changes in Accounting Policies

Both Freemasons New Zealand and Freemason House transitioned on 1 July 2015 from the preparation of general purpose financial reporting in accordance with New Zealand generally accepted accounting practice ("NZ GAAP") to special purpose financial reporting in accordance with accounting policies. The transition has some impact on disclosure of accounting policies as set out above.



Freemasons New Zealand

Notes to and Forming Part of the Special Purpose Financial Statements
For the year ended 30 June 2016

2 Bank Accounts

	2016	2015
	\$	\$
<i>ANZ Bank</i>		
Current Account	128,387	121,393
Freemason House Current Account	3,206	166,622
<i>Heartland</i>		
General/Current Account	413,694	408,359
Building Fund	3,040,083	2,784,353
Communication Fund	111,913	106,208
Special Reserve Fund	1,607,320	1,572,297
	<u>5,304,603</u>	<u>5,159,232</u>

3 Receivables

	2016	2015
	\$	\$
Current Receivables		
Receivables from Lodges	52,209	48,943
Receivables Freemason House	29,318	32,398
Receivables GST	10,166	-
Contra Accounts	27,858	3,048
Interest Accrued (Building Fund)	13,119	7,756
Loan to Lodges	2,000	14,000
Prepayments - Freemason House	23,775	28,174
Prepayments - Other	-	860
	<u>158,445</u>	<u>135,179</u>
Non Current Receivables		
Loans to Lodges	12,000	-

4 Payables

	2016	2015
	\$	\$
Accounts Payable - General	41,541	33,870
Inland Revenue	-	3,237
Accounts Payable - Freemason House	16,127	50,102
Rent in Advance & Bonds - Freemason House	5,404	5,404
	<u>63,072</u>	<u>92,613</u>

5 Taxation

	2016	2015
	\$	\$
Tax Expense		
Net Surplus Before Tax	(109,673)	907,094
Non Assessable Income & Other Deductions	(975,657)	(1,534,898)
Non Deductable Expenses	876,655	616,141
	<u>(208,675)</u>	<u>(11,663)</u>
Tax Payable at Individual Rates Based on Annualised Income		
Prior year adjust - understated tax liability	16,869	-
Tax Liability		
Opening Balance	(60,398)	(6,857)
Plus Current Year Tax Expense	-	-
Prior year adjust - understated tax liability	16,869	-
Less Tax Refunds Received / (Paid)	-	-
Interest Paid	95	-
IRD UOMI	(95)	(185)
Tax paid during the year	(55,315)	(53,356)
Closing Balance	<u>(98,844)</u>	<u>(60,398)</u>



Freemasons New Zealand

Notes to and Forming Part of the Special Purpose Financial Statements
For the year ended 30 June 2016

6 Property, Plant and Equipment

	Cost 30/06/2015	Accumulated Depreciation 30/06/2015	Opening Book value 30/06/2015	Additions/ (Disposals)	Loss/(Gain) on Disposal	Depreciation	Cost 30/06/2016	Accumulated Depreciation 30/06/2016	Closing Book Value 30/06/2016
Office:									
Office Equipment	124,360	117,118	7,242	-	-	2,634	124,360	119,752	4,608
Furniture & Fittings	199,148	178,265	20,883	-	-	12,534	199,148	190,799	8,349
Trade Mark	5,010	-	5,010	-	-	-	5,010	-	5,010
Regalia & Jewels	118,935	-	118,935	-	-	-	118,935	-	118,935
Library & Museum	42,138	10,140	31,998	-	-	3,847	42,138	13,987	28,151
	489,591	305,523	184,068	-	-	19,015	489,591	324,538	165,053
Freemason House:									
Furniture & Fittings	484,697	403,164	81,533	-	-	26,295	484,697	429,459	55,238
Plant	174,348	60,327	114,021	-	-	19,459	174,348	79,786	94,562
	659,045	463,491	195,554	-	-	45,754	659,045	509,245	149,800
	1,148,636	769,014	379,625	-	-	64,769	1,148,636	833,783	314,853

7 Investment Property Revaluation

Freemason House was valued by Bayley's Valuations Ltd at \$6,050,000 as at 30 June 2016.

	2016 \$	2015 \$
Opening Balance	6,100,000	5,780,000
Revaluation Movement	(50,000)	320,000
Closing Balance	6,050,000	6,100,000



Freemasons New Zealand

Notes to and Forming Part of the Special Purpose Financial Statements
For the year ended 30 June 2016

8 Capital Commitments and Contingent Liabilities

	2016	2015
	\$	\$
Photocopier		
Within One Year	8,174	5,465
One - Two Years	7,080	-
Two - Five Years	15,340	-
	<u>30,594</u>	<u>5,465</u>

The staircase has not yet been certified but a final invoice of \$79,000 is expected, which will be expensed.

9 Related Party Transactions

	2016	2015
	\$	\$
A loan to Freemason House has been paid from the Building Fund.	495,700	-
A loan to Freemason House has been paid from the Special Reserve Fund.	160,000	-
An administration fee is paid by Freemason House to Freemasons NZ for services provided	27,000	27,000
Amount included in accounts payable and receivable for invoices paid on behalf of Freemason House	3,572	1,419
Loan from Freemasons NZ to Freemason House for repayment of mortgage	2,725,000	-
Rent paid by Freemasons NZ to Freemason House	47,000	47,000

10 Investments, Loans & Mortgages

	2016	2015
	\$	\$
Current Assets:		
Building Fund Loans	333,806	372,797
Non Current Assets:		
Building Fund Loans (Non Current)	651,108	4,214,477
Building Fund Loan to Freemason House	655,700	-
	<u>1,306,808</u>	<u>4,214,477</u>
Investments:		
Shares Masonic Hall Companies	891,748	891,748
Non Current Liabilities:		
Mortgage to The Freemason Charity	5,775,000	8,500,000



Freemasons New Zealand

Statement of Movements in Accumulated Funds

For the year ended 30 June 2016

	Note	2016 \$	2015 \$
ACCUMULATED FUNDS AND RESERVES			
Balance as at 1 July		8,699,099	7,792,005
Add: Adjustment to building fund Equity		3,745	-
Add: surplus/(Deficit)		(71,227)	907,094
Total Recognised Revenue & Expenses		(71,227)	907,094
Balance as at 30 June 2016		8,631,617	8,699,099
B) ANALYSIS OF INDIVIDUAL FUNDS			
1. Board of General Purposes General Fund			
Balance as at 1 July		763,549	699,199
Allocation for the year		55,137	64,350
Balance as at 30 June 2016		818,686	763,549
2. Freemason House			
Balance as at 1 July		(2,487,753)	(2,702,770)
Allocation for the year		(468,225)	215,017
Balance as at 30 June 2016		(2,955,978)	(2,487,753)
3. Building Fund			
Balance as at 1 July		8,422,740	8,071,400
Allocation for the year		303,601	351,340
Transfer of Building Fund Loans		3,745	-
Balance as at 30 June 2016		8,730,086	8,422,740
4. Communication Fund			
Balance as at 1 July		139,645	139,801
Allocation for the year		6,514	(156)
Balance as at 30 June 2016		146,159	139,645
5. Special Reserve Fund			
Balance as at 1 July		1,860,918	1,584,375
Allocation for the year		31,746	276,543
Balance as at 30 June 2016		1,892,664	1,860,918

In order to determine the allocation to reserves during the year, transactions relating to the statement of financial performance were allocated to the individual reserves. A breakdown of the allocations is set out as an appendix to these financial statements.





Independent Auditor's Report

Audit

Grant Thornton New Zealand Audit
Partnership
L15 Grant Thornton House
215 Lambton Quay

To the Members of Freemason New Zealand

We have audited the accompanying special purpose financial statements on pages 1 to 8 of Freemason New Zealand which includes Freemason House (the "Group") which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance and statement of movements in accumulated funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

Trustees' responsibilities

The Trustees are responsible for the preparation of the special purpose financial statements in accordance with the accounting policies and for such internal control as the Trustees determine is necessary to enable the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of special purpose financial statements that present fairly the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of items in the special purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our firm carried out other assignments for Freemason New Zealand and Freemason House in the area of taxation advice and assurance advice. The firm has no other interest in the Group.

Opinion

In our opinion the special purpose financial statements on pages 1 to 8 present fairly, in all material respects, the financial position of Freemason New Zealand as at 30 June 2016, and its financial performance, for the year then ended in accordance with the Statement of Accounting Policies.

Restriction on use of our report

This report is made solely to the Members of the Freemasons New Zealand, as a collective body. Our audit work has been undertaken so that we might state to the Members, as a collective body those matters which 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 Freemasons New Zealand and the Members, as a collective body, for our audit work, for this report or for the opinion we have formed.



Grant Thornton New Zealand Audit Partnership
Wellington, New Zealand
20 October 2016