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ROYAL SOCIETY of NEW ZEALAND
Consolidated Financial Statements
for the year ended 30 June 2019

**Royal Society of New Zealand
Contents
for the year ended 30 June 2019**

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**Royal Society of New Zealand
Directory
for the year ended 30 June 2019**

Society Council (as at 3 October 2019)*

Professor Wendy Lerner (President)

Professor Richard Blaikie (Academy Executive Committee Chair)

Dr Tom Baker

Dr Russell Burton

Dr Tony Conner

Dr Liz Gordon

Dr Dianne Sika-Paotonu

Emeritus Professor Kenneth Strongman

Dr Moana Theodore

Associate Professor Melinda Webber

Associate Professor Siouxsie Wiles

Registered Office

11 Turnbull Street, Thorndon, Wellington

Nature of Business

Fostering science, technology and the humanities in New Zealand

Charities Commission registration number

CC38796

Independent Auditor

Grant Thornton New Zealand

** The membership of the Council as at 30 June 2019 is in Note 21, refer page 18.*

**Royal Society of New Zealand
Councillors' report
for the year ended 30 June 2019**

The Councillors have pleasure in presenting the annual report of the Royal Society of New Zealand ("the Society") incorporating the financial statements and the auditor's report for the year ended 30 June 2019.

The Councillors of the Society have authorised these financial statements presented on pages 6 - 18 for issue on 3 October 2019.

For and on behalf of the Council



Wendy Larner
President
3-Oct-19



Elizabeth Gordon
Councillor
3-Oct-19

Independent Auditor's Report

Grant Thornton New Zealand Audit Partnership

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To the members of Royal Society of New Zealand

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Royal Society of New Zealand (the "Society") and its controlled entity, Royal Society of New Zealand Endowment Fund Trust (together referred to as the "Group") on pages 6 to 18 which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets and consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 30 June 2019 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, 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.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Councillors' Responsibilities for the Consolidated Financial Statements

The councillors are responsible on behalf of the Group for the preparation and fair presentation of these consolidated financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) issued by the New Zealand Accounting Standards Board, and for such internal control as those charged with governance determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, those charged with governance are responsible for assessing the Group'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 councillors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 (NZ) 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 consolidated financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-7/>

Restriction on use of our report

This report is made solely to the Group's members, as a body. Our audit work has been undertaken so that we might state to the Group's members, as a 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 Group and the Group's members, as a body, for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Partnership



B Kennerley
Partner
Wellington

3 October 2019

Royal Society of New Zealand
Statement of comprehensive revenue and expenses
for the year ended 30 June 2019

	Notes	Consolidated		Parent	
		2019 \$000's	2018 \$000's	2019 \$000's	2018 \$000's
<i>Revenue from non-exchange transactions</i>					
Government contract revenue	19	500	500	500	500
Donations		17	115	-	44
		517	615	500	544
<i>Revenue from exchange transactions</i>					
Society membership		301	253	301	253
Interest income		374	243	105	100
Government contract revenue	19	6,413	5,687	6,413	5,687
Rental of investment property		440	499	440	499
Other operating revenue		733	700	733	700
		8,261	7,382	7,992	7,239
<i>Revenue from non cash transactions</i>					
Gain/(Loss) on fair value of investment property	6	663	(198)	663	(198)
Total Revenue		9,441	7,799	9,155	7,585
<i>Expenses</i>					
Audit expense		56	36	52	32
Depreciation and amortisation expense	5 & 8	167	334	167	334
Employee benefits expense		3,999	3,823	3,999	3,823
Grants		90	66	-	-
Transfer to Royal Society of New Zealand Endowment Fund Trust		-	-	-	2,500
Other expenses		3,919	3,374	3,915	3,374
Total Expenses		8,231	7,633	8,133	10,063
Total surplus / (deficit) for year		1,210	166	1,022	(2,478)
Other comprehensive revenue and expense					
Gain/(Loss) on revaluation of land and buildings	5	(258)	877	(258)	877
Other comprehensive revenue and expense for the year		(258)	877	(258)	877
Total comprehensive revenue and expense for the year		952	1,043	764	(1,601)
Surplus / (deficit) attributable to:					
Parent - Royal Society of New Zealand		1,022	(2,478)	1,022	(2,478)
Subsidiary - Royal Society Endowment Fund Trust		188	2,644	-	-
		1,210	166	1,022	(2,478)
Total comprehensive revenue and expense attributable to:					
Parent - Royal Society of New Zealand		764	(1,601)	764	(1,601)
Subsidiary - Royal Society Endowment Fund Trust		188	2,644	-	-
		952	1,043	764	(1,601)

The above statements of comprehensive revenue and expenses should be read in conjunction with the accompanying notes on pages 10 - 18



**Royal Society of New Zealand
Statement of changes in net assets
for the year ended 30 June 2019**

Group	Notes	Special purpose reserve \$000's	Asset revaluation reserve \$000's	Retained surplus \$000's	Total equity \$000's
Balance as at 1 July 2017		1,932	-	15,233	17,165
Surplus (deficit) for the year		-	-	166	166
Other comprehensive income		-	855	22	877
Total comprehensive income		-	855	188	1,043
Transfer to/(from) designated purpose reserve	11	2,627	-	(2,627)	-
Closing equity 30 June 2018		4,559	855	12,794	18,208
Surplus (deficit) for the year		-	-	1,210	1,210
Other comprehensive income		-	(258)	-	(258)
Total comprehensive income		-	(258)	1,210	952
Transfer to/(from) designated purpose reserve	11	194	-	(194)	-
Closing equity 30 June 2019		4,753	597	13,810	19,160

Parent	Notes	Special purpose reserve \$000's	Asset revaluation reserve \$000's	Retained surplus \$000's	Total equity \$000's
Balance as at 1 July 2017		235	-	15,236	15,471
Surplus (deficit) for the year		-	-	(2,478)	(2,478)
Other comprehensive income		-	855	22	877
Total comprehensive income		-	855	(2,456)	(1,601)
Transfer to/(from) designated purpose reserve		-	-	-	-
Closing equity 30 June 2018		235	855	12,780	13,870
Surplus (deficit) for the year		-	-	1,022	1,022
Other comprehensive income		-	(258)	-	(258)
Total comprehensive income		-	(258)	1,022	764
Transfer to/(from) designated purpose reserve	11	-	-	-	-
Closing equity 30 June 2019		235	597	13,802	14,634

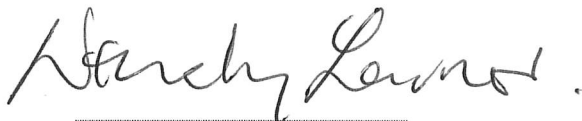
The above statements of changes in net assets should be read in conjunction with the accompanying notes on pages 10 - 18



**Royal Society of New Zealand
Statement of financial position
as at 30 June 2019**

	Notes	Group		Parent	
		2019 \$000's	2018 \$000's	2019 \$000's	2018 \$000's
ASSETS					
Current assets					
Cash and cash equivalents	9	2,045	3,128	1,420	1,818
Receivables from exchange transactions	7	532	341	521	315
Investments and other financial assets	10	4,260	2,509	2,560	1,009
Prepayments		192	165	192	165
Inventories		18	11	18	11
Total current assets		7,047	6,154	4,711	3,318
Non-current assets					
Property, plant and equipment	5	8,356	8,637	8,356	8,637
Investment Properties	6	3,975	3,312	3,975	3,312
Investments and other financial assets	10	2,298	1,605	100	100
Intangible assets	8	23	102	23	102
Total non-current assets		14,652	13,656	12,454	12,151
Total assets		21,699	19,810	17,165	15,469
LIABILITIES					
Current liabilities					
Trade and other payables	12	1,680	959	1,672	956
Income in advance	13	859	643	859	643
		2,539	1,602	2,531	1,599
Total Liabilities		2,539	1,602	2,531	1,599
Net assets		19,160	18,208	14,634	13,870
EQUITY					
Retained earnings		13,810	12,794	13,802	12,780
Asset revaluation reserve		597	855	597	855
Designated purpose reserve	11	4,753	4,559	235	235
		19,160	18,208	14,634	13,870

Signed for and on behalf of the Council who authorised these financial statements for issue on 3 October 2019.



Wendy Larner
President
3-Oct-19



Elizabeth Gordon
Councillor
3-Oct-19

The above statements of financial position should be read in conjunction with the accompanying notes on pages 10 - 18

**Royal Society of New Zealand
Cash flow statement
For the Year ended 30 June 2019**

Notes	Consolidated		Parent	
	2019 \$000's	2018 \$000's	2019 \$000's	2018 \$000's
Cash flows from operating activities				
<u>Receipts</u>				
Receipts from non-exchange transactions	517	615	500	544
Receipts from exchange transactions	7,441	6,597	7,441	6,597
Net GST Receipts	0	38	0	38
	<u>7,958</u>	<u>7,250</u>	<u>7,941</u>	<u>7,179</u>
<u>Payments</u>				
Payments to suppliers	(3,171)	(3,610)	(3,078)	(3,539)
Payments to employees	(3,980)	(3,823)	(3,980)	(3,823)
Transfer to Endowment Trust	-	-	-	(2,500)
	<u>(7,151)</u>	<u>(7,433)</u>	<u>(7,058)</u>	<u>(9,862)</u>
Net cashflows from operating activities	807	(183)	883	(2,683)
Cash flows from investing activities				
<u>Receipts</u>				
Interest received	231	223	102	96
Receipts from maturity of investments	1,009	1,107	1,009	714
Receipts from rental of investment properties	440	499	440	499
	<u>1,680</u>	<u>1,829</u>	<u>1,551</u>	<u>1,309</u>
<u>Payments</u>				
Purchase of property plant & equipment	(64)	(69)	(64)	(69)
Purchase of intangible assets	-	(30)	-	(30)
Purchase of investment properties	-	(50)	-	(50)
Purchase of long term investments	(3,506)	(2,449)	(2,768)	(260)
	<u>(3,570)</u>	<u>(2,598)</u>	<u>(2,832)</u>	<u>(409)</u>
Net cashflows from investing activities	(1,890)	(769)	(1,281)	900
Net cashflows from financing activities	-	-	-	-
Net increase/(decrease) in cash and cash equivalents	(1,083)	(952)	(398)	(1,783)
Opening Cash and cash equivalents at 1 July	3,128	4,080	1,818	3,601
Closing Cash and cash equivalents at 30 June	2,045	3,128	1,420	1,818

The above cash flow statements should be read in conjunction with the accompanying notes on pages 10 - 18



**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2019**

Note 1. Reporting entity

The reporting entity is the Royal Society of New Zealand ("The Society"). The Society is domiciled at 11 Turnbull Street, Wellington New Zealand and is a charitable organisation incorporated under the Royal Society of New Zealand Act 1977 and the Charities Act 2005.

The financial statements comprising the Society and its controlled entity, The Royal Society of New Zealand Endowment Fund Trust (the Trust), (together the "Group"), are presented for the year ended 30 June 2019.

These Group financial statements and accompanying notes summarise the financial results of activities carried out by the Society. All entities within the group are charitable organisations registered under the Charitable Trusts Act 1957 and the Charities Act 2005.

The Society ("the Parent") is an independent statutory body, exempt from income tax. Membership of the Society consists of fellows, ordinary members, companions, constituent organisations, regional constituent organisations, affiliate organisations, honorary members and honorary fellows. The Society Council has control of the Society.

The object of the Society and its controlled trust is the advancement and promotion of science, technology and the humanities in New Zealand. It does this by:

- fostering a culture within New Zealand that supports science, technology and the humanities (promoting public awareness, knowledge, and understanding of science, technology and the humanities; and advancing science education);
- encouraging, promoting and recognising excellence in science, technology and the humanities;
- providing an infrastructure and other support for the professional needs and development of scholars;
- establishing and administering for members a code of professional standards and ethics in science, technology and the humanities;
- providing expert advice on important public issues to the Government and the community.

These consolidated financial statements have been approved for issue by Council on 3 October 2019.

Note 2. Statement of compliance

The consolidated financial statements of the Group and financial statements of the Parent have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with Public Benefit Entity Standards ("PBE Standards") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-for-Profit entities. For the purposes of complying with NZ GAAP, the Group is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-for-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large. The Council has elected to report in accordance with Tier 2 Not-for-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions. This decision results in the Group not preparing a Statement of Service Performance for both reporting periods.

Note 3. Changes in accounting policy

There have been no changes in accounting policy.

Note 4. Summary of accounting policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements.

4.1 Basis of measurement

These consolidated and parent financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets as identified in specific accounting policies below.

4.2 Functional and presentational currency

The consolidated and parent financial statements are presented in New Zealand dollars (\$), which is the Group's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest thousand dollars.



**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2019**

4.3 Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of the controlled trust of the Royal Society of New Zealand as at 30 June 2019 and the results of the controlled trust for the year then ended. The Royal Society of New Zealand and its controlled trust together are referred to in these financial statements as the Group or the consolidated entity.

Controlled trusts are all those entities over which the Society has the power to govern the financial and operating policies, generally accompanied by holding more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Society controls another entity.

Controlled trusts which form part of the Group are consolidated from the date on which control is transferred to the Society. They are de-consolidated from the date that control ceases.

Inter-trust transactions, balances and unrealised gains on transactions between Group entities are eliminated on consolidation.

Unrealised losses are also eliminated unless they result from impairment. The accounting policies of the controlled trust are consistent with the policies adopted by the Group.

4.4 Investment in controlled trust

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled trust. The controlled trust is incorporated in New Zealand and has a balance date of 30 June.

Name of entity	Principal Activities	Equity Holding	
		2019	2018
Royal Society of New Zealand Endowment Fund Trust	Support charitable purposes of the Society	100%	100%

4.5 Revenue

Revenue from non-exchange transactions

Donations

Donations are recognised as revenue upon receipt and include donations from members and the general public.

Legacies and bequests

Revenue from legacies and estates that satisfy the definition of an asset are recognised as revenue when it is probable that future economic benefits or service potential will flow to the group, and the fair value can be measured reliably.

Bequests and donations received on trust for particular purposes are recorded as revenue on a cash received basis in the statement of comprehensive revenue and expenses. These monies are not available for funding the operations of the Society.

Services in Kind

The Society is provided services by volunteers. The fair value of such services cannot be reliably measured. No value is given to these services in these financial statements.

Revenue from exchange transactions

Revenue comprises the fair value of consideration received for the sale of goods and services excluding Goods and Services Tax, rebates and discounts.

Revenue is recognised as follows:

Sales of Publications

Sales of publications are recognised when the Group has delivered a publication to the customer.

Sales of services

Sales of services are recognised in the accounting period in which services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total service to be provided.

Interest Income

Interest income is recognised on a time-proportion basis using the effective interest method.

Rental Income

Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

Contract Income

Contract income received from the Ministry of Business, Innovation and Employment is a primary source of income for the Society.

Government and non-government income is recognised as revenue when it becomes receivable unless there is an obligation to return the funds if conditions of the contract are not met. If there is such an obligation, the income is initially recorded as income received in advance and recognised as revenue when conditions of the contract are satisfied.



**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2019**

4.6 Goods and Services Tax (GST)

The statement of comprehensive revenue and expenses has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

4.7 Leases

The Group is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive revenue and expenses on a straight-line basis over the period of the lease.

The Group is the lessor.

Assets leased to third parties under operating leases are included in investment property in the balance sheet. Rental income (net of any incentives given to lessees) is recognised in surplus or deficit on a straight-line basis over the lease term.

4.8 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities on the Statement of Financial Position.

4.9 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of revenue and expenses.

4.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

4.11 Investments and other financial assets

Financial assets within the scope of PBE IPSAS 29 *Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

Regular purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. All financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through surplus or deficit. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

The category determines subsequent measurement and whether any resulting income and expense is recognised in surplus or deficit or in any other comprehensive revenue and expenses. The Group's financial assets are classified as financial assets at fair value through surplus or deficit, loans and receivables or as available for sale financial assets. The Group's financial assets include: cash and cash equivalents, short term deposits, receivables from non-exchange transactions, receivables from exchange transactions and investments.

All financial assets except for those at fair value through surplus or deficit are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards or ownership.

Investment in controlled Trust

The investment in the controlled trust in the Parent financial statements is stated at cost less impairment.



**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2019**

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. "Trade and other receivables", "investments" and "cash and cash equivalents" are classified as loans and receivables. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

4.12 Financial liabilities

The Group's financial liabilities include trade and other creditors. The Group's financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. These amounts are unsecured and usually paid within 30 days of recognition.

4.13 Employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

4.14 Investment properties

Property held to earn rent or for capital appreciation or both is classified as investment property in accordance with PBE IPSAS 16 Investment Property. Investment property is measured initially at cost, including transaction costs, and thereafter is stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment property are included in the statement of comprehensive revenue and expenses in the year in which they arise.

4.15 Property, plant and equipment

All property, plant and equipment excluding land and buildings is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive revenue and expenses during the financial period in which they are incurred.

Land is not depreciated. Depreciation of property, plant and equipment is calculated on a straight-line basis so as to expense the cost of the assets over their useful lives. The useful lives are as follows:

- Buildings	10 - 40 years
- Furniture	3 - 10 years
- Office equipment	3 - 40 years
- Computer equipment	3 - 10 years

Capital work in progress is not depreciated until commissioned.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive revenue and expenses.

Land and buildings are initially recorded at cost, and subsequently are recorded at fair value, as determined by an independent valuer.

Land and buildings are valued annually at balance date. To the extent that any revaluation gain reverses a loss previously charged to the statement of comprehensive income for a class of assets, the gain is credited to the statement of comprehensive revenue and expenses.

Otherwise, revaluation gains are credited to a revaluation reserve in other comprehensive revenue and expenses for that class of asset.

To the extent that any revaluation loss reverses a gain previously credited to an asset revaluation reserve for the asset class, the loss is debited to the asset revaluation reserve. Otherwise, revaluation losses are recognised in the statement of comprehensive revenue and expenses.

On revaluation any accumulated depreciation is eliminated against the gross carrying amount of the asset.

4.16 Intangible assets

Intangible assets are initially measured at cost and subsequently measured at cost less accumulated amortisation and impairment. Cost includes expenditure directly attributable to the acquisition of the asset. The Master Identity Record (MIR) database system is being developed to provide the Society with an integrated contacts database. The overall project will be staged over multiple years. Stage 1 was completed to the point of use at 31 October 2016. The useful life of the intangible asset is finite. The intangible asset is being amortised over 3 years, with 3 months still remaining.

4.17 Special Purpose Reserve (SPR)

In order to provide funds that can be distributed to winners of Awards, a separate Special Purpose Reserve has been created with amounts transferred from the retained surplus to the SPR. The Group's policy is to invest the funds in term deposits until the amounts are utilised.



**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2019**

Note 5. Property, plant and equipment
As at 30 June 2018

	Consolidated and Parent					Net Book amount
	At Cost or valuation	Acquisitions (Transfers) (Disposals)	Revaluation Mvmts	Depreciation 2018 year	Closing Accum Depreciation	
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Furniture & equipment	425	16	-	24	283	158
Computer equipment	278	19	-	58	205	92
Land & buildings	7,540	34	877	64	-	8,387
	8,243	69	877	146	488	8,637

	Consolidated and Parent					Net Book amount
	At Cost or valuation	Acquisitions (Transfers) (Disposals)	Revaluation Mvmts	Depreciation 2019 year	Closing Accum Depreciation	
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Furniture & equipment	441	19	-	37	317	143
Computer equipment	297	12	-	46	221	88
Land & buildings	8,387	1	(258)	5	5	8,125
	9,125	32	(258)	88	543	8,356

The Group's freehold land and buildings are stated at their 30 June 2019 valuation as determined by an independent registered valuer, S M Stokes of Nathan Stokes & Associates. Stephen Stokes (ANZIV SNZPI), is a Registered Public Valuer, and is the holder of a current Annual Practising Certificate.

The basis of valuation is Direct Comparison (for redevelopment land), Capitalisation and Discounted Cashflow approaches for Investment value.

Land is not depreciated. Depreciation of property, plant and equipment is calculated on a straight-line basis so as to expense the cost of the assets over their useful lives.

Note 6. Investment properties

	2019 \$000's		2018 \$000's	
	Consolidated	Parent	Consolidated	Parent
Land - Fair value opening balance	3,312	3,312	3,510	3,510
Valuation movements	663	663	(198)	(198)
Land - Fair value closing balance	3,975	3,975	3,312	3,312

S M Stokes of Nathan Stokes & Associates. Stephen Stokes (ANZIV SNZPI), is a Registered Public Valuer, and is the holder of a current Annual Practising Certificate. The assessment of fair value is supported by external market evidence.

Note 7. Trade and other receivables

	2019 \$000's		2018 \$000's	
	Consolidated	Parent	Consolidated	Parent
Gross accounts receivable	532	521	341	315
Provision for accounts receivable	0	0	0	0
	532	521	341	315



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Note 8. Intangible assets

As at 30 June 2018	At Cost or valuation	Acquisitions (Transfers)	Consolidated and Parent Revaluation Mvmts	Amortisation 2018 year	Closing Accum Amortisation	Net Book amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
MIR Database system (acquired externally)	285	30	-	188	213	102
	<u>285</u>	<u>30</u>	<u>-</u>	<u>188</u>	<u>213</u>	<u>102</u>
As at 30 June 2019	At Cost or valuation	Acquisitions (Transfers)	Revaluation Mvmts	Amortisation 2019 year	Closing Accum Amortisation	Net Book amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
MIR Database system (acquired externally)	315	1	-	79	293	23
	<u>315</u>	<u>1</u>	<u>-</u>	<u>79</u>	<u>293</u>	<u>23</u>

Note 9. Cash and cash equivalents

	2019		2018	
	\$000's		\$000's	
	Consolidated	Parent	Consolidated	Parent
Bank & Treasury call accounts	1,045	420	968	659
Term deposits less than or equal to 3 months	1,000	1,000	2,160	1,159
	<u>2,045</u>	<u>1,420</u>	<u>3,128</u>	<u>1,818</u>

In both the 2019 and 2018 years accounts are held with the Bank of New Zealand and RaboDirect.
The Society has a \$525,000 facility by way of BNZ Business Visa. (2018: \$525,000).

Note 10. Investments and other financial assets.

	2019		2018	
	\$000's		\$000's	
	Consolidated	Parent	Consolidated	Parent
Term deposits greater than 3 months	4,260	2,560	2,509	1,009
NZ Bonds and Fixed Interest Investments	1,048	100	812	100
NZ Equity Investments	449	-	291	-
Overseas Equity Investments	801	-	502	-
	<u>6,558</u>	<u>2,660</u>	<u>4,114</u>	<u>1,109</u>

In both the 2019 and 2018 years term deposits are held with the Bank of New Zealand.



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Note 11. Designated purpose reserves

Consolidated 2018 Financial year	2017	Contributions	Disbursements	Balance 2018
	\$000's	\$000's	\$000's	\$000's
Designated Fund	991	2,588	(8)	3,571
Bates Memorial Scholarship	56	2	(6)	52
Hatherton Fund	38	1	(3)	36
Charles Fleming Fund	446	15	(18)	443
Manawatu Fund	13	1	(2)	12
Benson, Hutton & Mappin Funds	55	3	(16)	42
Skinner Fund	164	5	(5)	164
T K Sidey Summertime Fund	31	1	-	32
Hamilton Memorial Prize	29	1	(3)	27
Leonard Cockayne Memorial Lecture	79	3	0	82
Baumgart Fund	0	73	0	73
Estate Raewyn Good Fund	30	1	(6)	25
	1,932	2,694	(67)	4,559

Parent 2018 Financial year	2017	Contributions	Disbursements	Balance 2018
	\$000's	\$000's	\$000's	\$000's
Designated Fund	235	-	-	235
	235	-	-	235

Consolidated 2019 Financial year	2018	Contributions	Disbursements	Balance 2019
	\$000's	\$000's	\$000's	\$000's
Designated Fund	3,571	210	(18)	3,763
Bates Memorial Scholarship	52	3	(6)	49
Hatherton Fund	36	3	0	39
Charles Fleming Fund	443	26	(18)	451
Manawatu Fund	12	1	0	13
Benson, Hutton & Mappin Funds	42	2	(12)	32
Skinner Fund	164	9	(8)	165
T K Sidey Summertime Fund	32	2	0	34
Hamilton Memorial Prize	27	2	0	29
Leonard Cockayne Memorial Lecture	82	5	(3)	84
Baumgart Fund	73	4	(10)	67
Estate Raewyn Good Fund	25	8	(6)	27
	4,559	275	(81)	4,753

Parent 2019 Financial year	2018	Contributions	Disbursements	Balance 2019
	\$000's	\$000's	\$000's	\$000's
Designated Fund	235	-	-	235
	235	-	-	235

Note 12 Trade and other payables

	2019		2018	
	Consolidated	Parent	Consolidated	Parent
<i>Current liabilities</i>				
Creditors	855	847	353	349
Employee entitlements	290	290	272	272
Other accruals	485	485	284	285
GST payable/(receivable)	50	50	50	50
	1,680	1,672	959	956

Note 13 Income in advance

	2019		2018	
	Consolidated	Parent	Consolidated	Parent
Journal income	105	105	117	117
Membership subscriptions	3	3	16	16
Other	751	751	510	510
	859	859	643	643

Other income in advance represents all other contract revenue paid to the Group that is attributable to work still to be performed after 30 June. In 2019, this is principally fees invoiced to Tertiary Education Commission (TEC) for work to be completed in the 2019-20 year for the Centres of Research Excellence (CoREs) selection round.



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Note 14	Contestable funds	2019		2018	
		\$000's		\$000's	
		Consolidated	Parent	Consolidated	Parent
	Opening contestable funds	31,620	31,620	25,760	25,760
	Receipts*	101,771	101,771	90,893	90,893
	Interest earned & accrued	973	973	878	878
	Payments	(96,417)	(96,417)	(85,911)	(85,911)
	Closing contestable funds	<u>37,947</u>	<u>37,947</u>	<u>31,620</u>	<u>31,620</u>

The Group managed eight contestable funds on behalf of government in the year ended 30 June 2019 (2018: seven). The fund monies shown in this note are not included in the Group's Statements of comprehensive revenue and expenses or Statements of Financial Position, as ownership of the monies is not vested in the Group.

* During the 2018-19 year, an additional Contestable fund (Rutherford Foundation) came under the direct management of the Group. This was previously managed by a separate Trust which was wound up during the year. At year-end, \$3.154m of the Contestable funds balance was for the Rutherford Foundation.

This note serves to highlight the significant funding administered by the Group. The Group received \$6.91m in administration fees from MBIE in the 2019 financial year (2018: \$6.08m).

Note 15	Deposits held on behalf of third parties.	2019		2018	
		\$000's		\$000's	
		Consolidated	Parent	Consolidated	Parent
	Term deposits on behalf - Rutherford Foundation Trust	-	-	2,900	2,900
	Term deposits on behalf - James Hay	55	55	54	54
	Term deposits on behalf - Ecohydraulics	26	26	-	-
		<u>81</u>	<u>81</u>	<u>2,954</u>	<u>2,954</u>

Ownership of these funds does not rest with the Group. These deposits are not included within the assets of the Group.

Note 16	Commitments	2019		2018	
		\$000's		\$000's	
		Consolidated	Parent	Consolidated	Parent
	The group has entered into an agreement with Sharp Corporation Ltd which commits it to a guaranteed spend on copying over a four-year period, ending September 2021. A security interest to Sharp is granted in the copying equipment leased.				
	Less than 1 year	16	16	16	16
	Between 1-5 yrs	21	21	37	37
	Greater than 5 yr	-	-	-	-
		<u>37</u>	<u>37</u>	<u>53</u>	<u>53</u>

Note 17 **Contingent Liabilities**

As at 30 June 2018 the Group had a contingent liability to the European Union which was estimated in New Zealand Dollars at \$96,000. As at 30 June 2019, the liability is included in the provisions at Note 12 (under Other Accruals) as the amount can be reliably measured, is a present obligation and will require a future outwards cash flow. The amount included in the provisions is \$146,000 (or approximately Euro 86,000 converted at the year-end exchange rate to NZ dollars).

Note 18 **Events occurring after balance date**

There have been no significant events subsequent to balance date.

Note 19	Income	2019		2018	
		\$000's		\$000's	
		Consolidated	Parent	Consolidated	Parent
	Non-exchange transactions				
	Income from Government Contracts	500	500	500	500
	Donations	17	-	115	44
	Exchange transactions				
	Income from Government Contracts	6,413	6,413	5,687	5,687
	Other income	1,848	1,579	1,695	1,552
		<u>8,778</u>	<u>8,492</u>	<u>7,997</u>	<u>7,783</u>

Contractual payments received from the Ministry of Business, Innovation and Employment are the primary source of income earned by the Society and are restricted for the purposes of the Society meeting its objectives as specified in the Royal Society of New Zealand Act 1997.

Government and non-government receipts are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the contract are not met. If there is such an obligation, the receipts are initially recorded as income in advance and recognised as revenue when conditions of the contract are satisfied.



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Note 20 Related parties

The Royal Society of New Zealand made NO donations during the 2019 year but made a donation of \$2.5m to the Endowment Fund Trust during the 2018 financial year. There were no other significant related parties transactions in either 2019 or 2018.

The Royal Society of New Zealand - Rutherford Foundation Trust was a Related Party as the Society held the right to appoint trustees and during both the 2019 and 2018 financial years a Council member of the Society was also a Trustee of the Foundation. During 2019, the Foundation was wound up. The Foundation paid \$30,000 administration and management fees to the Society for financial accounting and secretariat services in 2017-18, but nothing in 2018-9. There was a receivable amount of \$8,625 at 30 June 2018, but nil at 30 June 2019.

Note 21 Key management personnel

The key management personnel, as defined by PBE IPSAS 20 are the members of the governing body that is comprised of the Council, Chief Executive (Dr Andrew Cleland), Chief Operating Officer and Directors. No remuneration is paid to members of Council. As at 30 June 2018, the position of Chief Operating Officer was vacant and therefore the salary included represented 90% (2019: 100%) of the annual amount (being the period the position was occupied during the 2017-18 year). In the 2018-19 year, a new position (Director - Māori) has been included. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

	2019 \$000's		2018 \$000's	
	Consolidated	Parent	Consolidated	Parent
Total remuneration	1,399	1,399	1,215	1,215
Number of persons	8	8	6.9	6.9

The **10 members** of the governing body (the Council) as at **30 June 2019** were: Professor Wendy Larner (President), Dr Jane Allison, Professor Richard Blaikie, Dr Anthony Conner, Dr Elizabeth Gordon, Emeritus Professor Kenneth Strongman, Professor Margaret Tennant, Dr Reremoana Theodore, Associate Professor Melinda Webber, Associate Professor Siouxsie Wiles.

Note 22 Financial Instrument Classification

Financial instruments were classified for the purpose of measurement into the following categories.

Consolidated

As at 30 June 2018	Other liabilities at amortised		Total \$000's
	Loans and receivables \$000's	cost \$000's	
Cash and cash equivalents	3,128	-	3,128
Trade and other receivables	341	-	341
Investments	4,114	-	4,114
Trade and other payables	-	(959)	(959)
	7,583	(959)	6,624

As at 30 June 2019

	\$000's	\$000's	\$000's
Cash and cash equivalents	2,045	-	2,045
Trade and other receivables	532	-	532
Investments	6,558	-	6,558
Trade and other payables	-	(1,680)	(1,680)
	9,135	(1,680)	7,455

Parent

As at 30 June 2018	Other liabilities at amortised		Total \$000's
	Loans and receivables \$000's	cost \$000's	
Cash and cash equivalents	1,818	-	1,818
Trade and other receivables	315	-	315
Investments	1,109	-	1,109
Trade and other payables	-	(956)	(956)
	3,242	(956)	2,286

As at 30 June 2019

	\$000's	\$000's	\$000's
Cash and cash equivalents	1,420	-	1,420
Trade and other receivables	521	-	521
Investments	2,660	-	2,660
Trade and other payables	-	(1,672)	(1,672)
	4,601	(1,672)	2,929



