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ROYAL SOCIETY of NEW ZEALAND
Consolidated Financial Statements
for the year ended 30 June 2021

Royal Society of New Zealand
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for the year ended 30 June 2021

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**Royal Society of New Zealand
Directory
for the year ended 30 June 2021**

Society Council (as at 5 October 2021)*

Dr Brent Clothier (President)

Professor Charlotte Macdonald (Academy Executive Committee Chair)

Dr Tom Baker

Dr Russell Burton

Dr Tony Conner

Professor Te Kani Kingi

Associate Professor Cate Macinnis-Ng

Professor Jens Mueller

Professor Linda Waimarie Nikora

Mrs Jenny Pollock

Dr Dianne Sika-Paotonu

Associate Professor Damon Salesa

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

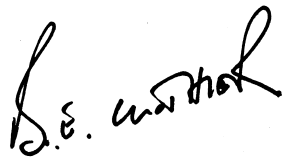
** The membership of the Council as at 30 June 2021 is in Note 21, refer page 18.*

**Royal Society of New Zealand
Councillors' report
for the year ended 30 June 2021**

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 2021.

The Councillors of the Society have authorised these financial statements presented on pages 6 - 20 for issue on 5 October 2021.

For and on behalf of the Council



.....
Brent Clothier

President

5 October 2021



.....
Russell Burton

Councillor

5 October 2021

Independent Auditor's Report

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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 entities (the "Group") on pages 6 to 20 which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of comprehensive revenue and expenses, 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 2021 and its financial performance and cash flows for the year then ended in accordance with Public Benefit Entity International Public Sector Accounting Standards (Not-For-Profit) Reduced Disclosure Regime, 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 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* 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 Information Other than the Financial Statements and Auditor's Report thereon

The Councillors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connections 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, 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.

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 International Public Sector Accounting Standards (Not-For-Profit) Reduced Disclosure Regime 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, the Councillors, on behalf of the Society 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 Society's members, as a body. Our audit work has been undertaken so that we might state to the Society'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 Society's members, as a body for our audit work, for this report or for the opinion we have formed.

Grant Thornton New Zealand Audit Limited



B Kennerley

Partner

Wellington

5 October 2021

Royal Society of New Zealand
Statement of comprehensive revenue and expenses
for the year ended 30 June 2021

	Notes	Consolidated		Parent	
		2021 \$000's	2020 \$000's	2021 \$000's	2020 \$000's
<i>Revenue from non-exchange transactions</i>					
Government contract revenue	19	500	500	500	500
Donations		11	12	1	-
		511	512	501	500
<i>Revenue from exchange transactions</i>					
Society membership		273	288	273	288
Interest income		497	320	66	106
Government contract revenue	19	6,528	7,262	6,528	7,262
Rental of investment property		423	428	423	428
Other operating revenue		718	768	718	783
		8,439	9,066	8,008	8,867
<i>Revenue from non cash transactions</i>					
Gain/(Loss) on fair value of investment property	6	663	663	663	663
Total Revenue		9,613	10,241	9,172	10,030
<i>Expenses</i>					
Audit expense		35	35	30	30
Depreciation and amortisation expense	5 & 8	94	129	94	129
Employee benefits expense		4,346	4,451	4,346	4,451
Grants		59	68	-	-
Other expenses		3,989	4,037	3,975	4,026
Total Expenses		8,523	8,720	8,445	8,636
Total surplus / (deficit) for year		1,090	1,521	727	1,394
Other comprehensive revenue and expense					
Gain/(Loss) on revaluation of land and buildings	5	(5)	1,027	(5)	1,027
Other comprehensive revenue and expense for the year		(5)	1,027	(5)	1,027
Total comprehensive revenue and expense for the year		1,085	2,548	722	2,421
Surplus / (deficit) attributable to:					
Parent - Royal Society of New Zealand		727	1,394	727	1,394
Subsidiary - Royal Society Endowment Fund Trust		363	127	-	-
		1,090	1,521	727	1,394
Total comprehensive revenue and expense attributable to:					
Parent - Royal Society of New Zealand		722	2,421	722	2,421
Subsidiary - Royal Society Endowment Fund Trust		363	127	-	-
		1,085	2,548	722	2,421

The above statements of comprehensive revenue and expenses should be read in conjunction with the accompanying notes on pages 10 - 20.

**Royal Society of New Zealand
Statement of changes in net assets
for the year ended 30 June 2021**

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 2019		4,753	597	13,810	19,160
Surplus (deficit) for the year		-	-	1,521	1,521
Other comprehensive income		-	1,027	-	1,027
Total comprehensive income		-	1,027	1,521	2,548
Transfer to/(from) designated purpose reserve	11	133	-	(133)	-
Closing equity 30 June 2020		4,886	1,624	15,198	21,708
Surplus (deficit) for the year		-	-	1,090	1,090
Other comprehensive income		-	(5)	-	(5)
Total comprehensive income		-	(5)	1,090	1,085
Transfer to/(from) designated purpose reserve	11	357	-	(357)	-
Closing equity 30 June 2021		5,243	1,619	15,931	22,793

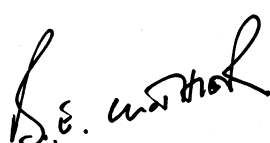
Parent	Notes	Special purpose reserve \$000's	Asset revaluation reserve \$000's	Retained surplus \$000's	Total equity \$000's
Balance as at 1 July 2019		235	597	13,802	14,634
Surplus (deficit) for the year		-	-	1,394	1,394
Other comprehensive income		-	1,027	-	1,027
Total comprehensive income		-	1,027	1,394	2,421
Transfer to/(from) designated purpose reserve		-	-	-	-
Closing equity 30 June 2020		235	1,624	15,196	17,055
Surplus (deficit) for the year		-	-	727	727
Other comprehensive income		-	(5)	-	(5)
Total comprehensive income		-	(5)	727	722
Transfer to/(from) designated purpose reserve	11	-	-	-	-
Closing equity 30 June 2021		235	1,619	15,923	17,777

The above statements of changes in net assets should be read in conjunction with the accompanying notes on pages 10 - 20.

**Royal Society of New Zealand
Statement of financial position
as at 30 June 2021**

	Notes	Group		Parent	
		2021 \$000's	2020 \$000's	2021 \$000's	2020 \$000's
ASSETS					
Current assets					
Cash and cash equivalents	9	1,843	2,327	632	616
Receivables from exchange transactions	7	154	124	154	119
Investments and other financial assets	10	4,014	4,312	3,614	4,032
Prepayments		1	2	1	2
Inventories		-	17	-	17
Total current assets		6,012	6,782	4,401	4,786
Non-current assets					
Property, plant and equipment	5	9,335	9,329	9,335	9,329
Investment Properties	6	5,300	4,638	5,300	4,638
Investments and other financial assets	10	3,525	2,780	100	100
Intangible assets	8	-	2	-	2
Total non-current assets		18,160	16,749	14,735	14,069
Total assets		24,172	23,531	19,136	18,855
LIABILITIES					
Current liabilities					
Trade and other payables	12	973	1,267	953	1,244
Income in advance	13	406	556	406	556
		1,379	1,823	1,359	1,800
Total Liabilities		1,379	1,823	1,359	1,800
Net assets		22,793	21,708	17,777	17,055
EQUITY					
Retained earnings		15,931	15,198	15,923	15,196
Asset revaluation reserve		1,619	1,624	1,619	1,624
Designated purpose reserve	11	5,243	4,886	235	235
		22,793	21,708	17,777	17,055

Signed for and on behalf of the Council who authorised these financial statements for issue on 5 October 2021.



.....
Brent Clothier
President
5 October 2021



.....
Russell Burton
Councillor
5 October 2021

The above statements of financial position should be read in conjunction with the accompanying notes on pages 10 - 20.

Royal Society of New Zealand
Cash flow statement
For the Year ended 30 June 2021

	Notes	Consolidated		Parent	
		2021 \$000's	2020 \$000's	2021 \$000's	2020 \$000's
Cash flows from operating activities					
<u>Receipts</u>					
Receipts from non-exchange transactions		511	512	501	500
Receipts from exchange transactions		7,351	8,391	7,351	8,391
Net GST Receipts / (Payments)		(29)	34	(29)	34
		<u>7,833</u>	<u>8,937</u>	<u>7,823</u>	<u>8,925</u>
<u>Payments</u>					
Payments to suppliers		(4,338)	(4,383)	(4,256)	(4,299)
Payments to employees		(4,359)	(4,468)	(4,359)	(4,468)
Transfer to Endowment Trust		-	-	-	-
		<u>(8,697)</u>	<u>(8,851)</u>	<u>(8,615)</u>	<u>(8,767)</u>
Net cashflows from operating activities		(864)	86	(792)	158
Cash flows from investing activities					
<u>Receipts</u>					
Interest received		168	232	70	104
Receipts from maturity of investments		4,032	2,560	4,032	2,560
Receipts from rental of investment properties		423	425	423	425
		<u>4,623</u>	<u>3,217</u>	<u>4,525</u>	<u>3,089</u>
<u>Payments</u>					
Purchase of property plant & equipment		(103)	(19)	(103)	(19)
Purchase of intangible assets		-	-	-	-
Purchase of investment properties		-	-	-	-
Purchase of long term investments		(4,140)	(3,002)	(3,614)	(4,032)
		<u>(4,243)</u>	<u>(3,021)</u>	<u>(3,717)</u>	<u>(4,051)</u>
Net cashflows from investing activities		380	196	808	(962)
Net cashflows from financing activities		-	-	-	-
Net increase/(decrease) in cash and cash equivalents		(484)	282	16	(804)
Opening Cash and cash equivalents at 1 July		2,327	2,045	616	1,420
Closing Cash and cash equivalents at 30 June		1,843	2,327	632	616

The above cash flow statements should be read in conjunction with the accompanying notes on pages 10 - 20.

**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2021**

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 2021.

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 5 October 2021.

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 2021**

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 2021 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	
		2021	2020
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.

**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2021**

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.

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.

**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2021**

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.

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 in the balance sheet. 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.

**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2021**

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.

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 2021**

Note 5. Property, plant and equipment

As at 30 June 2020	Consolidated and Parent					
	At Cost or valuation \$000's	Acquisitions	Revaluation	Depreciation	Closing Accum	Net Book amount \$000's
		(Transfers) (Disposals) \$000's	Mvmts \$000's	2020 year \$000's	Depreciation \$000's	
Furniture & equipment	460	14	-	36	353	121
Computer equipment	309	-	-	42	263	46
Land & buildings	8,125	40	1,027	30	30	9,162
	8,894	54	1,027	108	646	9,329

As at 30 June 2021	Consolidated and Parent					
	At Cost or valuation \$000's	Acquisitions	Revaluation	Depreciation	Closing Accum	Net Book amount \$000's
		(Transfers) (Disposals) \$000's	Mvmts \$000's	2021 year \$000's	Depreciation \$000's	
Furniture & equipment	474	10	-	36	389	95
Computer equipment	309	31	-	37	300	40
Land & buildings	9,162	62	(5)	19	19	9,200
	9,945	103	(5)	92	708	9,335

The Group's freehold land and buildings are stated at their 30 June 2021 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

	2021 \$000's		2020 \$000's	
	Consolidated	Parent	Consolidated	Parent
Land - Fair value opening balance	4,638	4,638	3,975	3,975
Valuation movements	662	662	663	663
Land - Fair value closing balance	5,300	5,300	4,638	4,638

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

	2021 \$000's		2020 \$000's	
	Consolidated	Parent	Consolidated	Parent
Gross accounts receivable	154	154	124	119
Provision for accounts receivable	-	-	-	-
	154	154	124	119

**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2021**

Note 8. Intangible assets

As at 30 June 2020

	At Cost or valuation	Acquisitions (Transfers)	Consolidated and Parent Revaluation Mvmts	Amortisation 2020 year	Closing Accum Amortisation	Net Book amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
MIR Database system (acquired externally)	316	-	-	21	314	2
	316	-	-	21	314	2

As at 30 June 2021

	At Cost or valuation	Acquisitions (Transfers)	Revaluation Mvmts	Amortisation 2021 year	Closing Accum Amortisation	Net Book amount
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
MIR Database system (acquired externally)	316	-	-	2	316	-
	316	-	-	2	316	-

Note 9. Cash and cash equivalents

	2021 \$000's		2020 \$000's	
	Consolidated	Parent	Consolidated	Parent
Bank & Treasury call accounts	1,843	632	2,327	616
Term deposits less than or equal to 3 months	-	-	-	-
	1,843	632	2,327	616

In both the 2021 and 2020 years accounts are held with the Bank of New Zealand, ASB Bank, Westpac and RaboDirect. The Society has a \$525,000 facility by way of BNZ Business Visa. (2020: \$525,000).

Note 10. Investments and other financial assets.

	2021 \$000's		2020 \$000's	
	Consolidated	Parent	Consolidated	Parent
Term deposits greater than 3 months	4,014	3,614	4,312	4,032
NZ Bonds and Fixed Interest Investments	1,156	100	1,066	100
NZ Equity Investments	831	-	595	-
Overseas Equity Investments	1,538	-	1,119	-
	7,539	3,714	7,092	4,132

In both the 2021 and 2020 years term deposits are held with the Bank of New Zealand and ASB Bank.

**Royal Society of New Zealand
Notes to the Financial Statements
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Note 11. Designated purpose reserves

Consolidated 2020 Financial year	2019	Contributions	Disbursements	Balance 2020
	\$000's	\$000's	\$000's	\$000's
Designated Fund	3,763	169	(23)	3,909
Bates Memorial Scholarship	49	2	(6)	45
Hatherton Fund	39	2	(3)	38
Charles Fleming Fund	451	21	(22)	450
Manawatu Fund	13	1	-	14
Benson, Hutton & Mappin Funds	32	1	(11)	22
Skinner Fund	165	8	(6)	167
T K Sidey Summertime Fund	34	1	-	35
Hamilton Memorial Prize	29	1	(3)	27
Leonard Cockayne Memorial Lecture	84	4	(1)	87
Baumgart Fund	67	3	(1)	69
Estate Raewyn Good Fund	27	2	(6)	23
	4,753	215	(82)	4,886

Parent 2020 Financial year	2019	Contributions	Disbursements	Balance 2020
	\$000's	\$000's	\$000's	\$000's
Designated Fund	235	-	-	235
	235	-	-	235

Consolidated 2021 Financial year	2020	Contributions	Disbursements	Balance 2021
	\$000's	\$000's	\$000's	\$000's
Designated Fund	3,909	343	(10)	4,242
Bates Memorial Scholarship	45	2	(6)	41
Hatherton Fund	38	3	(3)	38
Charles Fleming Fund	450	30	(10)	470
Manawatu Fund	14	1	-	15
Benson, Hutton & Mappin Funds	22	-	(10)	12
Skinner Fund	167	12	(2)	177
T K Sidey Summertime Fund	35	2	-	37
Hamilton Memorial Prize	27	2	(3)	26
Leonard Cockayne Memorial Lecture	87	6	0	93
Baumgart Fund	69	5	0	74
Estate Raewyn Good Fund	23	1	(6)	18
	4,886	407	(50)	5,243

Parent 2021 Financial year	2020	Contributions	Disbursements	Balance 2021
	\$000's	\$000's	\$000's	\$000's
Designated Fund	235	-	-	235
	235	-	-	235

Note 12 Trade and other payables

	2021		2020	
	Consolidated	Parent	Consolidated	Parent
	\$000's		\$000's	
<i>Current liabilities</i>				
Creditors	399	379	336	313
Employee entitlements	263	263	274	274
Other accruals	324	324	641	641
GST payable/(receivable)	(13)	(13)	16	16
	973	953	1,267	1,244

**Royal Society of New Zealand
Notes to the Financial Statements
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Note 13 Income in advance

	2021 \$000's		2020 \$000's	
	Consolidated	Parent	Consolidated	Parent
Journal income	110	110	130	130
Membership subscriptions	3	3	3	3
Other	293	293	423	423
	406	406	556	556

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.

Note 14 Contestable funds

	2021 \$000's		2020 \$000's	
	Consolidated	Parent	Consolidated	Parent
Opening contestable funds	39,005	39,005	37,947	37,947
Receipts	120,156	120,156	108,652	108,652
Interest earned & accrued	476	476	936	936
Payments	(110,217)	(110,217)	(108,530)	(108,530)
Closing contestable funds	49,420	49,420	39,005	39,005

The Group managed eight contestable funds on behalf of government in the year ended 30 June 2021 (2020: eight). 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.

This note serves to highlight the significant funding administered by the Group. The Group received \$6.86m in administration fees from MBIE in the 2021 financial year (2020: \$7.11m). Of that total, \$4.45m (2020: \$4.37m) is related to the administration of these Contestable funds.

Note 15 Deposits held on behalf of third parties

	2021 \$000's		2020 \$000's	
	Consolidated	Parent	Consolidated	Parent
Term deposits on behalf - James Hay	50	50	49	49
Term deposits on behalf - Ecohydraulics	27	27	26	26
	77	77	75	75

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

Note 16 Commitments

	2021 \$000's		2020 \$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 March 2025. A security interest to Sharp is granted in the copying equipment leased.				
Less than 1 year	8	8	16	16
Between 1-5 yrs	24	24	5	5
Greater than 5 yr	-	-	-	-
	32	32	21	21

Note 17 Contingent Liabilities

There are no contingent liabilities as at 30 June 2021 (2020: nil).

Note 18 Events occurring after balance date

There have been no significant events subsequent to balance date.

**Royal Society of New Zealand
Notes to the Financial Statements
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Note 19 Income	2021 \$000's		2020 \$000's	
	Consolidated	Parent	Consolidated	Parent
Non-exchange transactions				
Income from Government Contracts	500	500	500	500
Donations	11	1	12	-
Exchange transactions				
Income from Government Contracts	6,528	6,528	7,262	7,262
Other income	1,911	1,480	1,804	1,605
	8,950	8,509	9,578	9,367

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.

Note 20 Related parties

There were no significant related parties transactions in either 2021 or 2020.

Note 21 Key management personnel

The key management personnel, as defined by PBE IPSAS 20 are the members of the governing body (the Council), Chief Executive, Chief Operating Officer and five other Directors (2020: six). No remuneration is paid to members of Council. The aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration is as follows:

	2021 \$000's		2020 \$000's	
	Consolidated	Parent	Consolidated	Parent
Total remuneration	1,334	1,334	1,483	1,483
Number of persons	7	7	8	8

The **12 members** of the governing body (**the Council**) as at **30 June 2021** were: Professor Wendy Larner (President), Dr Thomas Baker, Dr Russell Burton, Dr Brent Clothier, Dr Anthony Conner, Professor Charlotte Macdonald, Associate Professor Catriona Ng, Mrs Jennifer Pollock, Dr Dianne Sika-Paotonu, Dr Reremoana Theodore, Associate Professor Melinda Webber, Associate Professor Siouxsie Wiles.



**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2021**

Note 22 Financial Instrument Classification

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

Consolidated

As at 30 June 2020	Loans and receivables \$000's	Other liabilities at amortised cost \$000's	Total \$000's
Cash and cash equivalents	2,327	-	2,327
Trade and other receivables	124	-	124
Investments	7,092	-	7,092
Trade and other payables	-	(1,267)	(1,267)
	9,543	(1,267)	8,276

As at 30 June 2021	\$000's	\$000's	\$000's
Cash and cash equivalents	1,843	-	1,843
Trade and other receivables	154	-	154
Investments	7,539	-	7,539
Trade and other payables	-	(973)	(973)
	9,536	(973)	8,563

Parent

As at 30 June 2020	Loans and receivables \$000's	Other liabilities at amortised cost \$000's	Total \$000's
Cash and cash equivalents	616	-	616
Trade and other receivables	119	-	119
Investments	4,132	-	4,132
Trade and other payables	-	(1,244)	(1,244)
	4,867	(1,244)	3,623

As at 30 June 2021	\$000's	\$000's	\$000's
Cash and cash equivalents	632	-	632
Trade and other receivables	154	-	154
Investments	3,714	-	3,714
Trade and other payables	-	(953)	(953)
	4,500	(953)	3,547

Note 23 COVID-19 Pandemic and impacts

On 11 March 2020 the World Health Organisation declared a global pandemic in respect to the COVID-19 virus outbreak. Following establishment of a foothold within the New Zealand population, the New Zealand Government initiated a range of restrictions and measures in an attempt to eliminate the virus within New Zealand. As at the date of this report the impact of the pandemic is ongoing and is expected to have a significant long lasting economic impact on New Zealand, with likely flow through to most businesses. Due to the inherent uncertainty of the duration and impact of the pandemic it is not practicable to determine the full impact that the virus will have on the Royal Society Group going forward, however the Society's assessment is that it is unlikely to be significant to its operations and therefore the Council continue to consider it appropriate to apply the going concern basis of accounting to these financial statements.

For the period up to 30 June 2021, there has been no significant adverse impact on the Financial Statements of the Parent or Group. The Society incurred lower travel (and associated) costs in the year as many planned face-to-face meetings and events were moved to a digital/online forum or delivery mode.

