

Royal Society of New Zealand

Financial Statements

For the year ending 30 June 2014

A place for knowledge and excellence
Science • Technology • Humanities

the ROYAL
SOCIETY *of*
NEW ZEALAND
TE APĀRANGI

**Royal Society of New Zealand
Contents
for the year ended 30 June 2014**

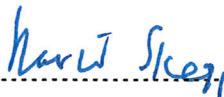
	Page
Councillors' report	3
Auditors' report	4-5
Statements of comprehensive income	6
Statements of changes in equity	7
Balance sheets	8
Notes to the Financial Statements	
Note 1 General information	9
Note 2 Summary of significant accounting policies	9-13
Note 3 Property, plant and equipment	13
Note 4 Trade and other receivables	14
Note 5 Investment Properties	14
Note 6 Cash and cash equivalents	14
Note 7 Investments and other financial assets	14
Note 8 Designated purpose reserves	15
Note 9 Trade and other payables	16
Note 10 Income in advance	16
Note 11 Contestable funds	16
Note 12 Deposits held on behalf of third parties	16
Note 13 Commitments	17
Note 14 Contingent liabilities	17
Note 15 Remuneration of auditors	17
Note 16 Events occurring after balance date	17
Note 17 Income	17
Note 18 Related parties	18
Note 19 Financial instrument classification	18

Royal Society of New Zealand
Councillors' report
for the year ended 30 June 2014

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 2014

The Councillors of the Society have authorised these financial statements presented on pages 6 - 18 for issue on 30 September 2014.

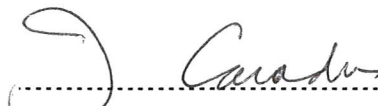
For and on behalf of the Council



Sir David Skegg

President

30 September 2014



John Caradus

Councillor

30 September 2014



Independent Auditors' Report

to the members of the Royal Society of New Zealand

Report on the Financial Statements

We have audited the financial statements of the Royal Society of New Zealand (the "Royal Society") on pages 6 to 18, which comprise the balance sheets as at 30 June 2014, and the statements of comprehensive income and statements of changes in equity for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information for both the Royal Society and the Group. The Group comprises the Royal Society and the entity it controlled at 30 June 2014 or from time to time during the financial year.

Council's Responsibility for the Financial Statements

The Council is responsible for the preparation and fair presentation of financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal controls as the Council determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Royal Society and Group's preparation of 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 Royal Society and Group'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 overall presentation of the financial statements.

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

Other than in our capacity as auditors and providers of other assurance services, we have no relationship with, or interests in, the Royal Society of New Zealand or its controlled entity.



Independent Auditors' Report

Royal Society of New Zealand

Opinion

In our opinion, the financial statements on pages 6 to 18 present fairly, in all material respects, the financial position of the Royal Society and Group as at 30 June 2014, and their financial performance for the year ended on that date in accordance with generally accepted accounting practice in New Zealand.

Restriction on Use of our Report

This report is made solely to the Royal Society's members, as a body. Our audit work has been undertaken so that we might state to those matters which we are required to state in an auditors' 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 Royal Society and the Royal Society's members, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants
30 September 2014

Wellington

Royal Society of New Zealand
Statements of comprehensive income
for the year ended 30 June 2014

	Notes	Consolidated		Parent	
		2014 \$000's	2013 \$000's	2014 \$000's	2013 \$000's
<i>Revenue</i>					
Society membership		310	258	310	258
Income from products and services	17	6,334	5,558	6,334	5,558
Sponsorship and donations		318	573	316	570
Rental of investment property		435	143	435	143
Total Revenue		7,397	6,532	7,395	6,529
Interest income		162	132	123	89
Gains on fair value of investment property		35	-	35	-
Total other income		197	132	158	89
<i>Expenditure</i>					
Audit expense	15	41	42	37	37
Operating lease expense		-	40	-	40
Depreciation expense	3	150	183	150	183
Employee benefits expense		3,539	3,507	3,539	3,506
Grants		16	30	-	-
Other expenses		2,582	2,520	2,582	2,520
(Reversal)/Losses on revaluation of land and buildings		(12)	456	(12)	456
Total Expenses		6,315	6,778	6,296	6,742
Net Surplus		1,279	(113)	1,258	(124)
Other Comprehensive Income:					
Gains/Losses) on revaluation of land and buildings		-	(341)	-	(341)
Other Comprehensive Income for the year, net of tax		-	(341)	-	(341)
Total Comprehensive Income for the year.		1,279	(454)	1,258	(465)
Net surplus attributable to:					
Parent - Royal Society of New Zealand		1,258	(124)	1,258	(124)
Subsidiary - Royal Society Endowment Fund Trust		21	10	-	-
		1,279	(113)	1,258	(124)
Total comprehensive income attributable to:					
Parent - Royal Society of New Zealand		1,258	(465)	1,258	(465)
Subsidiary - Royal Society Endowment Fund Trust		21	10	-	-
		1,279	(454)	1,258	(465)

The above statements of comprehensive income should be read in conjunction with the accompanying notes on pages 9 - 18

**Royal Society of New Zealand
Statements of changes in equity
for the year ended 30 June 2014**

Consolidated	Notes	Designated purpose reserve \$000's	Property revaluation reserve \$000's	Retained earnings \$000's	Total equity \$000's
Balance as at 1 July 2012		1,155	341	11,888	13,384
Revaluation of property		-	(341)	-	(341)
Total other comprehensive income		-	(341)	-	(341)
Net surplus		-	-	(113)	(113)
Total comprehensive income		-	(341)	(113)	(454)
Transfer to/(from) designated purpose reserve	8	6	-	(6)	-
Balance as at 30 June 2013		1,161	-	11,769	12,930
Revaluation of property		-	-	-	-
Total other comprehensive income		-	-	-	-
Net surplus		-	-	1,279	1,279
Total comprehensive income		-	-	1,279	1,279
Transfer to/(from) designated purpose reserve	8	23	-	(23)	-
Balance as at 30 June 2014		1,184	-	13,025	14,209

Parent	Notes	Designated purpose reserve \$000's	Property revaluation reserve \$000's	Retained earnings \$000's	Total equity \$000's
Balance as at 1 July 2012		235	341	11,877	12,453
Revaluation of property		-	(341)	-	(341)
Total other comprehensive income		-	(341)	-	(341)
Net surplus		-	-	(124)	(124)
Total comprehensive income		-	(341)	(124)	(465)
Balance as at 30 June 2013		235	-	11,753	11,988
Revaluation of property		-	-	-	-
Total other comprehensive income		-	-	-	-
Net surplus		-	-	1,258	1,258
Total comprehensive income		-	-	1,258	1,258
Transfer to/(from) Endowment Fund Trust		-	-	-	-
Transfer to/(from) designated purpose reserve	8	-	-	-	-
Balance as at 30 June 2014		235	-	13,011	13,246

The above statements of changes in equity should be read in conjunction with the accompanying notes on pages 9 - 18

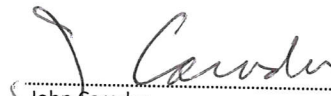
Royal Society of New Zealand
Balance sheets
as at 30 June 2014

	Notes	Consolidated		Parent	
		2014 \$000's	2013 \$000's	2014 \$000's	2013 \$000's
ASSETS					
<i>Current assets</i>					
Cash and cash equivalents	6	747	1,987	684	1,926
Trade and other receivables	4	414	291	396	279
Investments and other financial assets	7	3,927	1,531	3,041	650
Prepayments		57	30	57	30
Inventories		8	6	8	6
Total current assets		5,154	3,845	4,187	2,891
<i>Non-current assets</i>					
Property, plant and equipment	3	7,500	7,577	7,500	7,577
Investment Properties	5	3,046	3,010	3,046	3,010
Total non-current assets		10,546	10,587	10,546	10,587
Total assets		15,700	14,432	14,733	13,478
LIABILITIES					
<i>Current liabilities</i>					
Trade and other payables	9	940	1,105	935	1,092
Income in advance	10	552	398	552	398
		1,491	1,503	1,486	1,490
Total Liabilities		1,491	1,503	1,486	1,490
Net assets		14,209	12,929	13,247	11,988
EQUITY					
Retained earnings		13,025	11,768	13,012	11,753
Property revaluation reserve		-	-	-	-
Designated purpose reserve	8	1,184	1,161	235	235
		14,209	12,929	13,247	11,988

For and on behalf of the Council



.....
Sir David Skegg
President
30 September 2014



.....
John Caradus
Councillor
30 September 2014

Note 1. General information

These are the Royal Society of New Zealand's ("the Society") consolidated financial statements. They are prepared subject to the provisions of the Royal Society of New Zealand Act 1997.

The address of its registered office is 11 Turnbull Street, Wellington.

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 Councillors are not remunerated.

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 30 September 2014.

Note 2. Summary of significant accounting policies

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Practice (NZ GAAP) in New Zealand. They comply with the New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities that qualify for and apply differential reporting concessions.

(a) Basis of Preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Entities reporting

The financial statements for the "Parent" are for the Royal Society of New Zealand as a separate legal entity.

The consolidated financial statements for the "Group" are for the economic entity comprising the Royal Society of New Zealand and its controlled trust, the Royal Society Endowment Fund Trust.

Statutory base

The Royal Society was established in 1867 and operates under the Royal Society of New Zealand Act 1997.

The financial statements have been prepared in accordance with NZ GAAP as defined in the Financial Reporting Act 1993.

Differential reporting

The Society and the Group are qualifying entities within the Framework of Differential Reporting. The Society and the Group qualify on the basis that they are not issuers and are not large (have less than 50 employees and total income below \$20 million). The Society and the Group have taken advantage of all differential reporting concessions available to them except for NZIAS 18 Revenue, paragraph NZ6.1 with which they have complied fully.

**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2014**

Statement of compliance with NZ IFRS.

The consolidated financial statements of the Group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). A new Accounting Standards Framework (incorporating a Tier structure and a separate suite of accounting standards for PBE's) has been issued by the External Reporting Board (XRB). The Group is eligible and has elected to report in accordance with NZ IFRS PBE Differential Reporting Regime (NZ IFRS PBE Diff Rep). The Group qualifies on the basis that it is not publicly accountable and the Society is not large as defined in XRB A1.

There is no impact on the current or prior year financial statements of transitioning to the new Accounting Standards Framework. Under the new Accounting Standards Framework, the Society will have to transition to the new Not-for-profit Public Benefit Entities (NFP PBE) Standards that will be based on International Public Sector Accounting Standards (IPSAS). The effective date for the new NFP PBE Standards is for reporting periods beginning on or after 1 April 2015. Therefore the Society will have to prepare its financial statements in accordance with the new NFP PBE standards for the first time for the annual period ending 30 June 2016.

The Society has not been able to determine the impact of this transition as the new NFP PBE Standards are currently being developed by the XRB. Due to the change in the Accounting Standards Framework for PBE's all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to PBE's as the XRB has effectively frozen the financial reporting requirements for PBE's up until PBE's transition to the PBE Standards. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude PBE's from their scope.

Historical Cost convention

These 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.

(b) 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 2014 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-company transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated. The accounting policies of the controlled trust are consistent with the policies adopted by the Group.

(c) Foreign Currency translation

Functional and presentation currency

The financial statements are presented in thousands of New Zealand dollars, which is the Group functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(d) Investment in controlled trust

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled trust in accordance with the accounting policy described in note 2(b):

The controlled trust is incorporated in New Zealand and has a balance date of 30 June.

Name of entity	Principal Activities	Equity Holding	
		2014	2013
Royal Society of New Zealand Endowment Fund Trust	Support charitable purposes of the Society	100%	100%

(e) Revenue recognition

**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2014**

Revenue comprises the fair value 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.

Grants

Grants received from the Ministry of Business, Innovation and Employment are the primary source of funding to 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. The Society also receives other government assistance for specific purposes, and these grants usually contain restrictions on their use. Government and non-government grants are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Bequests and other monies held in trust

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

(f) Goods and Services Tax (GST)

The statement of comprehensive income 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.

(g) 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 income 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 on a straight-line basis over the lease term.

(h) 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 are shown within borrowings in current liabilities on the balance sheet.

(i) 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 comprehensive income.

(j) 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.

(k) Investments and other financial assets

The Group classifies its investments as loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

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.

Recognition and measurement

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 profit or loss.

Loans and receivables investments are subsequently carried at amortised cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

Derecognition

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.

(l) 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 income 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	30 and 40 years
- Furniture	10 years
- Office equipment	5 to 10 years
- Computer equipment	3 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 income.

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 income.

Otherwise, revaluation gains are credited to a revaluation reserve 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 income.

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

**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2014**

(m) Investment property

Property held to earn rent or for capital appreciation or both is classified as investment property in accordance with NZ IAS 40 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 income in the year in which they arise.

(n) Investment in controlled trust

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

(o) 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.

(p) 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.

(q) Changes in accounting policies

There have been no changes in accounting policies during the year.

**Note 3. Property, plant and equipment
As at 30 June 2013**

	Consolidated and Parent					Net Book amount \$000's
	At Cost or valuation \$000's	Acquisitions (Transfers) (Disposals) \$000's	Revaluation Mvmts \$000's	Depreciation 2013 year \$000's	Acc Depreciation \$000's	
Furniture & equipment	615	(146)	-	47	164	306
Computer equipment	641	(438)	-	35	171	31
Land	7,085	(3,001)	(94)	-	-	3,990
Buildings	4,120	(66)	(704)	101	101	3,250
	12,461	(3,651)	(798)	183	436	7,577

As at 30 June 2014						Net Book amount \$000's
	At Cost or valuation \$000's	Acquisitions (Transfers) (Disposals) \$000's	Revaluation Mvmts \$000's	Depreciation 2014 year \$000's	Acc Depreciation \$000's	
Furniture & equipment	469	(62)	-	47	152	255
Computer equipment	203	(20)	-	21	142	41
Land	3,990	-	4	-	-	3,994
Buildings	3,250	35	6	81	-	3,210
	7,911	(47)	10	150	294	7,500

The Group's freehold land and buildings are stated at their 30 June 2014 valuation as determined by an independent registered valuer, David Cooke of CBRE Ltd. David Cooke B.Comm, B.Prop, MPINZ is a Public Valuer, registered in terms of the Valuers Act 1948 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 and Depreciated Replacement Cost approach for Impairment Calculation.

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.

**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2014**

Note 4. Trade and other receivables

	2014		2013	
	\$000's		\$000's	
	Consolidated	Parent	Consolidated	Parent
Gross accounts receivable	420	402	291	279
Provision for accounts receivable	(6)	(6)	-	-
	414	396	291	279

Note 5. Investment properties

	2014		2013	
	\$000's		\$000's	
	Consolidated	Parent	Consolidated	Parent
Land - Fair value opening balance	3,010	3,010	-	-
Transfer from property, plant & equipment	-	-	3,010	3,010
Valuation movements	36	36	-	-
Land - Fair value closing balance	3,046	3,046	3,010	3,010

The Society's investment properties are stated at their 30 June 2014 valuation as determined by an independent registered valuer, David Cooke of CBRE Ltd. David Cooke B.Comm, B.Prop, MPINZ is a Public Valuer, registered in terms of the Valuers Act 1948 and is the holder of a current Annual Practising Certificate. The assessment of fair value is supported by external market evidence.

Property previously designated as property, plant and equipment has been transferred to investment property due to a change in principal use resulting from the completion of the Turnbull Street site development.

Note 6. Cash and cash equivalents

	2014		2013	
	\$000's		\$000's	
	Consolidated	Parent	Consolidated	Parent
Current accounts	69	6	71	10
Treasury call accounts	678	678	1,072	1,072
Short term deposits (mature within 3 months)	-	-	844	844
	747	684	1,987	1,926

In the 2014 year, term deposits are held by BNZ and Rabodirect.

The Society has a \$525,000 facility by way of BNZ Business Visa. (2013: \$525,000).

Note 7. Investments and other financial assets.

	2014		2013	
	\$000's		\$000's	
	Consolidated	Parent	Consolidated	Parent
Term deposits - current	3,903	3,017	1,507	626
Corporate bonds	24	24	24	24
	3,927	3,041	1,531	650

Term deposits are held with the Bank of New Zealand and RaboDirect.

**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2014**

Note 8. Designated purpose reserves

Consolidated 2013 Financial year	2012	Contributions	Disbursements	2013
	\$000's	\$000's	\$000's	\$000's
Designated Fund	235	-	-	235
Bates Memorial Scholarship	76	3	(6)	73
Hatherton Fund	36	2	(1)	37
Charles Fleming Fund	443	20	(20)	443
Manawatu Fund	11	1	-	12
Benson, Hutton & Mappin Funds	81	3	(3)	81
Skinner Fund	152	7	(4)	155
T K Sidey Summertime Fund	25	1	-	26
Hamilton Memorial Prize	30	1	(1)	30
Leonard Cockayne Memorial Lecture	66	3	-	69
	1,155	41	(35)	1,161

Parent 2013 Financial year	2012	Contributions	Disbursements	2013
	\$000's	\$000's	\$000's	\$000's
Designated Fund	235	-	-	235
	235	-	-	235

Consolidated 2014 Financial year	Balance 2013	Contributions	Disbursements	Balance 2014
	\$000's	\$000's	\$000's	\$000's
Designated Fund	235	-	-	235
Bates Memorial Scholarship	73	4	(6)	71
Hatherton Fund	37	1	(1)	37
Charles Fleming Fund	443	19	(5)	457
Manawatu Fund	12	-	-	12
Benson, Hutton & Mappin Funds	81	4	(3)	82
Skinner Fund	155	6	-	161
T K Sidey Summertime Fund	26	1	-	27
Hamilton Memorial Prize	30	2	(1)	31
Leonard Cockayne Memorial Lecture	69	2	-	71
	1,161	39	(16)	1,184

Parent 2014 Financial year	Balance 2013	Contributions	Disbursements	Balance 2014
	\$000's	\$000's	\$000's	\$000's
Designated Fund	235	-	-	235
	235	-	-	235

The Group has a number of designated purpose funds.

**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2014**

Note 9 Trade and other payables

	2014 \$000's		2013 \$000's	
	Consolidated	Parent	Consolidated	Parent
<i>Current liabilities</i>				
Creditors	530	524	482	469
Employee entitlements	235	235	273	272
Other accruals	164	164	330	330
GST payable/(receivable)	10	10	20	20
	940	935	1,105	1,092

Note 10 Income in advance

	2014 \$000's		2013 \$000's	
	Consolidated	Parent	Consolidated	Parent
Journal income	78	78	63	63
Membership subscriptions	116	116	84	84
Other	357	357	251	251
	552	552	398	398

Membership subscriptions are paid 12 months in advance and so recognise member's future entitlement to benefits. Other income in advance represents all other contract revenue paid to the Group which is attributable to work still to be performed after 30 June.

Note 11 Contestable funds

	2014 \$000's		2013 \$000's	
	Consolidated	Parent	Consolidated	Parent
Opening contestable funds	12,008	12,008	11,786	11,786
Receipts	69,425	69,425	66,853	66,853
Interest earned & accrued	430	430	396	396
Payments	(66,324)	(66,324)	(67,027)	(67,027)
Closing contestable funds	15,539	15,539	12,008	12,008

The group managed nineteen contestable funds on behalf of government in the year ended 30 June 2014. (2013: twenty). The fund monies shown in this note are not included in the group's Statements of comprehensive income or Balance Sheets, 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 \$5.9m in administration fees from MBIE in the 2014 financial year. (2013 \$5.2m).

Note 12 Deposits held on behalf of third parties.

	2014 \$000's		2013 \$000's	
	Consolidated	Parent	Consolidated	Parent
Term deposits on behalf - Rutherford Foundation Trust	2,083	2,083	800	800
Term deposits on behalf - James Hay	43	43	43	43
Term deposits on behalf - Ecohydraulics	24	24	24	24
	2,150	2,150	867	867

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

**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2014**

Note 13 Commitments

a) Operating lease commitments Group as lessee.

	2014		2013	
	\$000's		\$000's	
	Consolidated	Parent	Consolidated	Parent
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	-	-	5	5
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>5</u>	<u>5</u>

The group has no premises subject to operating leases. The previous year lease for the 11th floor of Freyberg House was relinquished in August 2012. The lease of 44-50 Manners Street ended on 30 June 2013. A short term extension to 30 September 2013 was arranged and was not be extended past that date.

b) Other Group commitments

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.

The potential commitment is based on targeted volumes

	2014		2013	
	\$000's		\$000's	
	Consolidated	Parent	Consolidated	Parent
	59	59	78	78
	<u>59</u>	<u>59</u>	<u>78</u>	<u>78</u>

Note 14 Contingent Liabilities

There were no significant contingent liabilities at 30 June 2014. (2013: nil)

Note 15 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor.

	2014		2013	
	\$000's		\$000's	
	Consolidated	Parent	Consolidated	Parent
Statutory audit services	36	32	38	33
Other services	4	4	4	4
	<u>41</u>	<u>37</u>	<u>42</u>	<u>37</u>

Other services relate to the "Agreed upon procedures" report prepared for the Society relating to contestable fund receipts and payments.

Note 16 Events occurring after balance date

There are no significant events subsequent to balance date.

Note 17 Income

	2014		2013	
	\$000's		\$000's	
	Consolidated	Parent	Consolidated	Parent
Income from Government Grants	5,915	5,915	5,215	5,216
Other products and services	420	420	343	342
	<u>6,334</u>	<u>6,334</u>	<u>5,558</u>	<u>5,558</u>

Grants received from the Ministry of Business, Innovation and Employment are the primary source of funding to 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. The Society also receives other government assistance for specific purposes, and these grants usually contain restrictions on their use.

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

**Royal Society of New Zealand
Notes to the Financial Statements
for the year ended 30 June 2014**

Note 18 Related parties

The Society has no significant transactions with related parties.

Note 19 Financial Instrument Classification

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

Consolidated

As at 30 June 2013	Loans and receivables \$000's	Other liabilities at amortised cost \$000's	Total \$000's
Cash and cash equivalents	1,987	-	1,987
Trade and other receivables	291	-	291
Investments	1,531	-	1,531
Trade and other payables	-	(1,105)	(1,105)
	3,809	(1,105)	2,704

As at 30 June 2014	\$000's	\$000's	\$000's
Cash and cash equivalents	747	-	747
Trade and other receivables	414	-	414
Investments	3,927	-	3,927
Trade and other payables	-	(940)	(940)
	5,088	(940)	4,149

Parent

As at 30 June 2013	Loans and receivables \$000's	Other liabilities at amortised cost \$000's	Total \$000's
Cash and cash equivalents	1,926	-	1,926
Trade and other receivables	279	-	279
Investments	650	-	650
Trade and other payables	-	(1,092)	(1,092)
	2,855	(1,092)	1,763

As at 30 June 2014	\$000's	\$000's	\$000's
Cash and cash equivalents	684	-	684
Trade and other receivables	396	-	396
Investments	3,041	-	3,041
Trade and other payables	-	(935)	(935)
	4,121	(935)	3,188

